

BYLAWS OF THE CARDINAL DRIVE TRADE CENTER  
CONDOMINIUM ASSOCIATION, INC.

ARTICLE 1. INTRODUCTION

These are the Bylaws of The Cardinal Drive Trade Center Condominium Association, Inc. Initial capitalized terms are defined in Article 1 of the Declaration.

ARTICLE 2. EXECUTIVE BOARD

Section 2.1. Number and Qualification; Termination of Declarant Control.

a. The affairs of the Condominium and the Association shall be governed by a board of directors (the "Executive Board"), which, shall consist of five (5) persons the majority of whom, excepting the Directors appointed by the Declarant, shall be Unit owners. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Unit Owner shall be eligible to serve as a Director and shall be deemed to be a Unit Owner for the purposes of the preceding sentence. Directors shall be elected by the Unit owners except for those appointed by the Declarant. At any meeting at which Directors are to be elected, the Unit Owners may, by resolution, adopt specific procedures for conducting the elections, not inconsistent with these Bylaws.

b. The terms of at least one-fifth (1/5) of the Directors not appointed by the Declarant shall expire annually, as established in a resolution of the Unit Owners setting terms.

c. Section 6.9 of the Declaration shall govern the number and appointment of Directors of the Executive Board during the Declarant Control Period.

d. The Executive Board shall elect the officers. The Directors and officers shall take office upon election.

e. At any time after Unit owners other than the Declarant are entitled to elect a Director, the Association shall call and give not less than ten (10) nor more than thirty (30) days' notice of a meeting of the Unit Owners for this purpose. Such meeting may be called and the notice given by any Unit Owner if the Association

fails to do so.

Section 2.2. Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Condominium Act. The Executive Board shall have, subject to the limitations contained in the Declaration and the Condominium Act, the powers and duties necessary for the administration of the affairs of the Association and of the Condominium which shall include, but not be limited to, the following:

- a. Adopt and amend Bylaws and Rules and Regulations;
- b. Adopt and amend budgets for revenues, expenditures and reserves;
- c. Collect assessments for Common Expenses from Unit Owners;
- d. Hire and discharge managing agents;
- e. Hire and discharge employees and agents other than managing agents and independent contractors;
- f. Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, Bylaws or Rules and Regulations in the Association's name on behalf of the Association or two or more Unit Owners on matters affecting the Condominium;
- g. Make contracts and incur liabilities;
- h. Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- i. Cause additional Improvements to be made as a part of the Common Elements;
- j. Acquire, hold, encumber and convey in the Association's name any right, title or interest to real estate or personal property but Common Elements may be conveyed or subjected to a Security Interest only pursuant to Section 47C-3-112 of the Condominium Act;
- k. Grant easements for any period of time including permanent easements, and leases, licenses and concessions for no more than one year, through, under or over the Common Elements;

l. Impose and receive a payment, fee or charge for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Section 47C-2-102(2) and (4) of the Condominium Act, and for services provided to Unit Owners;

m. Impose a reasonable charge for late payment of assessments and, after Notice and Hearing, levy a reasonable fine for a violation of the Declaration, Bylaws or Rules and Regulations of the Association;

n. Impose a reasonable charge for the preparation and recording of an amendment to the Declaration, resale certificate required by Section 47C-4-109 of the Condominium Act or a statement of unpaid assessments;

o. Provide for the indemnification of the Association's officers and Executive Board and maintain directors and officers' liability insurance;

p. Assign the Association's right to future income, including the right to receive Common Expense assessments;

q. Exercise any other powers conferred by the Declaration or Bylaws;

r. Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;

s. Exercise any other power necessary and proper for the covenants and operation of the Association; and

t. By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by a Unit Owner within forty-five (45) days of publication of such notice, and such committee action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

Section 2.3. Standard of Care. In the performance of their

duties, the officers and members of the Executive Board shall be deemed to stand in a fiduciary relationship to the Association and the Unit Owners and shall discharge their duties in good faith, and with that diligence and care which ordinarily prudent men would exercise under similar circumstances in like positions.

Section 2.4. Additional Limitations. The Executive Board shall be additionally limited pursuant to Article 23 of the Declaration.

Section 2.5. Manager. The Executive Board may employ a manager for the Condominium at a compensation established by the Executive Board, to perform such duties and services as the Executive Board shall authorize. The Executive Board may delegate to the manager only the powers granted to the Executive Board by these Bylaws under Subsections 2.2c, e, g and h. Licenses, concessions and contracts may be executed by the manager pursuant to specific resolutions of the Executive Board, and to fulfill the requirements of the budget.

Section 2.6. Removal of Directors. The Unit Owners, by a sixty-seven percent (67%) vote of all persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any Director of the Executive Board with or without cause, other than a Director appointed by the Declarant.

Section 2.7. Vacancies. Vacancies in the Executive Board caused by any reason other than the removal of a Director by a vote of the Unit Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum, in the following manner:

a. as to vacancies of Directors whom Unit Owners other than the Declarant elected, by a majority of the remaining Directors;

b. as to vacancies of Directors whom the Declarant has the right to appoint, by the Declarant.

Section 2.8. Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Unit Owners shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Unit Owners at the meeting at which such Executive Board shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors shall be present. The executive Board may set a schedule of additional regular meetings by resolution and no further notice is necessary to constitute such regular meetings.

Section 2.9. Special Meetings. Special meetings of the Executive Board may be called by the President or by a majority of the Directors on at least three (3) business days' notice to each Director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.10. Location of Meetings. All meetings of the Executive Board shall be held within New Hanover County, North Carolina unless all Directors consent in writing to another location.

Section 2.11. Waiver of Notice. Any Director may waive notice of any meetings in writing. Attendance by a Director at any meeting of the Executive Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required and any business may be transacted at such meeting.

Section 2.12. Quorum of Directors. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the meeting. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting at which a quorum is present any business which may have been transacted at the meeting originally called may be transacted without further notice.

Section 2.13. Compensation. Directors shall serve without compensation but may be reimbursed by the Association for necessary expenses actually incurred in connection with his or her duties.

Section 2.14. Consent to Association Action. If all of the Directors or all of the committee members of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, such action shall be a valid Association action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The Secretary shall file such consents with the minutes of the meetings of the Executive Board.

### ARTICLE 3. UNIT OWNERS

Section 3.1. Annual Meeting. Annual meetings of Unit Owners shall be held on the date specified in the notice of such meeting given pursuant to Section 3.5. At such meeting, the Directors shall be elected by ballot of the Unit Owners, in accordance with the provisions of Article 2. The Unit Owners may transact other business at such meetings as may properly come before them.

Section 3.2. Budget Meeting. Meetings of Unit Owners to consider proposed budgets shall be called in accordance with Sections 17.4 and 17.5 of the Declaration. The budget may be considered at annual or special meetings called for other purposes as well.

Section 3.3. Special Meetings. Special meetings of the Association may be called by the President, by a majority of the members of the Executive Board, or by Unit Owners comprising forty percent (40%) of the votes in the Association.

Section 3.4. Place of Meetings. Meetings of the Unit Owners shall be held at the Property, or may be adjourned to such suitable place convenient to the Unit Owners as may be designated by the Executive Board or the President.

Section 3.5. Notice of Meetings. Except for budget meetings

which will be noticed not less than fourteen (14) nor more than thirty (30) days after the mailing of the notice thereof, not less than ten (10) nor more than fifty (50) days in advance of a meeting, the Secretary or other officer specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to the mailing address designated in writing by the Unit Owner. No action shall be adopted at a meeting except as stated in the notice.

Section 3.6. Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing, and such waiver shall be deemed equivalent to the receipt of such notice.

Section 3.7. Adjournment of Meeting. At any meeting of Unit Owners a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.8. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- a. Roll call;
- b. Proof of notice of meeting;
- c. Reading of minutes of preceding meeting;
- d. Reports;
- e. Establish number and term of memberships of the Executive Board (if required and noticed);
- f. Election of inspectors of election (when required);
- g. Election of Directors of the Executive Board (when required);
- h. Ratification of budget (if required and noticed);
- i. Unfinished business; and
- j. New business.

Section 3.9. Voting.

a. If only one of several owners of a Unit is present at a meeting of the Association, the owner present is entitled to cast the vote allocated to the Unit. If more than one of the owners are

present, the vote allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the owners cast the vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.

b. The vote allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of a vote by the other owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.

c. The vote of a corporation or business trust may be cast by any officer of such corporation or business trust in the absence of express notice of the designation of a specific person by the board of directors or bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust owner is qualified so to vote.

d. Votes allocated to a Unit owned by the Association may not be cast.

Section 3.10. Quorum. Except as otherwise provided in these Bylaws, the Unit owners present in person or by proxy, at any meeting of Unit Owners, (but no less than sixty percent (60%) of the members) shall constitute a quorum at such meeting.

Section 3.11. Majority Vote. The vote of a majority of the



Unit Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws, or the Condominium Act.

#### ARTICLE 4. OFFICERS

Section 4.1. Designation. The principal offices of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as in its judgment may be necessary. The President and Vice President, but no other officers, need be Directors. Any two officers may be held by the same person, except the offices of President and Secretary. The office of Vice President may be held by the Treasurer.

Section 4.2. Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organization meeting of each new Executive Board and shall hold office at the pleasure of the Executive Board.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Executive Board, or at any special meeting of the Executive Board called for that purpose.

Section 4.4. President. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Unit Owners and of the Executive Board. He or she shall have all of the general powers and duties which are incident to the officer of President of a non-profit corporation organized under the laws of the State of North Carolina, including but not limited to the power to appoint committees from among the Unit Owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. He or she may fulfill the role of

Treasurer in the absence of the Treasurer. The President, as attested by the Secretary, may cause to be prepared and may execute amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and the Executive Board. He or she shall have charge of such books and papers as the Executive Board may direct and he or she shall, in general, perform all the duties incident to the office of Secretary of a non-profit corporation organized under the laws of the State of North Carolina. The Secretary may cause to be prepared and may attest to execution by the President of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.6. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He or she shall be responsible for the deposit of all monies and other valuable effects in such depositories as may from time to time be designated by the Executive Board, and he or she shall in, general, perform all the duties incident to the office of Treasurer of a non-profit corporation organized under the laws of the State of North Carolina. He or she may endorse on behalf of the Association for collection only, checks, notes and other obligations, and shall deposit the same and all monies in the name of and to the credit of the Association in such banks as the Executive Board may designate. He or she may have custody of and shall have the power to endorse for transfer on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others.

Section 4.8. Agreements, Contracts, Deeds, Checks, etc. Except as provided in Section 4.4, 4.6, 4.7 and 4.10 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by such other person or persons as may be designated by the Executive Board.

Section 4.9. Compensation. No officer of the Association shall receive compensation for acting as such but may be reimbursed by the Association for necessary expenses actually incurred in connection with his or her duties.

Section 4.10. Resale Certificates and Statements of Unpaid Assessments. The Treasurer, Assistant Treasurer, or a manager employed by the Association, or, in their absence, any officer having access to the books and records of the Association, may prepare, certify, and execute resale certificates and statements of unpaid assessments in accordance with Sections 47C-3-102(12) and 47C-4-109 of the Condominium Act.

The Association may charge a reasonable fee for preparing resale certificates and statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Executive Board. The Association may refuse to furnish resale certificates and statements of unpaid assessments until the fee is paid. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

#### ARTICLE 5. ENFORCEMENT

Section 5.1. Abatement and enjoining of Violations by Unit Owners. The violation of any of the Rules and Regulation adopted by the Executive Board, or the breach of any provision of the Condominium Documents shall give the Executive Board the right, after Notice and Hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

a. to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense

of the defaulting Unit Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist therein) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Condominium Documents, and the Executive Board shall not thereby be deemed liable for any manner of trespass; or

b. to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 5.2. Fine for Violation. By resolution, following Notice and Hearing, the Executive Board may levy a fine of up to \$150 for violations of the Condominium Documents or Rules and Regulations.

#### ARTICLE 6. INDEMNIFICATION

The Directors and officers of the Association shall be entitled to indemnification as provided in Chapter 55A (the Non-Profit Corporation Act) of the North Carolina General Statutes, the provisions of which are incorporated herein by reference.

#### ARTICLE 7. RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records, including but not limited to the records set forth in Section 7.3, sufficiently detailed to enable the Association to comply with the Condominium Act. The financial records shall be maintained and audited in accordance with Article 16 of the Declaration. The cost of the audit shall be a Common Expense unless otherwise provided in the Condominium Documents.

Section 7.2. Examination. All records maintained by the Association or by the manager shall be available for examination and copying by any Unit Owner, or by any holder of a Security Interest in a Unit, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3. Records. The Association shall keep the following records:

a. An account for each Unit which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account, and the balance due.

b. An account for each Unit Owner showing any other fees payable by the Unit Owner.

c. A record of any capital expenditures approved by the Executive Board.

d. A record of the amount, and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specified project.

e. Balance sheets and income and expense statements of the Association.

f. The current operating budget adopted pursuant to Section 47C-3-115(a) of the Condominium Act and ratified pursuant to the procedures of Section 47C-3-103(c).

g. A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant.

h. A record of insurance coverage provided for the benefit of Unit Owners and the Association.

i. A record of the cost of the maintenance of the Common elements.

j. Tax returns for state and federal income taxation.

k. Minutes of proceedings of Unit Owners, Directors, committees of Directors and waivers of notice.

#### ARTICLE 8. MISCELLANEOUS

Section 8.1. Notices. All notices to the Association or the Executive Board shall be delivered to the office of the manager, or if there is no manager, to the office of the Association, or to

such other address as the Executive Board may hereafter designate from time to time, by notice in writing to all Unit Owners and to all Eligible Mortgagees. Except as otherwise provided, all notices to any Unit Owner shall be sent to his or her address as it appears in the records of the Association. All notices to Eligible Mortgagees shall be sent, except where a different manner of notice is specified elsewhere in the Condominium Documents, by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Association. All notices shall be deemed to have been given when mailed except notices of changes of address which shall be deemed to have been given when received.

Section 8.2. Fiscal Year. The Executive Board shall establish the fiscal year of the Association.

Section 8.3. Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4. Office. The principal office of the Association shall be located at 3801-4 Wrightsville Avenue, Wilmington, North Carolina 28405, until such time as the executive board shall designate another location.

#### ARTICLE 9. AMENDMENTS TO BYLAWS

The Bylaws may be amended as provided in the Declaration.

The foregoing Bylaws are certified to be the Bylaws adopted by consent of the Directors of The Cardinal Drive Trade Center Condominium Association, Inc., dated \_\_\_\_\_, 1995.

THE CARDINAL DRIVE TRADE CENTER  
CONDOMINIUM ASSOCIATION, INC.

(CORPORATE SEAL)

BY: \_\_\_\_\_  
\_\_\_\_\_ President

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_ Secretary

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