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PITT COUNTY, NC

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BY-LAWS  
OF

THE VINEYARDS HOMEOWNERS ASSOCIATION OF PITT COUNTY, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is The Vineyards Homeowners Association of Pitt County, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 8642 Willow Green Road, Snow Hill, NC 28580, but meetings of the members and directors may be held at such places within the State of North Carolina, County of Pitt, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

- Section 1: "Association" shall mean and refer to The Vineyards Homeowners Association of Pitt County, Inc., its successors and assigns.
- Section 2: "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions for The Vineyards Townhomes and such additions thereto as may hereafter be bought within the jurisdiction of the Association.
- Section 3: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.
- Section 4: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision made of the Properties with the exception of the Common Area.

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Section 5: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6: "Declarant" shall mean and refer to Vanrack, Inc., its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7: "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Pitt County, North Carolina.

Section 8: "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 9: "Mortgagee" shall mean and refer to persons, firms or corporations holding a recorded lien appearing of record in the Pitt County Registry against any Lot as defined in Section 4 hereof.

### ARTICLE III

#### MEETING OF MEMBERS

Section 1: Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporating of the Association, and each subsequent regular annual meeting of the members shall be held on the same day and the same month of each year thereafter, at the hour of 8:00 o'clock p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2: Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3: Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting,

the purpose of the meeting.

Section 4: Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 8: Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

#### ARTICLE IV

##### BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1: Number. The affairs of this Association shall be managed by a Board of five (5) directors, who need not be members of the Association.

Section 2: Term of Office. At the first annual meeting the members shall elect three directors for a term of one year and two directors for a term of two years and one director for a term of one year. At each annual meeting thereafter the members shall elect directors for vacant positions for a term of two years each.

Section 3: Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4: Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5: Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 1: Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual

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meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

**Section 2: Election.** Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

#### **ARTICLE V**

##### **MEETINGS OF DIRECTORS**

**Section 1: Regular Meetings.** Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

**Section 2: Special Meetings.** Special Meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

**Section 3: Quorum.** A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

#### **ARTICLE VI**

##### **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

**Section 1: Powers.** The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right of use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; provided always, any contract for professional management must contain a clause requiring not more than 90 days termination notice.

(f) procure, maintain and pay premiums on a master policy of hazard insurance on the buildings standing on the "lots" on the "properties" in an adequate amount, and to equitably assess the owners of the same for their pro-rata portion of such expenses.

Section 2: Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

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(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain, at all times, adequate hazard insurance on the property owned by the Association and sufficient liability insurance to adequately protect the Association;

(f) cause all officers or employees, including officers and employees of professional management, having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained;

#### ARTICLE VII

##### OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2: Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3: Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until his successor is elected and qualified, unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4: Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, having such authority, and perform such duties as the Board may, from time to time, determine.

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to made it effective.

Section 6: Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer herein replaced.

Section 7: Multiple Officer. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8: Duties: The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and all of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board. He shall maintain a registry for mortgagees or properties of members of the Association, and, upon satisfactory arrangements for reimbursement of expenses incurred, advise such mortgagees of an owner or any delinquency of as much as thirty (30) days of the payment of such owner's annual assessment, and to furnish to such mortgagee annual reports and other financial data; and he shall notify such mortgagee of any condemnation procedures filed against the Association and to advise them if such action results in an award for damages to the Association's property of \$10,000.00 or more.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

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ARTICLE VIII  
MORTGAGEES OR LIENHOLDERS

Any Mortgage of or lienholder on, any lot may file with the Homeowners Association a declaration of his interest therein. Thereafter, the consent of seventy-five percent (75%) of the mortgagees or lienholders on all lots in The Vineyards Townhomes, then under mortgagees or lien, shall be required in order for the association to:

(a) Remove, abandon, or substantially alter any property taken under its control for the use and benefit of the owners of properties in The Vineyards Townhomes from its original use and purpose, or from its status for common use.

(b) Diminish the voting interest of any lot owner to less than one vote for each lot in The Vineyards Townhomes or increase the total votes to a larger number than the total number of lots in The Vineyards Townhomes.

(c) Dedicate any common areas to any public agencies other than for normal utility easements.

(d) Substantially alter the terms of the By-Laws of The Vineyards Townhomes Homeowners Association, Inc., or the Declaration of Covenants, Conditions and Restrictions of The Vineyards Townhomes.

(e) Abridge the right of a mortgagee of lots in The Vineyards Townhomes to protect the common area from jeopardy for unpaid taxes, liens and assessments, and in the event any mortgagee shall pay overdue taxes, insurance premiums or assessments on common property, impair the right to such mortgage to immediate reimbursement from the Association for all sums so expended in the protection of the common elements.

ARTICLE IX  
COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X  
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member or a mortgagee of any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available



for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI  
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight (8%) per cent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII  
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: The Vineyards Homeowners Association of Pitt County, Inc. and the words: "CORPORATE SEAL", in the center thereof.

ARTICLE XIII  
AMENDMENTS

Section 1: These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2: In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV  
INSURANCE AND CASUALTY LOSSES

Section 1: Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements constructed on the Common Property against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any

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such hazard. The Board of Directors of the Association or its manager shall also obtain a public liability policy covering the Common Property and facilities thereon in such amounts and in such form as shall be determined by the Board of Directors of the Association covering the Association, the Board of Directors and officers of the Association, all agents and employees of the Association, and all Lot Owners and other persons entitled to use the Common Property and facilities thereon. Premiums for all such insurance shall be common expenses paid for by the Association. Such insurance shall be governed by the following provisions:

- (a) All policies shall be written with a company licensed to do business in the State of North Carolina.
- (b) Exclusive authority to negotiate and accept settlement under policies hereafter in force on the Common Property shall be vested in the Association's Board of Directors.
- (c) The Association's Board of Directors or its manager shall conduct an annual insurance review which shall include a replacement cost appraisal, without respect to depreciation, of all insurable improvements constructed on the Common Property.
- (d) The Association's Board of Directors or its manager shall be required to make every reasonable effort to secure insurance policies that will provide for the following: (1) a waiver of subrogation by the insurer as to any claims against the Association, its Board of Directors, its manager, or its members and their respective families, tenants, agents and guests, with respect to property coverage, except for arson and fraud; (2) a waiver by the insurer of its right to repair or reconstruct instead of paying cash; (3) that the policies cannot be canceled, invalidated or suspended on account of the conduct of any one or more members or on account of the conduct of any director, officer or employee of the Association or its manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its agent, mortgagee or any member.

Section 2: Insurance Trustee. All casualty insurance policies purchased by the Association shall provide that proceeds covering property losses shall be paid to an insurance trustee, which shall be the Association or a bank or other financial institution having trust powers with offices in North Carolina, as may from time to time be approved by the Board of Directors of the Association, which insurance trustee is herein sometimes referred to as the "Depositary". In the event the Association shall act as insurance trustee, then the provisions of this Declaration which by their context contemplate the "Depositary" as a party separate from the Association shall not apply. The duty of the Depositary shall be to receive such proceeds as are paid and hold

the same for the purposes elsewhere stated herein.

Section 3: Damage and Destruction.

(a) Immediately after any damage or destruction by fire or other casualty to all or any part of the Common Property and common facilities, the Association's Board of Directors or its manager shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damages or destroyed property. Repair or reconstruction, as used in this Article means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty. Subject to subsection (b) and (d) hereof, all such damage or destruction shall be repaired or reconstructed as soon as practicable after any such casualty shall occur.

(b) If the estimated cost to repair or reconstruct the property which is damaged or destroyed exceeds the amount of insurance proceeds and other funds, if any, available to meet the same, then, subject to the assent of at least two-thirds (2/3rds) or the votes of each Class of members in the Association who are voting in person or by proxy at a meeting duly called for such purpose, the Association's Board of Directors may levy a special assessment against the Lot Owners to provide the additional funds needed for such repair or reconstruction. Unless the estimated cost to repair or reconstruct is \$5,000.00 or less, the proceeds from insurance and special assessments, if any, shall be deposited with the Depository and disbursed as hereinafter provided.

(c) In the event that the insurance proceeds and assessments, if any, paid to the Depository are in excess of the Depository's expenses and cost of repair or reconstruction, such excess shall be disbursed to the Association as hereinafter provided.

(d) Any such damage or destruction to the Common Property and common facilities shall be repaired or reconstructed unless a special assessment requiring membership approval shall be required and the members of the Association shall fail to approve the same within sixty (60) days after the casualty, in which event the damaged or destroyed area or areas shall not be repaired or reconstructed, but rather shall be cleaned up and maintained in a neat and attractive condition. If, for any reason, the amount of the insurance proceeds to be paid as a result of such damage or destruction is not made available to the Association within thirty (30) days after the casualty, then said sixty (60) day period shall be extended correspondingly until such information shall be made available to the Association. In all cases, the Depository may rely upon a certificate signed by the manager of the Association, if any, or by the President and Secretary of the Association, to determine whether damage or destruction is to be repaired or reconstructed.

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**Section 4: Disbursement of Proceeds.**

(a) If the damage or destruction is not to be repaired, then, after paying or making provision for the expenses of the Depository, the net proceeds of any insurance paid to the Depository shall be disbursed to the Association to pay for the cost of cleaning up the Common Property and for such other purposes as the Board of Directors of the Association shall determine.

(b) If the damage or destruction for which the insurance proceeds are paid to the Depository is to be repaired or reconstructed, then, after paying or making provision for the expenses of the Depository, the remaining proceeds shall be disbursed to defray the cost of such repairs or reconstruction as herein provided. Any proceeds remaining after defraying such costs shall be disbursed to the Association for such purposes as the Board of Directors of the Association shall determine.

(i) **Minor Damage.** If the amount of the estimated cost of reconstruction and repair is \$5,000.00 or less, then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon written request to the Depository by the holder of any mortgage affecting that portion of the Common Property being repaired or reconstructed, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage. Under the latter circumstances, any special assessments collected by the Association for repair or construction shall also be deposited with the Depository and disbursed in the same manner.

(ii) **Major Damage.** If the amount of the estimated cost of reconstruction and repair is more than \$5,000.00, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association and upon approval of a registered architect or licensed professional engineer selected and employed by the Board of Directors of the Association to supervise work, or upon approval of a builder selected and employed by the Board of Directors of the Association to supervise or perform the work provided such builder is approved by the holder of any mortgage affecting that portion of the Common Property being repaired or reconstructed.

(iii) **Certificate.** Notwithstanding the provisions herein, the Depository shall not be required to determine whether or not sums paid by Lot Owners upon assessment shall be deposited by the Association with the Depository, nor to determine whether the disbursements from the construction fund are to be upon the order of the Association or upon approval of any third party, nor whether a disbursement is to be made from the construction fund, nor to

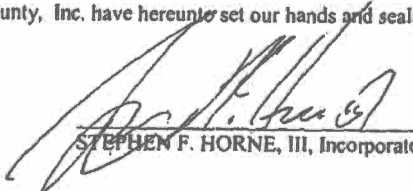
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determine any other fact or matter relating to its duties hereunder. Instead, the Depository may rely upon a certificate of the Association made by its President and Secretary or manager, if any, as to any or all of such matters and stating the name of the payee and the amount to be paid; provided that when the holder of any mortgage encumbering that portion of the Common Property which is being repaired or reconstructed shall specifically request the Depository to do so in writing, the approval of a registered architect, licensed professional engineer or approved builder shall be first obtained by the Association.

ARTICLE XVI  
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the Incorporators of The Vineyards Homeowners Association of Pitt County, Inc. have hereunto set our hands and seals, this the 29<sup>th</sup> day of October, 2004.

 (SEAL)  
STEPHEN F. HORNE, III, Incorporator

NORTH CAROLINA  
COUNTY OF PITT

I, Sandra S. Gardner, a Notary Public of the aforesaid County and State, hereby certify that STEPHEN F. HORNE, III, personally appeared before me this day and after being duly sworn, acknowledged the due execution of the foregoing By-Laws of The Vineyards Homeowners Association of Pitt County, Inc. and certify that the same is true.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my Notarial Seal this the 29<sup>th</sup> day October, 2004.

  
NOTARY PUBLIC

My Commission Expires: 5/15/07

NORTH CAROLINA: Pitt County  
The foregoing certificate(s) of Sandra S. Gardner



Notary(ies) Public is (are) certified to be correct. Filed for registration at  
10:32 o'clock A M. this 10 day of October 20 04.

JUDY J. TART, Register of Deeds  
By Judy J. Tart  
Assistant/Deputy Register of Deeds

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CERTIFICATION

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of The Vineyards Homeowners Association of Pitt County, Inc., a North Carolina Corporation, and that the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 29th day of October, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal, this the 29th day of October, 2004.

May B Vandford  
SECRETARY

Sworn to and subscribed before me, this the 29th day of October, 2004.

[Signature]  
Notary Public

STEPHEN F. HORNE, III  
NOTARY PUBLIC-PITT COUNTY, NC  
MY COMMISSION EXPIRES:

My Commission Expires: 4-4-15

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