

000426 000341

J
DECLARATION OF COVENANTS
OF
STRAUS PARK

This Declaration of Covenants of Straus Park is made as of this 31st day of December, 1997 by Straus Park Development Company, a North Carolina Corporation, for the benefit of itself and all future owners of those certain portions of the property within the bounds of the tract described in that deed recorded in Transylvania County Deed Book 417 at page 667, which portions are established in the manner set forth below to be defined as Straus Park.

RECITALS:

Whereas, Declarant, being the owner of all Straus Park, wishes to establish Straus Park as a mixed use community, with a general scheme of development that Declarant expects will prove to be beneficial to Straus Park, to the city and county in which it is located, and to the Declarant and all its successors in interest in ownership of all or any part of Straus Park; and

Whereas, Declarant wishes Straus Park to be established, constructed and operated in a first class manner, with different, but compatible, uses of the property therein, including among such uses (but not limited to) single family and multi-family residences, retail shopping, offices, libraries, banks, medical facilities, extended care facilities, commercial overnight facilities (inn, hotel, motel, bed and breakfast), recreational facilities, as well as such other compatible uses which Declarant or the Master Association determines to be permitted in Straus Park.

Now, therefore, in consideration of the foregoing, the following are hereby declared to be covenants, that shall run with the Straus Park land, and shall bind, benefit, and burden all of Straus Park, to wit:

I. DEFINITIONS

The terms set forth below, as used in the Declaration, are defined as follows:

1.1 "Assessments" - The amounts assessed against the Owners, from time to time, by the Master Association, to enable it to operate Straus Park in accordance with the Declaration and to pay for the Maintenance thereof.

1.2 "Bylaws" - That document entitled "Bylaws" which is attached to the Declaration as Exhibit A thereto, to serve as the corporate bylaws of the Master Association, as the same may be amended hereafter.

000426

000342

1.3 "Classification" (or "Classifications") - The designation on a Plat of a Lot as Mountainside Homesite, Townhome, Mountain Park Homes, West Village or Park Place.

1.4 "Classification Covenants" - Those covenants applicable to, and binding upon, all Lots in a single Classification, and which are attached to the Declaration as the Townhome Lot Covenants, Park Place Lot Covenants, etc., as the same may be amended hereafter.

1.5 "Common Areas" - All of Straus Park, except the Lots, the Long Meadow, the PUD Elements, and as otherwise limited elsewhere in the Declaration. No Common Areas are dedicated until so shown on a Plat. Declarant has committed to complete, within two (2) years from the date hereof, the Lake House, a landscaped entrance area, at least two park areas in Park Place and pedestrian nature trails. The manner of such completion is and remains within Declarant's discretion.

1.6 "Construction" - The physical disturbance of any Lot, including grading, excavation or, other site preparation thereof, and the location, placement, erection, construction or replacement of any structure, building house, sign, fence, parking area, driveway, sports equipment, Landscaping, pools, gazebos or trellis thereon.

1.7 "Declarant" - The North Carolina Corporation named "Straus Park Development Company". The address of the Declarant for notices is 1175 Asheville Highway, Brevard, NC 28712. Its Registered Office is presently, Ten Chestnut Square, Cashiers, North Carolina 28717-0386, and its Agent for Service of Process is J. Edwin Henson. Both addresses are subject to change.

1.8 "Declaration" - This Declaration of Covenants of Straus Park, as the same may be amended hereafter.

1.9 "Director" (or "Directors") - Those persons elected by the Master Association to serve as directors thereof, in the manner provided for in the Bylaws.

1.10 "ECC" - The Straus Park Environmental Control Committee, which shall govern all Construction within Straus Park, pursuant to the Guidelines. The ECC's general purpose is to keep Straus Park attractive for the enjoyment of the Owners and to protect property values therein.

1.11 "Guidelines" - The ECC Guidelines and Procedures, as set forth in the Straus Park Design Guidelines and Procedures Manual, as the same may be amended from time to time.

000426 000343 000

- 1.12 "Holder" (or "Holders") - The holder of a note secured by a duly recorded deed of trust on a Lot, so long as such holder is the Declarant or is a commercial lender, such as a bank, savings bank, credit union or insurance company.
- 1.13 "Lake House" - That structure (and all related facilities, including the furnishings thereof), as existing or improved or constructed hereafter, which is a part of the Common Areas, and which is to be used as a community building, offices for the Master Association, and other related and unrelated uses, as the same is shown on a Plat or Plats hereafter.
- 1.14 "Landscaping" - The general care and treatment of green areas, including seeding, reseeding, planting, replanting, trimming, pruning, mowing, edging, watering, fertilizing, thatching and other care, removal, maintenance and replacement of green areas, lawns, trees, shrubs, flowers and other vegetation.
- 1.15 "Limited Common Area" - Any portion of the Common Areas which is so designated on a Plat, and which exists or is operated for the benefit of one or more, but less than all, Lots in a Classification.
- 1.16 "Long Meadow" - That area of 14 acres, more or less, (primarily grassy plain), at the eastern edge of Straus Park, and as so designated on a Plat.
- 1.17 "Lot" (or "Lots") - Any subdivided parcel of land with a Classification within Straus Park that is shown numbered or lettered on a Plat as available for sale.
- 1.18 "Maintenance", "Maintain" and "Maintaining" - The activities conducted to enable the Master Association to operate, manage, maintain, insure, repair and replace the Common Areas and PUD Elements, including the improvements thereto, in the manner required by the Declaration; and to enable the Owner's Associations in the PUD Classifications to perform such activities with respect to the PUD Elements in such Owner's Association's Classifications. The course of said conduct is to Maintain or Maintaining.
- 1.19 "Maintenance Area" (or "Maintenance Areas") - A portion of the Common Areas, whether or not so denominated on a Plat, which is used in furtherance of the Maintenance of the Common Areas.
- 1.20 "Majority of Owners" - The Owners of one more than one half of the number of Lots in a Classification.
- 1.21 "Master Association" - That North Carolina Corporation formed (or to be formed) as Straus Park Master Association, Inc.

000426
000344

000

- 1.22 "Mountain Park Homes Assessments" - The amounts assessed by the Straus Park Mountain Park Homes Owner's Association (or the Master Association if permitted hereby) against Mountain Park Homes Lot Owners to enable such Owner's Association to pay the costs of Mountain Park Homes Maintenance.
- 1.23 "Mountain Park Homes Common Elements" - The private roadways, including driveways, and all Landscaping within the Mountain Park Homes Classification, unless designated as Common Areas or an area for Owner maintenance on a Plat.
- 1.24 "Mountain Park Homes Maintenance" - The activities of the Straus Park Mountain Park Homes Owner's Association to operate, manage, maintain, repair and replace the Mountain Park Homes Common Elements.
- 1.25 "Non-Residential Lot" - A Lot with the West Village or Park Place Classification.
- 1.26 "Offer to Purchase" - An offer to purchase an Owner's Lot which Owner finds acceptable and intends to accept (if Declarant's right of first refusal is waived) or accepts (subject to the right of first refusal).
- 1.27 "Offer to Sell" - An offer to sell an Owner's Lot to Declarant on the terms of an Offer to Purchase received by the Owner. The Offer to Sell may be in letter form with the Offer to Purchase attached as an exhibit to set forth the terms.
- 1.28 "Owner" (or "Owners") - Declarant and all future owners of any part of Straus Park.
- 1.29 "Owner's Association" - The associations of Owners, established the manner set forth herein, to serve the respective Classifications, each of which may be incorporated or unincorporated.
- 1.30 "Owner's Board" - Those persons elected by an Owner's Association to serve as the directors thereof.
- 1.31 "Owner's Bylaws" - That document attached to the Declaration as Exhibit B, which is to serve as the bylaws of the various Owner's Associations.
- 1.32 "Park Place Assessments" - The amounts assessed by the Straus Park/Park Place Owner's Association (or the Master Association if permitted hereby) against Park Place Lot Owners to enable such Owner's Association to pay the costs of Park Place Maintenance.

000426 000345

- 1.33 "Park Place Common Elements" - The parking areas, private roadways, including driveways, and all the Landscaping within the Park Place Classification, and any areas as may be so designated on the Plat or Plats thereof.
- 1.34 "Park Place Maintenance" - The activities of the Straus Park/Park Place Owner's Association to operate, manage maintain, repair and replace the Park Place Common Elements.
- 1.35 "Plans" or "Plans and Specifications" - The layout plans, specifications, site plans, external finishes, vegetation, contractor selection and all other matters required to be provided to the ECC by an Owner, by the Guidelines.
- 1.36 "Plat" (or "Plats") - A plat (or plats) of survey of all or a part of Straus Park and recorded, from time to time, in the Transylvania County Register of Deeds.
- 1.37 "PUD" - That form of real property development which is generally known as a Planned Unit Development, but which has no formal laws or regulations governing it and is solely governed by the declaration thereof.
- 1.38 "PUD Assessments" - The amounts levied by the Owner's Association in a PUD Classification to pay the costs of Maintenance of the PUD Elements within such Association's Classification.
- 1.39 "PUD Classifications" - Those Classifications having PUD Elements.
- 1.40 "PUD Easement" - The non-exclusive, perpetual right of each Owner in a PUD Classification to use the PUD Elements within such Owner's Classification, for the reasonably intended purpose thereof, subject to all rules governing the use thereof adopted by the Master Association or the Owner's Association.
- 1.41 "PUD Elements" - The Townhome, Park Place, West Village and Mountain Park Homes Common Elements.
- 1.42 "Release Date" - The first to occur of (i) five years from the date of the recording of the Declaration, or (ii) the day following the sale of the two hundred fortieth (240th) Lot by Declarant.
- 1.43 "Residential Lot" - A Lot with the Mountainside Homesite, Townhome or Mountain Park Homes Classification.

000426
000346

1.44 "Rules and Regulations" - Any measures attached to the Declaration and so entitled, or as the same may be adopted by the Master Association in furtherance of the purposes of the Declaration, at any time hereafter.

1.45 "Special Declarant Rights" - The Declarant's right to control the Common Areas, to appoint the Directors and to, in effect, control the Master Association and the Owners Association.

1.46 "Straus Park" - The mixed-use community to be developed by Declarant using such name, pursuant to the Declaration, and which shall occupy substantially all of the property described in Transylvania County Deed Book 417 at page 667 (but which may occupy other property as well). No part of the property described in such deed shall be a part of Straus Park until a Plat thereof is recorded in the Transylvania County Register of Deeds; thus, Straus Park shall be as shown on the Plats.

1.47 "Townhome Assessments" - The amounts assessed by the Straus Park Townhome Owner's Association (or the Master Association if permitted hereby) against Townhome Lot Owners to enable such Owner's Association to pay the costs of Townhome Maintenance.

1.48 "Townhome Common Elements" - The obligation and exclusive right to maintain roofs and external finishes of all structures in the Townhome Classification, all Landscaping, parking lots and private roadways, including driveways, within the Townhome Classification, unless designated on a Plat as Common Areas.

1.49 "Townhome Maintenance" - The activities of the Straus Park Townhome Owner's Association to operate, manage, maintain, repair and replace the Townhome Common Elements.

1.50 "West Village Assessments" - The amounts assessed by the Straus Park West Village Lot Owner's Association (or the Master Association if permitted hereby) against West Village Lot Owners to enable such Owner's Association to pay the costs of West Village Maintenance.

1.51 "West Village Common Elements" - The parking areas, private roadways, including driveways, and the Landscaping within the West Village Classification, and any areas as may be so designated on the Plat or Plats.

1.52 "West Village Maintenance" - The activities of the Straus Park West Village Owner's Association to operate, manage, maintain, repair and replace the West Village Common Elements.

000426

000347

II. GENERAL

2.1 General Matters. Declarant shall, from time to time, cause a Plat to be recorded in the Transylvania County Register of Deeds. Lots may be improved or unimproved at the time of platting and at the time of sale or lease. Lots may be offered for sale as part of a planned unit development; and, if so sold, then the Lot sold shall include the PUD Easement. Each Lot shall have Classification. Notwithstanding anything to the contrary herein, should a Plat be recorded which, by inadvertence or error, fails to state or improperly states a Lot's Classification, then upon the filing of an amended Plat bearing the statement of Declarant as to the foregoing, the Lot shall bear the Classification shown on the amended Plat. The Classification Covenants shall be applicable to and bind all Lots with the stated Classification, but shall not apply to the Lots in other Classifications. No use shall be made of any Lot which is contrary to what is permitted in the Declaration or the Classification Covenants applicable thereto. If any portion of the Common Areas or the PUD Elements encroach on a Lot, whether now or hereafter, an easement therefor is reserved and created hereby. Declarant reserves the right to subject all or any part of Straus Park to a contract with a utility company for the installation of lines and/or equipment which may require an initial or continuing payment to such utility company. Said payment may be billed directly to the Owner or may be included in the Assessments or the PUD Assessments.

III. COMMON AREAS

3.1 Common Area Uses and Management. The Common Areas are intended to serve Straus Park, its Owners and its residents, and shall include, Lake Straus, the Lake House and any other improvements abutting Lake Straus, the playground and park areas of Straus Park, any roadway shown on a Plat as a non-publicly maintained roadway, (but providing general access), drainage facilities, utility installations, the areas on which directional signage is erected by Declarant (and such signage), all lights, light poles, curbs, medians, Maintenance Areas, Landscaping materials installed by Declarant, by the Master Association, or by an Owner's Association, and all recreational and/or meeting facilities established hereafter by Declarant or the Master Association for use of Straus Park occupants. The Master Association may charge reasonable fees for the use of recreational or meeting facilities in the Common Areas to Owners and anyone else permitted by the Master Association to make use thereof. The PUD Elements shall be governed by the Master Association and the applicable Classification's Owner's Association. In addition, the Common Areas shall include any other areas or portions of Straus Park as may be so declared by Declarant from time to time. Declarant retains the absolute right to manage, control and otherwise direct the use, Maintenance and operation of the Common Areas and PUD Elements prior to the Release Date, regardless of anything to the contrary herein. Not later than the Release Date, Declarant shall convey all the Common Areas shown on Plats to the Master Association.

000426

000348

3.2 Owner's Common Area Rights. Each Owner shall have the non-exclusive right to the use of the Common Areas, but only in accordance with the provisions hereof, and subject at all times to the control thereof by Declarant or the Master Association and to such Rules and Regulations as are established with respect thereto. Except as may be otherwise set forth herein, the Common Areas shall be operated, managed, repaired, maintained, and controlled by the Master Association. Declarant may dedicate any roadway in the Common Areas to public use without any other consent thereto. Other portions of the Common Areas may be dedicated to general public use, but only upon the affirmative vote of the Owners of at least two hundred forty (240) Lots, or, prior to the Release Date only with Declarant's consent also. The Common Areas shall remain undivided and no Owner may bring an action for partition with respect thereto.

3.3. Long Meadow. The Long Meadow shall be perpetually kept and maintained by Declarant and by any future owner thereof in a generally undeveloped state, as a "green area", to serve as a park with ballfields, pedestrian trails, picnic areas, and structures appropriate thereto, for the benefit of Owners within Straus Park and, on a regulated basis, by others. The Long Meadow shall not be a part of the Common Areas, and, subject to the first sentence of this section, the manner of development and manner of operation of the Long Meadow shall be within the discretion of Declarant. Not later than the Release Date, Declarant shall convey an easement for access to and use of the Long Meadow to the Master Association. Declarant may convey the Long Meadow to a corporation, trust, or other legal entity to own and maintain the same, provided that such conveyance is subject to the provisions of this section of the Declaration. The Master Association shall pay to the Declarant or future owner of the Long Meadow from the Assessments, for access to and for the use and maintenance of the Long Meadow, such reasonable amounts as are established from time to time by the Declarant or future owner of the Long Meadow.

IV. STRAUS PARK ADDITIONS

4.1 Added Land. Declarant may, at any time, add to Straus Park areas that are within the bounds of the tract described in Transylvania County Deed Book 417 at page 667, by the filing of a Plat thereof; and also may, at any time, add other property thereto by the filing of a Plat and an amendment hereto describing such area and setting forth its Classification. No new Classification shall be established with respect to such other property, nor shall any use, which is presently not permitted in any Classification, be permitted therein.

V. USES AND LIMITATIONS

000426 000349

5.1 Rules and Regulations. All Owners shall comply with the provisions hereof, with all laws, governmental ordinances and regulations, and with all Rules and Regulations that may be adopted hereafter, from time to time, by the Master Association, provided all such Rules and Regulations apply uniformly to all Owners in a Classification. The Rules and Regulations, once adopted, may be amended thereafter by a vote of at least eighty (80%) percent of the Directors, at any time. No Rule or Regulation may deny any Owner an easement for access, to the Owner's Lot. If any Rules and Regulations are presently adopted, they are attached hereto. Owner's Associations may propose rules and regulations for application to its Classification, but the same shall not be enforceable hereunder unless adopted by the Master Association.

5.2 Subdivision. Except as may be otherwise provided in a conveyance from Declarant, no Lot shall be subdivided by anyone other than Declarant. If due to topography, inadvertent misplacement of improvements or for other good reason, an Owner wishes a Lot dividing line to be modified, the consent of the Declarant and the ECC is required, which consent shall not be unreasonably withheld or delayed.

5.3 Proper Condition. No part of Straus Park shall be used in any manner, nor shall any condition be allowed to exist thereon, which would constitute a fire hazard, a nuisance or which would produce or allow to emanate therefrom noxious odors or fumes, excessive noise or vibrations. All Lots shall be kept in a generally sightly condition by the Owner thereof, including the areas on which easements provided for herein exist. No unsanitary condition or anything that is hazardous to health shall be permitted to remain on a Lot. All fuel storage tanks and trash receptacles shall be below ground or screened in a manner satisfactory to the ECC. No outside clotheslines or clothes drying shall be permitted within Straus Park. No boats, trailers, mobile homes, recreational vehicles (including vehicles intended for overnight sleeping or camping) or inoperative vehicles may be placed, stored or kept on any Lot, other than within a closed building (e.g. a garage with the door closed) or at a site approved by the ECC. No rebuilding of vehicles or major mechanical repairs thereto shall take place within Straus Park, outside of a closed building, and no such work may be done on a commercial basis for which a fee or other remuneration is charged or accepted. All garages must have their doors kept in a closed condition, except during the time of actual entry and exit. No lawn ornamentation of any kind, including but not limited to statuary, windmills, pink flamingos, etc., may be placed anywhere within Straus Park, unless approved prior to placement by the ECC. No garish, flashing or unsightly signs may be placed anywhere in Straus Park. Other than a sign with the Lot number or address and/or the surname of the Lot occupant, no signs or other advertising material of any kind shall be placed on a Residential Lot. The foregoing is intended to prohibit "For Sale" and "For Lease" signs on all Lots. All signage is subject to the prior approval of the ECC, which shall not be unreasonably withheld or delayed.

000426
000350

5.4 Vegetation. No vegetation of any kind shall be cut, trimmed or Landscaped in any way on any Lot in a PUD Classification, other than by the Master Association or the applicable Owner's Association. In the Mountainside Homesite Classification all vegetation on Lots shall be kept in a slightly condition, being mowed (or trimmed) on a reasonably regular basis, with all dead trees and plants promptly removed, by the Lot's Owner. All Lots in Straus Park shall be kept in a reasonably natural state, with no live trees on a Lot to be removed, cut or topped, nor any vegetation cut, trimmed or Landscaped, except as otherwise permitted by the ECC.

5.5 Utility Lines. All utility lines installed by any Owner, other than Declarant, shall be underground, except as may be required by any governmental body having jurisdiction thereof or the utility supplier to the contrary. Any above-ground utility equipment shall be appropriately screened, in the manner approved by Declarant or the ECC.

5.6 Water Courses and Drainage. No creeks or other water courses within Straus Park shall be dammed, impounded, diverted or have water taken therefrom without Declarant's permission. No Owner shall unreasonably divert or increase the flow of surface water onto the Lot of another Owner. All Owners shall provide for adequate drainage from their Lots in a reasonable and careful manner, and all such drainage facilities and equipment shall be kept clear and operating by the Owner at all times.

5.7 Plumbing. All occupied structures on Lots must have plumbing systems which are connected to either a central sewer system operated by a municipal system, or to a septic tank or other approved sewerage disposal system constructed, maintained and operated in accordance with the laws of the State of North Carolina.

5.8 Reception Equipment. No equipment for the reception or transmission of television, radio or other airborne waves or signals, whether antenna, satellite dish, or otherwise, shall be located on any part of Straus Park by any Owner; except Declarant and the Master Association may install such items in the Common Areas, with reasonable shielding or camouflaging, and subject to the height limitation below. Notwithstanding the foregoing, individual cellular telephones may be operated within Straus Park; and Declarant may provide an easement or easements for the installation and location of equipment for the reception and transmission of airborne waves and signals, so long as no such equipment is more than twenty feet in height and all equipment is shielded or camouflaged from public view. As expressly permitted by law, Owners may place one mini-satellite dish (not exceeding thirty-nine inches in diameter) on a Lot, so long as such dish is not visible from the front of the Lot and the location is approved by the ECC, which approval shall not be unreasonably withheld or delayed.

000351

000426

5.9 Animals. No animal shall be allowed to be kept on a Lot, except a reasonable number of ordinary domestic household pets such as cats, dogs, etc. No dog shall be allowed to run free, and no animal shall be permitted to remain within Straus Park in a manner which constitutes a nuisance. All dogs being walked shall be kept on leashes and all dog excrement must be removed and disposed of in a sanitary manner by the person walking the dog. No commercial breeding, storage or treatment of animals shall take place within Straus Park. The Rules and Regulations shall govern all matters relating to animals, including but not limited to, whether an animal may be kept in Straus Park. The determinations regarding such matters by the Master Association shall be final and binding.

5.10 Motorized Vehicles. Except for self-propelled lawn mowing machinery which operates only on a Lot, golf carts which are both approved by the ECC and are legally permitted to be operated on public streets and other licensed vehicles which are operated on public streets for the purpose of access to and from the Lots and public roads outside Straus Park, no motorized vehicles of any kind shall be operated within Straus Park. (i.e. no "joy-riding" on trails or roads). No improperly mufflered vehicle or other vehicle from which emanates excessive noise, smoke or vibration shall be operated within Straus Park, regardless of whether the same is licensed or operated on a road.

5.11 Temporary Structures. No mobile home, trailer, tent, shed or other structure of a temporary nature may be occupied as a residence, business or office at any time, except the Lot contractor's trailer may be occupied as an office during the construction period only.

5.12 Recreation Equipment. All recreation equipment placed on a Lot by someone other than the Declarant, the Master Association or an Owner's Association must be sited in rear lawn areas, be of nature blending colors, be landscape screened, and be approved by the ECC.

5.13 Leasing and Time Sharing. No tenant or other non-Owner occupant of a Lot shall be allowed to enter into possession of any Lot except pursuant to a written lease. Except for leases in which Declarant is lessor, no lease shall be for a period of less than thirty days. Copies of leases shall be furnished to the Property Association. No timesharing type occupancy, whether created by deed or otherwise, may be utilized in connection with any Lot. This Section shall not prohibit the operation of a hotel, motel, inn or bed and breakfast facility in a Classification permitting such uses, so long as the use was approved in accordance herewith and none of them are operated in the manner generally known as a time-share.

VI. CONSTRUCTION

000426
000352

6.1 General. No Construction on any Lot shall occur, unless the same shall have been previously approved in writing in the manner set forth herein by the ECC. The foregoing approval is required for any Construction on a Lot. The ECC shall publish the Guidelines, and may amend them, from time to time. Without limiting what the Guidelines shall address, it is anticipated that the same shall set forth design and building requirements, Plans review procedures, compliance requirements, administration, and fees which may be charged by the ECC for payment to the Master Association; and compliance deposits (subject to assessment in case of noncompliance), which must be paid prior to the commencement of any Construction on a Lot to reimburse the cost of review and/or to defray the anticipated damage to roadways. No Construction on a Lot shall commence or continue if the Plans, have not been approved in writing by the ECC, and the required fees paid. The ECC's approval of the Plans is not a warranty of the architect's or engineer's work that was submitted to it, and the ECC shall have no liability for any deficiencies thereof.

6.2 Compliance. No structure shall be occupied prior to receiving the ECC's final compliance inspection approval, meeting all codes and the issuance of a Certificate of Compliance (or the like) therefor, if such Certificate is required by the State of North Carolina, Transylvania County, the Town of Brevard or any other governmental authority for lawful occupation of the Lot.

6.3 The ECC. The ECC shall be appointed by the Directors in accordance with the Bylaws. The ECC shall be managed by an administrator selected by the ECC (who shall vote only to break ties) and shall have four other members, one who must be a practicing Land Planner or Landscape Architect, one who shall be the Community Manager (if one exists), one who shall be a licensed Architect or Engineer, and one who shall be appointed by the Declarant. The ECC members may be reasonably compensated by the Master Association, but only from the fees paid. All Owners understand and agree, by acceptance of a deed to a Lot, that the ECC has the discretion whether to approve proposed Plans, which approval shall not be unreasonably withheld or delayed. It shall not be unreasonable for Plans to be rejected solely due to aesthetic considerations, and the same are within the sole and absolute discretion of the ECC. The then present Guidelines shall be provided to each Lot Owner at, or prior to, Lot acquisition.

6.4 Setbacks and Reservations. The minimum required setbacks and build-to lines shall be shown on the Plats, but may be otherwise controlled by the Guidelines. Unless otherwise shown on a Plat, Declarant reserves an easement ten feet in width, running parallel to and inside of all Lot boundary lines, for the location, replacement, maintenance and repair of utility lines and related equipment. If a Plat affirmatively indicates that a different easement exists, then what is shown on the Plat shall control. In addition, Declarant shall have all other easements shown on any Plat for the purposes shown thereon, whether for installing, replacing, repairing or maintaining drainage

000426 000353

facilities, reasonably directing surface or subsurface water changing grades and swales or otherwise. Declarant reserves unto itself, and dedicates hereby to the Master Association, an easement over all portions of each Lot for the purpose of enforcing the provisions hereof. Declarant may, at any time, assign all or portions of its easement rights to utility suppliers, the Master Association or to an Owner's Association. No easement or right of way for access to property adjoining Straus Park may be provided by any Owner, unless approved by Declarant.

VII. MASTER ASSOCIATION

7.1 Formation: Declarant has caused (or shall cause) the Master Association to be validly formed as a non-profit corporation in accordance with the laws of the State of North Carolina.

7.2 Conveyance to Master Association. Not later than the Release Date, Declarant shall convey the Common Areas then shown on Plats to the Master Association and the Special Declarant Rights shall expire. If any Common Areas are not shown on a Plat until after the Release Date, Declarant shall convey the same to the Master Association promptly after the recording of a Plat.

7.3 Special Declarant Rights. Prior to the Release Date, Declarant is vested with the Special Declarant Rights. Notwithstanding the foregoing, not later than one year from the date hereof, Declarant shall designate an Owner of a Residential Lot and an Owner of a Non-Residential Lot, each of whom is not then an officer, director or stockholder of Declarant, as a Director. All rights and benefits accruing hereunder to Declarant may be assigned or released at any time by Declarant.

7.4 Management. The Master Association shall be managed and operated as set forth in the Bylaws. The Owner's Bylaws set forth the manner of operation of the five Owner's Associations. The Directors shall, if they decide to establish such a position, select the Community Manager, a salaried employee who shall serve, in effect, as the chief operating officer of Straus Park, in the same manner that a City Manager functions in a City Manager style of government. Each Owner's Association shall govern the Lots in its Classification, pursuant to the Owner's Bylaws, subject at all times to the Master Association's power to control all management activities within Straus Park.

VIII. ASSESSMENTS

8.1 General. Each Owner, by acceptance of a deed to a Lot, covenants and agrees to pay the Assessments levied by the Master Association from time to time. Without intending to limit the uses of the Assessments, the Assessments shall be used for the Maintenance of the Common Areas. Further, by deed acceptance, the Owners

000426
000354

acknowledge and agree that the Maintenance is a benefit to them and their Lots, that the nature of Straus Park as a diverse-use community results in a variety of Maintenance being required, and that the Assessments uses are sufficiently certain, and shall not fail for lack of sufficiency.

8.2 Levy of Assessments. Should the Master Association own and/or operate any Common Areas which are shown on a Plat as a Limited Common Area, then only the benefited Lot Owners in the Classification so designated shall be assessed in connection therewith. The Master Association shall establish the general Assessments, as well as any which may be attributable to each Classification. Except with respect to the portion of any Assessment resulting from Limited Common Area, the Assessments on each Residential Lot shall be equal. The Assessments in the Non-Residential Lot Classifications shall be established by the Master Association in a reasonable manner, based upon the square footage of improvements located on the applicable Lot, and/or the number of employees reasonably anticipated, and/or the likely number of customers or clients anticipated, and/or the number of beds available (in extended or overnight stay facilities) or such other method as shall be reasonable under the circumstances. The methods shall be applied on a consistent basis (i.e. like businesses shall be treated in like manner). The ratio between the Assessments levied against the Residential Lots and those levied against the Non-Residential Lots shall be determined by the Master Association, and may be modified, from time to time, in order to maintain an equitable ratio. The determinations of Assessments by the Master Association shall be binding and controlling. If any Owner wishes to dispute the reasonableness of such Owner's Assessments, the Assessments must be paid until otherwise agreed by the Master Association, modified by formal arbitration, (if the Master Association consents thereto), or amended by a court of competent jurisdiction. Prior to the Release Date, Declarant shall not be assessed on a per Lot basis, but shall pay the amount necessary to satisfy the difference between the Assessments collected and the Maintenance costs paid. Subsequent to the Release Date, Declarant shall pay Assessments on its Lots in the same manner as other Owners. In addition, after the Release Date, the Master Association may elect to have the Assessments levied on unimproved Lots to be less than those levied on improved Lots, and the regular established Lot Assessments for one year shall not exceed the previous year's regular Assessments on a Lot by more than fifteen (15%) percent, unless consented to by a Majority of Owners of the affected Lots. The Master Association shall establish the amount of the Assessments, whether unimproved Lots shall pay a lesser amount of Assessments and each Classification's respective shares thereof not later than December 1 of each year, preceding the applicable year. The foregoing is not intended to control or deal with the PUD Assessments.

8.3 Enforcement of Assessments. The Assessments shall include any interest accruing thereon resulting from late payment, and any costs and attorneys fees incurred in the collection thereof. All of the foregoing shall be a lien against each Owner's Lot,

000426

000355

until payment thereof, from and after the recording of any Claim of Lien filed by the Master Association with the Clerk of the Superior Court of Transylvania County. If the Assessments are not paid to the Master Association within thirty days of the due date thereof, the Master Association may file such Claim of Lien with said Clerk. No such lien shall be superior to the lien of the any Holder's deed of trust on a Lot, so long as the deed of trust was filed prior to the recording of the Claim of Lien in the Office of said Clerk. Upon any foreclosure or sale under power of sale of a Holder's deed of trust, any Assessments, the lien of which is severed by such foreclosure, shall remain the valid debt of the Lot's prior Owner. All Assessments levied on and after the filing of the Trustee's Deed in such foreclosure shall constitute a lien upon such Lot, and the payment thereof shall be the responsibility of the Trustee's Deed grantee and its successors. The Master Association may withhold recreational privileges in the Common Areas from any Owner that has failed to pay the Assessments. No Owner may waive Common Area privileges to avoid Assessments. The use of the term "Assessments" in this subsection shall be deemed to include the term "PUD Assessments".

8.4 PUD Assessments. Each of the Owner's Associations responsible for the Maintenance set forth in Sections 1.24, 1.34, 1.49 and 1.52 above shall assess the Owners in such Classification to pay the amounts required to satisfy the costs of Maintaining those items set forth in Sections 1.23, 1.33, 1.48 and 1.51 above. If an Owner's Association fails to properly assess or maintain, the Master Association may make such assessments and/or perform such maintenance and assess the Owners within such Classification.

8.5 Extraordinary Assessments. Should the Master Association or an Owner's Association want to assess the Owners for capital improvements or other items not provided for herein, the affirmative vote of eighty percent (80%) of the Owners to be so assessed shall be required to adopt such assessment.

IX. PLANNED UNIT DEVELOPMENTS

9.1 Classifications Bound. The Townhome, West Village, Park Place and Mountain Park Homes Classifications are each planned unit developments within the Development.

9.2 Property Conveyed. All deeds for Lots in PUD Classifications shall include fee simple title to the underlying ground, the Easement rights appurtenant thereto and any structure located on a Lot at the time of its conveyance.

9.3 PUD Element Maintenance. The Owner's Associations in the PUD Classifications shall provide Maintenance of the PUD Elements located within such Classification to keep them in good Maintenance, and shall assess the Owners within such Classification therefor. Thus, the Straus Park Townhome Owner's Association shall

000426
000356

assess the Townhome Owners for the purpose of paying the costs of Townhome Maintenance of the Townhome Common Elements, the Straus Park/Park Place Owner's Association shall assess the Park Place Owners for the purpose of paying the costs of Park Place Maintenance of the Park Place Common Elements, etc. The PUD Elements shall be solely Maintained by the Owner's Associations (or by the Master Association if the Owner's Association fails to do so). No Owner may physically affect any PUD Elements. The Owner's Associations and the Master Association are hereby granted the perpetual easement and right of way required for them to Maintain all PUD Elements.

9.4 PUD Element Conveyance. Not later than the sale of the first Lot shown on the Plat of the property within a PUD Classification, Declarant shall convey the PUD Elements shown on such Plat to the Owner's Association thereof. The right and obligation to Maintain the roof and external finishes of structures within the Townhouse Classification shall be deemed conveyed thereby, regardless whether all structures exist on the conveyance date.

9.5 PUD Elements. The PUD Elements shall remain undivided and no Owner may bring any action for partition with respect thereto.

X. RIGHT OF FIRST REFUSAL

10.1 Offer. If an Owner (other than Declarant) receives an Offer to Purchase, such Owner shall deliver an Offer to Sell the subject Lot to Declarant on the same terms as contained in the Offer to Purchase made to such Owner. Declarant shall have ten (10) days from its actual receipt of the Offer to Sell to accept the same and so notify the selling Owner. If Declarant does not wish to accept the Offer to Sell, it shall deliver a written rejection of the Offer to Sell to the offering Owner by said tenth (10th) day. Declarant's rejection of an Offer to Sell does not waive or terminate its rights of first refusal with respect to that Lot subsequent to the first to occur of (i) the closing of sale pursuant to the then existing Offer to Purchase, or (ii) one (1) year from the delivery of the Offer to Sell to Declarant. If any part of the consideration contained in the Offer to Sell is not cash (e.g. other real property), Declarant shall be entitled to have the non-cash consideration appraised, at the selling Owner's expense, in order to determine the value in cash thereof, which amount Declarant may pay in cash, in lieu of the non-cash consideration.

10.2 Excluded Transfers. If an Owner transfers the Owner's Lot to Owner's spouse, a lineal descendant of Owner, a corporation whose stock is controlled (80% or more) by Owner, a partnership which has no more than two general partners, one of which is Owner, a limited liability company which has not more than two member/managers, one of which is Owner, or a trustee of a trust, the beneficiaries of which are Owner and/or the Owner's spouse and/or a lineal descendant of Owner; then such transfer, whether by deed, devise or operation of law, shall not require the submission of an Offer to Purchase

000426

000357

and Declarant shall have no right of first refusal with respect to such transaction. The said transfer shall not terminate Declarant's right of first refusal with respect to future transfers of such Lot.

10.3 Holder's Rights. In the event of the foreclosure of a Holder's deed of trust or mortgage, or the sale under the power of sale contained therein, Declarant shall have no right of first refusal with respect to such foreclosure sale or sale under said power, but no such sale shall in any way terminate or affect Declarant's future right of first refusal with respect to such Lot. Every Owner granting a deed of trust or mortgage on such Owner's Lot shall simultaneously record a Request for Notice of Sale, with the notice to be provided to Declarant, pursuant to N.C.G.S. 45-21-17(5).

10.4 Expiration. The rights of first refusal provided for herein shall expire twenty-one (21) years after the death of A. William McKee.

XI. ENFORCEMENT

11.1 General. Except as otherwise provided herein, each Owner and the Master Association shall have the right to enforce, by proceeding at law or in equity, the provisions set forth herein. No Owner shall seek to enforce the provisions hereof, unless notice of the claimed breach has been provided to the Master Association and it has failed to act for a period of thirty days following its receipt of notice. No failure by any such party to seek enforcement hereof shall constitute a waiver of such party's rights to enforce the provisions hereof at all times hereafter. Upon the breach of any provision hereof, including the failure to abide by the ECC's decisions, the Owner of the Lot from which the breach emanates shall pay the reasonable attorneys fees and all other costs of the enforcement hereof. All remedies herein are cumulative.

11.2 No Conflict. No action shall be taken by Declarant, the Master Association or any other Owner which is in violation of the laws of the State of North Carolina or the Town of Brevard, or which is contrary to any applicable rule, regulation or ordinance of any governmental or quasi-governmental body with jurisdiction over Straus Park.

11.3 Inurement. The provisions hereof shall inure to the benefit of and bind the Declarant, all other Owners and their respective heirs, successors, assigns, tenants and other persons claiming by, through, or under them. The provisions of this Declaration are not intended to create and do not create any joint venture, partnership or other similar relationship among the Owners. This Declaration shall be construed in accordance with the laws of the State of North Carolina. This Declaration does not grant any rights to the public in general. All provisions hereof are severable in the event that any provision is found to be unenforceable by a court of competent jurisdiction.

000426
000358

11.4 Limit The provisions hereof shall run with and bind Straus Park and the Owners for a period of fifty years from the date this Declaration is recorded, after which time, the term shall be automatically extended for successive periods of ten years each, unless Owners representing at least seventy-five (75%) percent of all votes held by Owners then elect not to extend the term of this Declaration. The power to terminate this Declaration includes within it, the power to amend, modify and also to extend the same beyond any stated term, upon the same vote. Notwithstanding the foregoing, any easements created or reserved herein shall not be affected, modified or terminated by the modification or termination hereof.

XII. AMENDMENT

12.1 Vote Requirement This Declaration shall not be amended unless more than two thirds of the Owners vote affirmatively to effect such amendment. Declarant shall have one vote for each Lot owned by it. Further, prior to the Release Date, no amendment hereof shall be effective without Declarant's consent thereto; nor, at any time hereafter, shall Article X hereof ever be amended without Declarant's consent.

IN WITNESS WHEREOF Declarant has caused the due execution of the foregoing as of the day and year above written.

ATTEST:

Secretary

Straus Park Development Company

By: 
President

STATE OF NORTH CAROLINA, COUNTY OF Transylvania

I, a Notary Public of the County and State aforesaid, certify that J. Edwin Hensel personally came before me this day and acknowledged that he is Secretary of Straus Park Development Company, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in his name by its President, sealed with its corporate seal and attested by him as the Secretary. Witness my hand and official stamp or seal, this 7th day of January, 1997. 1998

My commission expires: 01-31-98


Karla A. Mather
Notary Public

The foregoing certificate of Karla A. Mather
is/are

000426 000359

certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Ticket A Howard Register of Deeds for Transylvania County
By _____ Deputy/ Assistant Register of Deeds

Filed for registration on the 7th day of January
19 98 at 4:40 o'clock P.M. and registered and
verified on the 7th day of Jan 19 98
In Book No: 426 of page 341
Ticket A Howard
Register of Deeds, Transylvania County

000426

000300

PARK PLACE LOT COVENANTS

In addition to the provisions set forth in the Declaration, the following covenants are applicable to the above Classification.

1. Lots in this Classification shall be only used for those business and commercial uses that are approved by the Master Association in writing. No adult bookstore, illicit drug paraphernalia store, entertainment facility showing sexually explicit material or business representing itself as primarily being a nightclub, bar or saloon shall be permitted to operate in Straus Park. The businesses operating in this Classification are intended to be reasonably usable by the residents of Straus Park and their guests.
2. Each Owner in the Park Place Classification shall pay, upon being invoiced therefor, the Park Place Assessments to the Straus Park/Park Place Owner's Association, which amount is in addition to the Assessments.
3. All signage (including content, size, color and material) must be in conformity with applicable ordinances and must be approved by the ECC. Wherever possible, single signs with multiple face plates shall be used in order to reduce the number of free-standing signs.
4. On-street parking shall be regulated by the ECC, the Straus Park/Park Place Owner's Association and the Master Association, as permitted by law. Parking spaces shall be reasonably striped and maintained by the Straus Park/Park Place Owner's Association, and shall conform with all governmental regulations.
5. Any food service facilities operating in the Classification must have an "A" Sanitation Rating. Should a lower Sanitation Rating be assessed and the "A" Sanitation Rating not restored by the next inspection, the Master Association shall have the right to demand the cessation of all restaurant operations until an "A" Sanitation Rating is restored; and upon such demand, such food service operations shall promptly cease.
6. If a Majority of Owners in this Classification so elect, then the Straus Park/Park Place Owner's Association shall serve as a merchants association, and shall perform the functions customarily attendant thereto. In such event, all occupants of Lots in this Classification must belong thereto and pay any dues assessed thereby, in addition to, or as a part of the Straus Park/Park Place Assessments. Further, in such event, the Straus Park/Park Place Owner's Association may provide for common promotional activities and other activities to promote the businesses located within the Classification; and may elect to have its dues collected by the Master Association as a part of the Assessments. In either event, the failure to pay the dues shall be a breach of the Declaration and shall be enforceable in the same manner as the other Assessments.

000361

000426

MOUNTAINSIDE HOMESITE LOT COVENANTS

In addition to the provisions set forth in the Declaration, the following covenants are applicable to the above Classification.

1. The Lots in this Classification shall only be used for residential purposes; and only one single family, detached dwelling is permitted to be constructed on each of these Lots. The Lot Owner is responsible for the acts of the occupants and users of the Owner's Lots.
2. The operation of a home office which does (i) not have clients or customers visiting the same, (ii) not cause any goods to be stored or warehoused on a Lot (e.g. on Amway distributorship), (iii) not have any external signage or indication of operation, thereof and (iv) not increase the flow of traffic in any appreciable manner, is considered to be a residential use. If the Straus Park Mountainside Homesite Owner's Association or the Master Association should, in accordance with the procedures of the same, determine that the operation of a Lot's home office constitutes a nuisance, it shall so notify the Lot Owner and such Owner shall immediately cease and desist therefrom.

000426
0003E2

TOWNHOME LOT COVENANTS

In addition to the provisions set forth in the Declaration, the following covenants are applicable to the above Classification.

1. The Lots in this Classification shall only be used for residential purposes. The residences shall be for single family occupancy only, but may be attached or detached, including row townhouses. Residences in this Classification are part of a planned unit development project, within Straus Park. The Lot Owner is responsible for the acts of the occupants and users of the Owner's Lots.
2. The operation of a home office which does (i) not have clients or customers visiting the same, (ii) not cause any goods to be stored or warehoused on a Lot (e.g. on Amway distributorship), (iii) not have any external signage or indication of operation, thereof and (iv) not increase the flow of traffic in any appreciable manner, is considered to be a residential use. If the Straus Park Townhome Owner's Association or the Master Association should, in accordance with the procedures of the same, determine that the operation of a Lot's home office constitutes a nuisance, it shall so notify the Lot Owner and such Owner shall immediately cease and desist therefrom.
3. Each Owner in the Townhome Classification shall pay, upon being invoiced therefor, the Townhome Assessments levied by the Straus Park Townhome Owner's Association, which is in addition to the Assessments.
4. Except to a licensed general contractor who is purchasing a Lot to construct a residence thereon and to sell the same, or as otherwise approved by Declarant, no Lot in this Classification shall be sold without a residence already constructed thereon or pursuant to a contract of sale which includes the construction of a residence as a part thereof. The number of Plans approved for this Classification is quite limited. The Lot Owner in this Classification understands a uniformity of design and finishes is anticipated and Declarant and the ECC may elect to allow no deviation therefrom.
5. While the Townhome Common Elements are to be maintained by the Straus Park Townhome Owner's Association, the Lot Owners within this Classification shall take reasonable steps at all times to keep the non-PUD Element portions of the Lot in sightly condition.

000426 000363

WEST VILLAGE LOT COVENANTS

In addition to the provisions set forth in the Declaration, the following covenants are applicable to the above Classification.

1. Lots in this Classification shall be only used for those business and commercial uses that are approved by the Master Association in writing. No adult bookstore, illicit drug paraphernalia store, entertainment facility showing sexually explicit material or business representing itself as primarily being a nightclub, bar or saloon shall be permitted to operate in Straus Park. The businesses operating in this Classification are intended to be reasonably usable by the residents of Straus Park and their guests.
2. Each Owner in the West Village Classification shall pay, upon being invoiced therefor, the West Village Assessments to the Straus Park West Village Owner's Association, which amount is in addition to the Assessments.
3. All signage (including content, size, color and material) must be in conformity with applicable ordinances and must be approved by the ECC. Wherever possible, single signs with multiple face plates shall be used in order to reduce the number of free-standing signs.
4. On-street parking shall be regulated by the ECC, the Straus Park West Village Owner's Association and the Master Association, as permitted by law. Parking spaces shall be reasonably striped and maintained by the Straus Park West Village Owner's Association, and shall conform with all governmental regulations.
5. Any food service facilities operating in the Classification must have an "A" Sanitation Rating. Should a lower Sanitation Rating be assessed and the "A" Sanitation Rating not restored by the next inspection, the Master Association shall have the right to demand the cessation of all restaurant operations until an "A" Sanitation Rating is restored; and upon such demand, such food service operations shall promptly cease.
6. If a Majority of Owners in this Classification so elect, then the Straus Park West Village Owner's Association shall serve as a merchants association, and shall perform the functions customarily attendant thereto. In such event, all occupants of Lots in this Classification must belong thereto and pay any dues assessed thereby, in addition to, or as a part of the Straus Park West Village Assessments. Further, in such event, the Straus Park West Village Owner's Association may provide for common promotional activities and other activities to promote the businesses located within the Classification; and may elect to have its dues collected by the Master Association as a part of the Assessments. In either event, the failure to pay the dues shall be a breach of the Declaration and shall be enforceable in the same manner as the other Assessments.

000426
0003E4

MOUNTAIN PARK HOMES LOT COVENANTS

In addition to the provisions set forth in the Declaration, the following covenants are applicable to Lots in the above Classification.

1. The Lots in this Classification shall only be used for residential purposes; and only one single family, detached dwelling (and other customary outbuildings approved by the ECC) shall be placed on each of these Lots. The Lot Owner is responsible for the acts of the occupants and users of the Owner's Lots.
2. The operation of a home office which does (i) not have clients or customers visiting the same, (ii) not cause any goods to be stored or warehoused on a Lot (e.g. on Amway distributorship), (iii) not have any external signage or indication of operation, thereof and (iv) not increase the flow of traffic in any appreciable manner, is considered to be a residential use. If the Straus Park Mountain Park Homes Owner's Association or the Master Association should, in accordance with the procedures of the same, determine that the operation of a Lot's home office constitutes a nuisance, it shall so notify the Lot Owner and such Owner shall immediately cease and desist therefrom.
3. Each Owner in the Mountain Park Homes Classification shall pay, upon being invoiced therefor, the Mountain Park Homes Assessments levied by the Straus Park Mountain Park Homes Owner's Association, in addition to the Assessments.
4. The number of Plans approved for this Classification is quite limited. The Lot Owner in this Classification understands a uniformity of design and finishes is anticipated and Declarant and the ECC may elect to allow no deviation therefrom.
5. While the Mountain Park Homes Common Elements are to be maintained by the Straus Park Mountain Park Homes Owner's Association, the Lot Owners within this Classification shall take reasonable steps at all times to keep the non-PUD Element portions of the Lot in slightly condition.
6. The construction of a residence on a Lot in this Classification must commence not later than twenty-four months after the closing (the "Closing") of the conveyance of the Lot, construction must then continue on a regular basis and the Certificate of Compliance (or other required governmental approval) must be issued within three years from the date of Closing. Upon the failure of any of the foregoing, Declarant may repurchase the Lot at the price paid to Declarant therefor, unless construction on the Lot has commenced, in which event the repurchase price shall be established by agreement of the Declarant and the Lot's Owner. If they are unable to agree, then the Lot's improvements shall be appraised by a licensed appraiser selected by Declarant, and the appraised value of such improvements, plus the price paid for the Lot to Declarant shall be the repurchase price of the Lot. The cost of the appraisal shall be equally borne by Declarant and the Lot's Owner. If Declarant elects to so repurchase the Lot, the Owner shall convey the Lot to Declarant free of all encumbrances, other than those existing at the time of the original purchase, taxes for the

000426 000365

current year, which shall be prorated, and the Holder's deed of trust which is to be satisfied at from the Owner's proceeds at Closing. The Lot's Owner shall pay the cost of Revenue Stamps and deed and lien affidavit preparation. This right of repurchase shall remain vested in Declarant until the issuance of such Certificate.

EXHIBIT A
364 000426
- 366

BYLAWS OF STRAUS PARK MASTER ASSOCIATION, INC.

ARTICLE I

General Matters

Section 1: All terms defined in the Declaration to which these Bylaws are attached, shall be deemed similarly defined herein and shall be used without further definition.

Section 2: The Master Association is a North Carolina non-profit corporation and shall have all powers incident thereto as provided in N.C.G.S. 55A.

Section 3: The provisions of these Bylaws are applicable to all Lots and Straus Park and the occupancy and use thereof.

Section 4: All Owners, invitees, licensees, tenants, agents, their employees, or any other person that occupies or uses Straus Park or any part thereof in any manner, are subject to the provisions of these Bylaws and to Rules and Regulations adopted, from time to time, pursuant hereto.

Section 5: The acquisition, rental, occupancy or use of any Lot shall constitute acceptance of these Bylaws, the Declaration, the Rules and Regulations and amendments thereto and an agreement to comply therewith.

Section 6: The Master Association will have the responsibility of administering Straus Park, approving the annual budget thereof, establishing the amount of and collecting the Assessments, and managing Straus Park or arranging for its management by a management agent. Except as otherwise provided, decisions and resolutions of the Master Association shall require approval of a majority of the Directors of the Master Association.

ARTICLE II

Rights of Owners

Section 1: Owners shall have the right to attend the Director's meetings, other than those determined (before or during the meeting) by the Directors to be executive sessions, the subject matter of which is deemed not appropriate for general attendance. Notices of meetings, other than those determined by the Directors to be executive sessions, shall be given to the Owners in a written form, which may be included with Assessments bills. Owners shall be provided a reasonable opportunity to address any Director's meeting, other than those in executive session, but control of the meeting shall always remain with the Directors, discussions may be closed on an issue at any time, and a meeting may be declared to be in executive session at any time by a majority vote of the Directors present.

000

000426

0003E7

ARTICLE III

Board of Directors

Section 1: The affairs of the Master Association shall be governed by a Board of Directors which shall be composed of seven persons. Five of the Directors shall be the Presidents of the five Owner's Associations, while the sixth and seventh (the "Appointees") shall be appointed by the Declarant, the Declarant's successor or the Declarant's designee to make such appointment, by notice thereof provided to the Master Association. Notwithstanding the foregoing, prior to the Release Date, the Appointees shall collectively have six votes on all matters, while all other Directors shall have one vote each and collectively shall have five votes. Each Director shall serve for the period of such Director's appointment or office (as President), or until a successor is duly selected. Thus, each President's term as a Director shall be coterminous with the term as President, while each of the Appointees shall serve at Declarant's pleasure.

Section 2: Meetings of the Master Association shall be held at the principal office of Straus Park or such other suitable place convenient to the Directors, as a majority of them shall select.

Section 3: The first annual meeting of the Directors shall be held on the ____ day of _____, 199__. Thereafter, the annual meetings of the Directors shall be held on the second Monday in December of each succeeding year, unless this shall be a legal holiday, in which case the meeting shall be held on the next business day. At such meetings, the Directors shall transact such business of the Master Association as may properly come before them. Regular meetings of the Directors shall occur from time to time as scheduled by the Chairman thereof.

Section 4: The Chairman shall call a special meeting of the Directors if so directed by a resolution of the Board of Directors or by a request signed by not less than two Directors and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice thereof unless by consent of Directors having the right to cast four votes.

Section 5: The Secretary shall provide a notice of each annual or special meeting stating the purpose thereof as well as the time and place where it is to be held to each Director at least ten (10) but not more than sixty (60) days prior to such meeting. Notice shall be personally delivered or mailed, postage prepaid, to the Director's address as shall have specified to the Master Association in writing. A notice mailed shall be deemed delivered the earlier of actual delivery or the third day following mailing.

000426
000368

Section 6: Robert's Rules of Order shall be used to govern all Directors meetings. The order of business at all meetings of the shall be as follows, unless otherwise agreed:

- a. Roll Call
- b. Proof of Notice of Meeting or Waiver of Notice
- c. Reading of minutes of preceding meeting
- d. Reports of Officers
- e. Reports of Committees
- f. Unfinished business
- g. New business.

Section 7: Notwithstanding anything else to the contrary in the Declaration or herein, within one year of the recording of the Declaration, one Non-Residential Lot Owner (other than an officer, director or stockholder of Declarant) and one Residential Lot Owner (other than an officer, director or stockholder of Declarant) shall be designated by Declarant to be the President of the Owner's Association of such Owner's Classification (and thus a Director). Until the Release Date, while the Owner's Association's Presidents are Directors and shall attend the Director's meetings, the total votes of all Directors, other than the Appointees, shall be five, while the Appointees shall have six votes. Declarant may waive this right at any time, in writing, by notice to the Owner's Associations.

Section 8: Vacancies on the Board of Directors caused by any reason shall be filled by the Owner's Association or Declarant, depending upon which Director is no longer serving (e.g. the West Village Owner's Association would select a new President as the replacement if its President no longer served, the Declarant would appoint a replacement for one of the Appointees, etc.) Each person so elected or appointed shall be a Director until a successor is duly elected or appointed.

Section 9: At any regular or special meeting of the Master Association duly called, any one or more of the Directors previously elected may be removed, with cause, by a vote of not less than five Directors; and their successors shall be elected by the affected Owner's Association or appointed by Declarant to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 10: Before or at any meeting of the Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Directors shall be a waiver of notice by such Director of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

000426 000369

Section 11: At all meetings of the Directors, the presence of Directors holding a majority of the votes shall constitute a quorum for the transaction of business and acts of the majority of the Directors present at a meeting at which a quorum is present shall be acts of the Directors. If at any meeting of the Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12: The Directors shall have the powers and duties necessary for the administration of the affairs of the Master Association, and may do all such acts and things as are not by law prohibited. In addition to the duties elsewhere imposed by these Bylaws or by resolutions of the Master Association, the Directors shall be responsible for overseeing the following:

- (a) Care, upkeep, protection and Maintenance of Straus Park, including but not limited to, all Common Areas;
- (b) Hiring and firing of personnel for the Maintenance of Straus Park, including the Common Areas;
- (c) Fiscal management of the Master Association, including but not limited to the determination of and collection of all Assessments in accordance with the Declaration and these Bylaws.

Section 13: The Directors may contract with or employ any person, firm or corporation, including the Declarant or an affiliate of the Declarant, to serve as Community Manager for Straus Park and the Master Association, at a compensation established by the Directors. In addition, the Directors may delegate authority for some or all management of a Classification and the Common Areas therein to the Classification's Owner's Board. The Directors may terminate or limit such delegation at any time, and the Directors remain responsible for the proper administration of Straus Park.

Section 14: The Directors shall require that all officers and employees of the Master Association handling or responsible for Master Association funds shall be provided with adequate fidelity bonds; provided, however, that this provision shall not require that the Treasurer be bonded if, under the terms of any management agreement in effect from time to time, the person, firm or corporation serving as management agent is responsible for collecting and disbursing Assessment funds and is required to account to the Master Association for said funds at least annually. The premiums on necessary fidelity bonds shall be paid by the Master Association.

Section 15: No member of the Directors shall receive any compensation for serving in said capacity, nor shall the expenses of meeting be borne by the Master Association.

000426
000370

Section 16: The Master Association shall make available, within a reasonable time, upon reasonable request therefor, copies of the Declaration, these Bylaws, the Rules and Regulations and the books, records and financial statements thereof to Owners and Holders. The Master Association may charge a reasonable amount to compensate it for the copying costs.

Section 17: The Master Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any of the Common Areas, or any part thereof; and each Owner, by deed acceptance, appoints the Master Association as attorney-in-fact for such purposes. Upon a taking or acquisition of part of all the Common Areas by a condemning authority, the award or proceeds of settlement shall be payable to the Master Association, to restore the adjoining Common Areas, to the extent reasonable, and for the general benefit of the Owners affected. No Owner shall have any interest in any such award.

ARTICLE IV

Officers

Section 1: The principal officers of the Board of Directors shall be Chairman, Vice Chairman, Secretary and Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

Section 2: The officers of the Board of Directors shall be elected annually by the Directors at the organization meeting of each new Board of Directors, and they shall hold office at the pleasure of the Board.

Section 3: Upon affirmative vote of a majority of the Directors, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Directors or at any special meeting of the Directors called for such purpose.

Section 4: The Chairman shall preside at all meetings of the Directors and shall have all of the general powers and duties which are usually vested in the office of the chief executive officer of an association, including but not limited to the powers to appoint committees from among the Directors and the Lot Owners from time to time.

Section 5: The Vice Chairman shall take the place of the Chairman and perform such duties whenever the Chairman shall be absent or unable to act. If neither the Chairman nor the Vice Chairman is able to act, the Board shall appoint some other member as the Chairman to serve on an interim basis. The Vice Chairman shall also perform such other duties as shall from time to time be delegated by the Directors.

000426

000371

Section 6: The Secretary shall keep the minutes of all meetings of the Directors; shall have charge of such books and papers as the Directors may direct; and shall, in general, perform all the duties incident to the office of Secretary.

Section 7: The Treasurer shall have responsibility for Master Association funds and securities. The Treasurer shall be responsible for keeping full and accurate accounts of all receipts and disbursements of funds belonging to the Master Association; and shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Master Association, in such depositories as may from time to time be designated by the Board. However if the responsibility of funds has been delegated to a management agent by a contract, the Treasurer shall not be responsible for such of the foregoing matters as have been delegated.

Section 8: All agreements, contracts, deeds, leases, checks, notices and other instruments to be executed on behalf of the of the Master Association shall be executed by any two officers of the Board (for the purposes hereof, an attesting officer shall be deemed an executing officer) or by such other person(s), firm(s) or corporation(s), including the Community Manager, as may be designated by the Directors. In no event shall any such document only be signed by one signatory.

ARTICLE V

Fiscal Management of the Association

Section 1: The Directors shall use the following guidelines in the fiscal management of the Master Association:

(a) Receipts and disbursements of the Master Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

(1) Current routine maintenance and administrative expenses, including a reasonable allowance for current contingencies and working funds, other than expenditures chargeable to reserves, and amounts necessary to make up any deficiencies in common expenses for any prior year. Any balance in this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year or shall be transferred to the reserve fund or general operating reserve hereinafter provide for, as determined by the Directors.

(2) A reserve fund for the purpose of performing periodic, but non-routine maintenance, replacement and repair of or to the Common Areas and for such other purposes as may from time to

000426
008372

time appear to be necessary or appropriate to the Directors.

(3) A general operating reserve for the purpose of providing a measure of financial stability during periods of special stress, which may be used to meet deficiencies from time to time as a result of delinquent payment of assessments by Owners of Lots in Straus Park and other contingencies, may be established, from time to time, if so desired by the Board.

(4) Insurance policies obtained and maintained pursuant hereto.

(b) The Directors shall adopt a budget for each calendar year that shall include the estimated funds required to provide and maintain funds for the foregoing accounts. While the budget shall be determined by the Board, the amount for any budgeted item may not be increased by more than fifteen percent over the preceding year's amount unless approved by at least five Directors, or required to preserve the safety of Straus Park.

Section 2: Copies of the proposed budget and proposed Assessments shall be transmitted to each Owner on or before the December 1 preceding the calendar year for which the budget is made. If the budget is amended subsequently, a copy of the amended budget shall be furnished to each Owner.

Section 3: The Assessments against a Lot Owner for such Owner's share of the items of the budget shall be made for the calendar year annually, in advance, on or before December 1 preceding the year for which the Assessment is made. The Assessments shall be due in quarterly or monthly installments, as determined by the Directors, on the first day of each calendar month or quarter (as applicable) during said year. In the event the annual Assessment proves to be insufficient, the budget and the amount of the Assessment may be amended at any time during the year by the Directors; subject, however, to the limitations imposed by the foregoing Section 1(b) of this Article V. The unpaid Assessment, as amended, for the remaining portion of the calendar year, shall be divided by the number of full months or quarters remaining in the year and such increased amount shall be payable monthly or quarterly for the balance of the installments for the budgeted year. The Master Association may, but need not, invoice Owners for the Assessments on a regular basis. Thus, an annual invoice could be provided, even though the amounts are to be paid monthly.

Section 4: If a Lot Owner shall fail to timely pay an installment of an Assessment, the Master Association may accelerate the remaining installments of the current year's Assessments upon notice to such Owner, and then the unpaid balance of the current year's Assessment shall come due upon the date stated in the notice, but not less than ten (10) days after the forwarding of the notice to the Owner.

000426
000373

Section 5: Special Assessments for expenses that are not included in the budget, such as for unanticipated capital expenditures, to dredge the lake, to replace major systems of buildings which have unexpectedly failed and which are Common Areas, etc. shall be made only after notice of the need for such is given to the Owners, including a notice of the meeting of the Directors at which the same will be considered. After such notice, and upon approval by at least five of the Directors, the Special Assessment shall become effective, and be due in such manner as the Directors require. Special Assessments are Assessments for the purpose of enforcement thereof.

Section 6: All unpaid Assessments shall bear a late charge computed at a rate of eighteen percent per annum after thirty days from the time the same are due. In addition, Lot Owners failing to timely pay an Assessment shall be liable for the collection costs of the Master Association, including reasonable attorneys' fees, for collection of such unpaid Assessments. Unpaid Assessments may be collected by the Master Association in all lawful manners, and during the pendency of an action brought to foreclose a lien for an unpaid Assessment on a Lot, the Lot Owner may be required to pay reasonable use fee for use of the Common Areas to the Master Association.

Section 7: The Directors shall be required to obtain and maintain, to the extent obtainable, reasonable amounts of insurance to provide fire and extended coverage insurance on all insurable structures in the Common Areas of Straus Park, adequate liability insurance for matters in the Common Areas and other insurance selected by the Board in furtherance hereof. All such policies shall provide that adjustment of loss shall be made with the Board or its designated representatives. All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be canceled or substantially modified without at least ten (10) day's prior written notice to all of the insureds, including any Holder named on the affected policy.

Section 8: Owners are not prohibited from carrying other insurance for their own benefit, provided that the liability of the carriers which issue the insurance obtained by the Master Association shall not be affected or diminished by reason of any such additional insurance carried by the Owner.

Section 9: In the event proceeds are received by the Master Association due to an insured casualty, it shall receive and disburse the same as a trustee for the benefit of the Owners in furtherance hereof. The Master Association shall be responsible to replace the damaged or destroyed structures using the insurance proceeds received by it.

000426
000374

ARTICLE VI

Liability of Officers and Directors of the Master Association

Section 1: The Directors, the officers of the Master Association and the ECC shall not be liable to Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the said officers, the Directors and the ECC members against all contractual liability to others arising out of contracts made by the said officers or the Directors on behalf of the Master Association or any Owner's Association, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws, and against liability from any decisions by the ECC. It is intended that the said officers, the Directors and the ECC shall have no personal liability with respect to any contract made by them on behalf of Straus Park, and that the ECC members have no personal liability with respect to their service on the ECC. If the Directors so elect, they may purchase an insurance policy to indemnify themselves, said officers and the ECC from liability arising out of such service.

ARTICLE VII

Amendment

Section 1: These Bylaws shall only be amended by the affirmative vote of not less than five of the seven Directors, or by the affirmative vote of the Owners of not less than seventy-five percent (75%) of the then existing Lots. No amendment hereof shall occur prior to the Release Date without the assent of Declarant. No amendment hereof shall occur without notice of the proposed amendment being provided in the notice of the meeting at which such amendment is to be considered.

000426
000375

BYLAWS OF STRAUS PARK OWNER'S ASSOCIATIONS

ARTICLE I

General Matters

Section 1: All terms defined in the Declaration to which these Bylaws are attached, shall be deemed similarly defined herein and shall be used without further definition.

Section 2: These Bylaws are intended to serve as the Bylaws for each Owner's Association. While the above caption does not make reference to a particular Owner's Association, these Bylaws are those of each separate Owner's Association and shall govern each Owner's Association, to the same extent as if the caption was Bylaws of Straus Park Mountainside Homesite Owner's Association, Bylaws of Straus Park West Village Owner's Association, Bylaws of Straus Park Townhome Owner's Association, Bylaws of Straus Park/Park Place Owner's Association or Bylaws of Straus Park Mountain Park Homes Owner's Association. While these Bylaws are to be used by all Owner's Associations, except as may be otherwise set forth hereafter, each Owner's Association shall operate and act separately and independently from each other. Each Owner's Association may, but need not, be incorporated as a non-profit corporation pursuant to N.C.G.S. 55A.

Section 3: The provisions of these Bylaws are applicable to the respective Classification's Lots and the occupancy and use thereof.

Section 4: All Owners, invitees, licensees, tenants, agents, or their employees or any other person that occupies or uses any property in the Classification in any manner, are subject to the provisions of these Bylaws and to Rules and Regulations adopted, from time to time, pursuant hereto.

Section 5: The acquisition, rental, occupancy or use of any Lot in the Classification shall constitute acceptance of these Bylaws, the Declaration, the Rules and Regulations and amendments thereto and an agreement to comply therewith.

Section 6: The Owner's Association shall have the responsibility of administering the Lots in such Association's Classification, subject at all times to the control of the Master Association. The Owner's Associations are intended to act as a representative of the Classification's Owners to the Master Association, and to take care of routine non-legal matters which do not affect Straus Park in general. Notwithstanding the foregoing, in the PUD Classifications, the Owner's Board shall have the responsibility and authority to make the PUD Assessments and provide for the Maintenance of the PUD Elements therein.

000426
000376

ARTICLE II

Voting, Majority of Owners, Quorum, Proxies

Section 1: Voting shall be based on Lot ownership (one Lot-one vote). Where a Lot is owned by more than one person or entity, such persons or entities shall designate, by agreement in writing filed with the Owner's Board of the Owner's Association, the person entitled to cast the vote for the Lot.

Section 2: As used in these Bylaws, the term "Owner" refers to an Owner of a Lot in the applicable Classification (e.g. a Mountainside Homesite Lot Owner, a West Village Lot Owner, etc.).

Section 3: Except as otherwise provided in these Bylaws, the presence in person or by proxy of a Majority of Owners at any meeting shall constitute a quorum.

Section 4: Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary before the appointed time of any meeting.

Section 5: In the event of deadlock between conflicting interests, the same shall be resolved by mediation. If no formal mediation procedure exists, each interest shall appoint a mediator, a third mediator shall be appointed by the Master Association and the majority decision of the three mediators shall be binding.

ARTICLE III

Administration

Section 1: The Owner's Association, acting through the Owner's Board shall advise the Master Association regarding the administration of the Owner's Board's Classification. The Master Association's Directors may, from time to time, delegate its powers to manage and enforce the Declaration to the Owner's Board in its Classification. Except as otherwise provided, decisions and resolutions of the Owner's Association shall require approval by its Owner's Board.

Section 2: Meetings of the Owner's Association shall be held at the principal office of Straus Park or such other suitable place convenient to the Owners as may be designated by the Owner's Board.

Section 3: The first annual meeting of the Owner's Association shall be held on the ____ day of _____, 1998 and shall be chaired by an appointee of Declarant. Thereafter, the annual meetings of the Association shall be held on the first or second Wednesday in November of each succeeding year, unless this shall be a legal holiday, in

000426 000377

which case the meeting shall be held on the next business day. The choice of day shall be made by the Owner's Board so that the Owner's meetings of the Residential Lot Classifications and the Non-Residential Lot Classifications shall be held on different days. At such meetings, the Owner's Board shall be elected by ballot of the Owners, in accordance with the requirements of these Bylaws. The Owners may also transact such other business of the Association as may properly come before them.

Section 4: The President shall call a special meeting of the Owners, if so directed by a resolution of the Owner's Board or by a petition signed by a not less than one-third of the Owners and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice thereof, unless by consent of Owners having the right to cast eighty percent of such Classification's votes.

Section 5: The Secretary shall provide a notice of each annual or special meeting stating the purpose thereof as well as the time and place where it is to be held to each Owner at least ten (10) but not more than sixty (60) days prior to such meeting. Notice shall be personally delivered or mailed, postage prepaid, to the Owner's address within Straus Park or at such other address as an Owner shall have specified to the Owner's Association in writing. A notice mailed shall be deemed delivered the earlier of actual delivery or third day following mailing.

Section 6: If any meeting of Owners does not have a quorum present, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight hours from the time the original meeting was called, notice of which shall be provided to all Owners not then present.

Section 7: Robert's Rules of Order shall be used at all meetings of Owners. The order of business at all meetings of the Owners shall be as follows, unless otherwise agreed:

- a. Roll Call
- b. Proof of Notice of Meeting or Waiver of Notice
- c. Reading of minutes of preceding meeting
- d. Reports of Officers
- e. Reports of Committees
- f. Election of Directors (when so required)
- g. Unfinished business
- h. New business.

Section 8: The Owner's Association shall make available, within a reasonable time, upon reasonable request therefor, copies of the Declaration, these Bylaws, and the Rules to Owners and Holders. The Owner's Association may charge a reasonable amount

000426
000378

to compensate it for the copying costs.

Section 9: While the Master Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Areas, or part thereof, the Owner's Board shall make the Master Association aware of the wishes of the Owners with respect thereto. In the event of a taking or acquisition of part of all the Common Areas by a condemning authority, the award or proceeds of settlement shall be payable to the Master Association, for the use and benefit of the Owners as required by the Declaration.

ARTICLE IV

Board of Directors

Section 1: The affairs of the Owner's Association shall be governed by the Owner's Board, which shall be composed of not less than three persons nor more than five persons. Each member of the Owner's Board shall be either the owner of a Lot, have an interest therein, or be proposed by one of the foregoing.

Section 2: The Owner's Board shall have the powers and duties necessary for it to perform the acts set forth in Article I Section 6 above, to advise the Master Association in its administration of the affairs of the Owner's Association's Classification and may do all such acts and things as are approved by the Master Association, which are not by law prohibited or by these Bylaws directed to be done by someone else. In addition, the Owner's Association shall serve as the governing body of the Classification, with the power to do all things necessary to perform such function, unless prohibited hereby, and subject at times to the control of the Master Association.

Section 3: At the first annual meeting of the Owner's Association, the Owner's Board shall be elected with the term of office of at least one director being fixed to expire upon the date of the second annual meeting of the Owner's Association, at least one fixed to expire upon the date of the third annual meeting and one on the fourth annual meeting of the Owner's Association thereafter. No director shall be elected for longer term than three years. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three years. The directors shall hold office until their successors have been elected.

Section 4: Vacancies on the Owner's Board caused by any reason other than the removal of a director by a vote of the Owner's Association shall be filled by vote of the majority of the then remaining directors even though they may constitute less than a quorum; and each person so elected shall be director until a successor is elected at the next annual meeting of the Owner's Association.

000426 000379

Section 5: At any regular or special meeting of the Owner's Association duly called, any one or more of the directors previously elected by the Owners may be removed, with or without cause, by a Majority of the Owners; and their successors may then and there be elected by a Majority of the Owners to fill the vacancy thus created. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 6: The first meeting of a newly elected Owner's Board shall be held within five (5) days of election, at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order to legally constitute such meeting, providing a majority of the Owner's Board shall be present.

Section 7: Regular meetings of the Owner's Board may be held at such time and place as shall be determined, from time to time, by a majority of directors. Notice of regular meetings of the Owner's Board shall be given to each director, personally or by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 8: Special meetings of the Owner's Board may be called by the President of the Owner's Association on three (3) days' notice to each director given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of meeting. Special meetings of the Owner's Board shall also be called by the President or Secretary in like manner and on like notice upon the written request of a majority of the Owner's Board directors. Except for what is set forth in the notice of the special meeting, nothing shall be considered, unless consented to at the meeting by at least two thirds of all elected directors.

Section 9: Before or at any meeting of the Owner's Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Owner's Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Owner's Board, no notice shall be required and any business may be transacted at such meeting.

Section 10: At all meetings of the Owner's Board, a majority of the directors then in office shall constitute a quorum for the transaction of business and acts of the majority of the directors present at a meeting at which a quorum is present shall be acts of the Owner's Board. If at any meeting of the Owner's Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, and business which might have been transacted at the meeting as originally called may be transacted without further notice.

000426
000320

Section 11: No member of the Owner's Board shall receive any compensation for serving in said capacity, nor shall the expenses of meeting be borne by the Owner's Association.

ARTICLE V

Officers

Section 1: The principal officers of the Owner's Association shall be President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Owner's Board. The Owner's Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

Section 2: The officers of the Owner's Association shall be elected annually by the Owner's Board at the organization meeting of each new Owner's Board, and they shall hold office at the pleasure of the Owner's Board.

Section 3: Upon affirmative vote of a majority of the members of the Owner's Board, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Owner's Board or at any special meeting of the Owners Board called for such purpose.

Section 4: The President shall be the Chief Executive Officer of the Owner's Association. The President shall also serve as a Director of the Master Association. The President shall preside at all meetings of the Owner's Association and of the Owner's Board and shall have all of the general powers and duties which are usually vested in the office of President of an association, including but not limited to the powers to appoint committees from among the Owners from time to time.

Section 5: The Vice President shall take the place of the President and perform such duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Owner's Board shall appoint some other members of the Owner's Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated by the Owner's Board. Notwithstanding the foregoing, the Vice President shall not take the place of the President as a Master Association Director in the temporary absence of the President.

Section 6: The Secretary shall keep the minutes of all meetings of the Owner's Board and the minutes of all meetings of the Owner's Association; shall have charge of such books and papers as the Owner's Board may direct; and shall, in general, perform all the duties incident to the office of Secretary.

000426 381

Section 7: The Treasurer shall have responsibility for any ~~000381~~ Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Owner's Association, and shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Owner's Association, in such depositories as may from time to time be designated by the Owner's Board.

Section 8: All agreements, contracts, deeds, leases, checks, notices and other instruments to be executed on behalf of the Owner's Association shall be executed by any two officers (for the purposes hereof, an attesting officer shall be deemed an executing officer) of the Owner's Association. In no event shall any such document only be signed by one signatory.

Section 9: No officer shall receive any compensation for serving in said capacity, nor shall the expenses of meeting be borne by the Owner's Association.

ARTICLE VI

Fiscal Management of the Association

Section 1: While the ultimate responsibility for the collection and handling of Assessments and funds is that of the Master Association, the Owner's Association may be delegated the responsibility for some or all the Classification's funds, or may be authorized by the Owners to impose and collect dues or other charges. Reasonable and prudent measures in the receipt, disbursement, and record-keeping shall be employed at all times by the Owner's Association in the care of funds. While not anticipated, in the event any insurance or condemnation proceeds are received by the Owner's Association as a result of a taking or an insured casualty, it shall receive and disburse the same as a trustee for the benefit of the affected Owners. Further, in each of the PUD Classifications, the Owner's Board thereof shall levy the PUD Assessment therein, and shall receive and disburse funds in accordance with the provisions of Article V Section 1 of the Bylaws (not the Owner's Bylaws); except that references therein to Directors shall mean the directors of the Owner's Board, and the reserve shall be for the repairs and replacement of the PUD Elements in such Classifications and not of the Common Areas.

ARTICLE VII

Liability of Officers and Directors of the Owner's Association

Section 1: The directors and the officers of the Owner's Association shall not be liable to Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the said officers and the directors against all contractual liability to

000426
000382

others arising out of contracts made by the said officers or the directors on behalf of the Owner's Association, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. It is intended that the said officers and the directors shall have no personal liability with respect to any contract made by them on behalf of Straus Park. If the directors so elect, they may purchase an insurance policy to indemnify themselves and said officers from liability arising out of such service.

ARTICLE VIII

Amendment

Section 1: These Bylaws may be amended by the affirmative vote of not less than sixty percent (60%) of the Owner's Board or by the affirmative vote of not less than seventy five percent (75%) of the Owners of the Lots in such classification. No amendment hereof shall occur prior to the Release Date without the assent of Declarant. No amendment hereof shall occur without notice of the proposed amendment being provided in the notice of the meeting at which such amendment is to be considered.