

BYLAWS
OF
THE COTTAGES AT NORTH RAMSEY HOMEOWNERS ASSOCIATION, INC.

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**BYLAWS
OF
THE COTTAGES AT NORTH RAMSEY HOMEOWNERS ASSOCIATION, INC.**

Article I
Definitions

Unless the context otherwise requires, the terms as used in these Bylaws shall have the same meanings as those terms defined in the Declaration. Additionally, the following terms shall have the following meanings:

Section 1. “Articles of Incorporation” shall mean the Articles of Incorporation of the Association as the same now exist or as may hereafter be amended.

Section 2. “Association” shall mean The Cottages at North Ramsey Homeowners Association, Inc., a North Carolina non-profit membership corporation formed for the purpose of exercising the powers of the Association under the Declaration, the Articles of Incorporation, these Bylaws, the North Carolina Planned Community Act, N.C.G.S. §47F-1-101 et seq., and the North Carolina Nonprofit Corporation Act , N.C.G.S. §55A-1-01 et seq.

Section 3. “Board of Directors” or “Board” shall mean the Board of Directors of the Association, the members of which shall be elected from time to time as provided in the Declaration, the Articles of Incorporation and these Bylaws. The Board of Directors shall be the governing body of the Association and is the “Executive board” of the Association per the definition of the North Carolina Planned Community Act, N.C.G.S. §47F-1-103.

Section 4. “Declarant” shall mean Edgewood Development Group, Inc., a Georgia corporation, and its successors and assigns in interest who come to stand in the same relation to the Property.

Section 5. “Declaration” shall mean that certain Declaration of Covenants, Conditions and Restrictions for The Cottages at North Ramsey, recorded in the Office of the Clerk of Superior Court of Cumberland County, North Carolina, as such document may be amended from time to time.

Section 6. “Eligible Votes” shall mean and refer to those votes available to be cast on the issue at hand. A vote which is for any reason suspended is not available to be cast.

Section 7. “Managing Agent” shall mean the person, company, or other legal entity who undertakes the duties, responsibilities, and obligations of the management of the Association and the Community.

Section 8. “Owner”, “Lot Owner”, or “Member” shall mean and refer to one or more Persons, including Declarant, who or which owns fee simple title to any Lot, excluding, however, those Persons having such an interest solely as security for an obligation.

Section 9. “Person” shall mean and refer to a natural person, corporation, partnership, limited liability company, trust or other legal entity, or any combination thereof.

Section 10. “Residential Unit” shall mean and refer to any building, structure, or improvement on any Lot intended for use and occupancy as a residence and all appurtenances thereto

including, but not limited to, all garages, porches, balconies, accessory structures, decks, overhangs, foundations, extensions and projections therefrom.

Section 11. “Rules and Regulations” shall mean the initial Rules and Regulations of the Association as may be supplemented, amended, and repealed by the Board of Directors.

Other terms shall have their natural meanings or the meanings given in the Declaration, the North Carolina Planned Community Act, N.C.G.S. §47F-1-101 et seq., or the North Carolina Nonprofit Corporation Act, N.C.G.S. §55A-1-01 et seq.

Article II General

Section 1. Applicability. These Bylaws provide for the governance of The Cottages of North Ramsey in accordance with the Articles of Incorporation for The Cottages at North Ramsey Homeowners Association, Inc., and the Declaration of Covenants, Conditions and Restrictions for The Cottages at North Ramsey recorded in the Cumberland County, North Carolina Records and are applicable to the Property in the Community. These Bylaws are binding on all present and future Owners, tenants, residents, or other persons occupying or using the Lots in any manner. The mere acquisition, rental or act of occupancy of any part of said Lots or Property will signify that these Bylaws are accepted, ratified and will be complied with. These Bylaws are subject to the provisions of the North Carolina Planned Community Act, N.C.G.S. §47F-1-103 et seq., the North Carolina Nonprofit Corporation Act, N.C.G.S. §55A-1-01 et seq., and the Declaration of Covenants, Conditions and Restrictions for The Cottages at North Ramsey Homeowners Association, Inc.

Section 2. Name. The name of the corporation is The Cottages at North Ramsey Homeowners Association, Inc., (hereinafter sometimes referred to as the “Association”).

Section 3. Membership. As provided in the Declaration, every person who is the record owner of a fee or undivided fee interest in any Lot which is subject to the Declaration shall be a Member of and have membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of any such Lot, and ownership of a Lot which is subject to this Declaration shall be the sole qualification for such membership. In the event that fee title to such a Lot is transferred or otherwise conveyed, the membership in the Association which is appurtenant thereto shall automatically pass to such transferee. The foregoing is not intended to include any person who has an interest in a Lot merely as security for the performance of an obligation, and the giving of a Mortgage in a Lot shall not terminate the grantor's membership in the Association.

Section 4. Multiple Owners. No Owner, whether one or more persons, shall have more than one membership per Lot; provided, however, multiple use rights for multiple Owners of a Lot shall exist subject, however, to the right of the Board to regulate and limit use by multiple Owners. Each Owner, by acceptance of a deed or other conveyance of a Lot, consents and agrees to the dilution of his or her voting interest in the Association by virtue of the submission from time to time of additional Lots as set forth herein. The rights and privileges of membership, including the right to vote, may be exercised by a Member, the Member's spouse or other family member.

Section 5. Voting. The Association shall have two classes of voting Members, Class “A” and Class “B”.

(a) Class “A”. Class “A” Members shall be all Owners, with the exception of the Class “B” Member, if any. On any issue brought before the Members, Class “A” Members shall be

entitled to cast one vote for each Lot in which they hold the interest required for membership by Section 1, above. When more than one person holds an interest in any Lot, the vote for such Lot shall be exercised as those Owners themselves determine and if one of such multiple Owners exercises the vote without opposition by any other of such multiple Owners at the time such vote is exercised, the vote shall be as so exercised. In the event that more than one of such multiple Owners seeks to exercise the vote, the vote appurtenant to such Lot shall be suspended.

(b) Class "B". The Class "B" Member shall be the Declarant. Prior to the Conversion Date, the Class "B" Member shall be entitled to cast votes equal to three (3) times the total number of the then existing Class "A" votes. The Class "B" membership shall terminate upon the earlier of:

(i) ninety (90) days after the Declarant has sold ninety-five percent (95%) of the approximately _____ (____) Lots as are contemplated to be a part of the Community on the master plan thereof, inclusive of Lots not yet subdivided pursuant to Section 3 of Article II, above, having been conveyed to Owners other than the Declarant;

(ii) twenty (20) years after the date the Declaration was recorded; or

(iii) the date on which the Declarant, in its sole discretion, chooses to terminate the Class "B" membership by filing of record with the Clerk of the Superior Court of Cumberland County, North Carolina a written notice of such termination (the "Conversion Date").

From and after the Conversion Date, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one (1) vote for each Lot in which it holds the interest required for membership under Section 1, above.

Section 6. Declarant Control. Notwithstanding any other provision to the contrary in the Declaration, the Articles of Incorporation or these Bylaws, Declarant retains the authority and right to appoint and remove any member of the Board of Directors and any officer of the Association until the Conversion Date. Every grantee of any interest in the Property, by acceptance of a deed or other conveyance of such interest, agrees that the Declarant shall have the authority to appoint and remove members of the Board of Directors and officers of the Association in accordance with the foregoing provisions of this Section.

Section 7. Suspension of Voting Rights. The Board may suspend the voting rights of any Owner who is shown on the books and records of the Association or management accounts to be more than sixty (60) days delinquent in the payment of any assessments due to the Association until such assessments have been paid. Such voting rights of an Owner may also be suspended for the infraction of any provision of the Declaration, these Bylaws or any Rule or Regulation established and published by the Board of Directors for the period of such infraction, plus an additional period not to exceed sixty (60) days. Any Owner whose voting rights have been suspended shall not be counted for purposes of a quorum or be permitted to vote until such voting rights have been reinstated by the Association.

Article III Meetings of Members

Section 1. Annual Meetings. A meeting of the Association shall be held at least once each year. The regular annual meeting of the Members shall be held during the month of November of each year, on a day, and at a time and place established by the Board. Notwithstanding the foregoing, the Board of

Directors may cause the annual meeting to be on such other date in any year as they shall determine to be in the best interests of the Association, and any business transacted at said meeting shall have the same validity as if transacted at a meeting held during the month designated herein. At the annual meeting, reports of the affairs, finances and budget projections of the Association shall be made to the Owners. Meetings of the Association may be conducted in any reasonable manner at the Discretion of the Board.

Section 2. Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President, a majority of the Board of Directors, or by Lot Owners having ten percent (10%) of the votes of the Association. Only the business stated in the notice may be transacted at a special meeting.

Section 3. Place of Meeting. Membership meetings of the Association, whether annual or special meetings, shall be held at the Property or at such suitable place convenient to the Members as may be designated by the Board of Directors.

Section 4. Notice of Meetings. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the Secretary shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each lot or to any other mailing address designated in writing by the Lot Owner, or sent by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the Lot Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the declaration or bylaws, any budget changes, and any proposal to remove a director or officer. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any meeting of the Association, either before or after the date and time stated in the notice of such meeting. The waiver shall be in writing, be signed by the member entitled to the notice, and be delivered to the Association, for inclusion in the minutes or filing with the corporate records. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed a waiver of all objections to lack of notice or defective notice of the meeting, unless the Owner at the beginning of the meeting objects to holding the meeting or conducting business at the meeting. An Owner's attendance at a meeting shall also be deemed waiver of all objections to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Owner objects to considering the matter before it is voted upon. The recitation in the minutes of any membership meeting that notice of such meeting was properly given shall be prima facie evidence that such notice was so given.

Section 6. Quorum. At all membership meetings, whether annual or special, a quorum shall be deemed present throughout any meeting if Owners entitled to cast more than one-third (1/3) of the votes of the Association are present in person or by proxy at the beginning of such meeting. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the Declaration or these Bylaws, the quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

Section 7. Adjournment. Any meeting of the Owners may be adjourned from time to time by the vote of a majority of the Owners present in person or represented by proxy, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at an adjourned session, and, if the new date, time, and place of the adjourned session is

announced at the original meeting, then no additional notice of such adjourned session shall be required. The quorum required by Section 6 hereof, shall be required at the adjourned session. Notwithstanding the above, when any membership meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 8. Voting; Proxy.

(a) If only one of the multiple owners of a lot is present at a meeting of the Association, the Owner who is present is entitled to cast all the votes allocated to that Lot. If more than one of the multiple owners are present, the votes allocated to that lot may be cast only in accordance with the agreement of a majority in interest of the multiple owners, unless the Declaration or these Bylaws provide otherwise. Majority agreement is conclusively presumed if any one of the multiple owners casts the votes allocated to that lot without protest being made promptly to the person presiding over the meeting by any of the other owners of the lot.

(b) Any Member entitled to vote may do so by written proxy duly executed by the Member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be filed with the Secretary prior to the opening of the meeting for which it is to be used and must be signed and dated. No proxy shall be revocable except by written notice delivered to the Secretary of the Association except that a proxy shall be automatically revoked if the Member who has given such proxy is in attendance at the meeting. Any proxy shall be void if it purports to be revocable without notice as aforesaid. A proxy shall also automatically be revoked upon the conveyance by an Owner of his Lot, and a proxy terminates eleven (11) months after its date, unless it specifies a shorter term, and no proxy shall be valid after eleven (11) months from the date of its execution. If a lot is owned by more than one person, each owner of the lot may vote or register protest to the casting of votes by the other owners of the lot through a duly executed proxy. A Lot Owner may not revoke a proxy pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if not dated.

Section 9. Consents. Any action which may be taken by a vote of the Owners may also be taken by written consent, without a meeting if the action is taken by all members entitled to vote on the action. The action shall be evidenced by one or more written consents describing the action taken, signed before or after such action by all members entitled to vote thereon, and delivered to the Association for inclusion in the minutes or filing with the corporate records. All action by written consent shall be taken in accordance with the provisions of the North Carolina Planned Community Act, N.C.G.S. §47F-1-101 et seq., and the North Carolina Nonprofit Corporation Act, N.C.G.S. §55A-1-01 et seq.

Section 10. Written Ballot. Any action to be taken at any annual or special meeting of Members may be taken without a meeting if approved by written ballot as provided herein. The Association shall deliver a written ballot to each Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot of any action shall be valid when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting held to authorize such action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements, state the percentage of approvals necessary to approve each matter other than the election of directors and specify the time by which a ballot must be received by the Association in order to be counted. A timely written ballot received by the Association may not be revoked without the consent of the Board of Directors. The results of each action by written ballot shall be certified by the Secretary and shall be included in the minutes of meetings of Members filed in the permanent records of the Association.

Section 11. Decision of Owners. Unless otherwise expressly provided in the Declaration, or these Bylaws, and provided a quorum is present, the affirmative vote of Owners in attendance in person or by proxy holding at least a majority of the Eligible Votes of the Owners represented at the meeting shall be the act of the Owners. For purposes of these Bylaws, "majority" shall mean more than fifty percent (50%). Notwithstanding the foregoing, any action which by law or pursuant to the provisions of the Declaration requires the assent of a special percentage of the votes of the Owners greater than that herein specified, shall not be considered the act of the Owners unless such requisite percentage so prescribed by law or by the Declaration is obtained. The President may vote. In the event of any tie vote at any annual, special, or adjourned meeting, the President, or the Vice President in the absence of the President, shall cast a separate vote to break the tie. When the Declaration or these Bylaws require the approval or consent of all or a specified percentage of Mortgagees and/or other lien holders, no decision or resolution duly adopted by the Owners shall be effective or valid until such approval or consent shall have been obtained.

Section 12. Conduct of Business. The President, or the Vice President in the absence of the President, shall preside over all meetings of the Owners and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions duly adopted as well as all other transactions occurring at such meetings.

Article IV Board of Directors

A. Composition and Selection.

Section 1. Composition. The affairs of the Association shall be governed by a Board of Directors consisting of at least three (3) but no more than five (5) members, the exact number of members of the Board of Directors to be fixed by resolution of the Board of Directors from time to time. The directors shall be Owners of Lots or spouses of such Owners; provided, however, that no Owner and his or her spouse may serve on the Board at the same time and no Owner or his spouse may serve on the Board if said Owner is shown on the books and records of the Association or management accounts to be more than sixty (60) days delinquent in the payment of any assessment due to the Association. Any director who ceases to be an Owner or a spouse of a Owner or who becomes more than sixty (60) days delinquent in the payment of any assessment due to the Association shall not be eligible to continue to serve as a director, provided that any director who becomes more than sixty (60) days delinquent in the payment of any assessment due to the Association shall have ten (10) days to cure such delinquency prior to losing eligibility. Notwithstanding the above, the term "Owner" shall be deemed to include, without limitation, any shareholder, director, officer, partner in, or trustee of any Person which is, either alone or in conjunction with any other Person or Persons, an Owner. However, any individual who would not be eligible to serve as a member of the Board of Directors were he not a shareholder, director, officer, partner in, or trustee of such Person, shall be deemed to have disqualified himself from continuing in office if he ceases to have any such affiliation with that Person. No decrease in the authorized number of directors shall shorten the term of any incumbent director. The provisions of this paragraph shall not apply in respect to directors appointed by the Declarant pursuant to the terms of the Declaration.

Section 2. Term of Office. Subject to the Declarant's right to appoint directors as further set forth in the Declaration, the directors shall be elected as provided in this Section. At the first meeting at which an election of Directors is to be held, three (3) directors shall be elected to serve a term of two (2) years and two (2) directors shall be elected to serve a term of one (1) year. Upon expiration of these initial terms, successor directors shall be elected for two (2) year terms. Directors shall hold office for the term for which

he was elected and until his successors are elected and qualified or until his early resignation, death, or removal.

Section 3. Removal of Members of the Board of Directors. At any annual or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a majority vote of the total authorized vote of the Owners and a successor may then and there be elected to fill the vacancy thus created for the term so remaining. Any such director whose removal has been proposed by the Membership shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Any member of the Board of Directors who has not attended three (3) consecutive Board meetings may be removed from the Board by a majority vote of the Board Members present at a Board meeting, a quorum being had. Notwithstanding the foregoing, the Declarant shall have the right to appoint the successor to any director appointed by the Declarant pursuant to the terms of the Declaration and removed from the Board pursuant to this Section 3.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by vote of the Members, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors. Each person so selected shall serve for the remainder of the vacating director's term. Vacancies in the Board of Directors caused by removal of a director by vote of the Members shall be filled by the Membership in accordance with Section 2 hereof. Notwithstanding the foregoing, the Declarant shall have the right to fill any vacancies caused by the departure of a director appointed by the Declarant pursuant to the terms of the Declaration.

Section 5. Compensation. Directors shall not be compensated for their services as directors unless and to the extent the Members of the Association authorize by majority vote of the Owners present in person or by proxy at any meeting duly called for that purpose. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Nomination and Election of Directors. Subject to the Declarant's right to appoint directors as further set forth in the Declaration, election to the Board of Directors shall be by written ballot cast at the annual meeting, unless dispensed with by unanimous consent of those present at such meeting. 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. Directors shall be elected by a plurality of the votes cast. Cumulative voting is not permitted.

B. Meetings.

Section 7. Organizational Meetings. The first meeting of a newly elected Board of Directors shall be held within thirty (30) days of election at such time and place as may be determined by the directors.

Section 8. Regular Meetings. Meetings of the Board of Directors shall be held monthly, without notice, at such time and place as shall be determined from time to time by the Board. A Board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting. At regular intervals, the Board meeting shall provide Lot Owners an opportunity to attend a portion of a Board meeting and to speak to the Board about their issues and concerns. The Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak. Meetings of the Board of Directors may be conducted in any reasonable manner at the discretion of the Board.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each director given by mail, in person, by telephone or by facsimile, which notice shall state the time, date, place, and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President, Secretary, or Treasurer in like manner and on like notice on the written request of at least three (3) directors.

Section 10. Waiver of Notice. Any director may, at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance at or participation by a director at any meeting of the Board of Directors shall constitute a waiver by him of any required notice to him of the meeting unless the director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or consent to any action taken at the meeting. Whenever any director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be prima facie evidence that due notice of such special meeting was given such director as required hereunder and by North Carolina law. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in any written waiver of notice. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 11. Conduct of Meetings. The President, or the Vice President in the absence of the President, shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

Section 12. Quorum. A quorum shall be deemed present throughout any meeting of the Board of Directors if a majority of the number of directors is present at the beginning of such meeting. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the Declaration or these Bylaws, the quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. 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 13. Decision of the Board. A decision of the Board of Directors shall be by a majority of those directors present at a duly called meeting and 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. At all meetings of the Board of Directors, each director, including the President in his capacity as a Board Member, shall be entitled to cast one (1) vote. In the event of a tie vote by the Board of Directors, the President may, in addition to his vote as a Board Member, exercise a supplemental vote to break the tie vote.

Section 14. Action Without A Meeting. Any action by the Board of Directors or by any committee appointed by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if, prior to such action, one or more written consents describing the action taken are signed by no less than a majority of the members of the Board of Directors or of such committee, as the case may be. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors or of the appropriate committee and such consent or consents shall be treated for all purposes as a vote at a

meeting. Action taken under this provision is effective when the last director or committee member signs the consent, unless the consent specifies a different effective date.

C. Powers and Duties.

Section 15. Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Community and may do all such acts and things as are not by the Declaration, Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the Members. In exercising its powers and duties, the Board of Directors shall take as its standard the maintenance of the general character of the Community as a first-class residential community in the quality of its maintenance, use, and occupancy. The Board of Directors may delegate any of its powers and duties to other persons or to a Managing Agent. The powers and duties of the Board of Directors shall be exercised in accordance with and subject to all provisions of the Declaration, the North Carolina Planned Community Act, §47F-1-101 et seq., the North Carolina Nonprofit Corporation Act, N.C.G.S. §55A-1-01 et seq., and these Bylaws, and shall include, by way of example and not limitation, the powers and duties to:

(a) Operate, care for, maintain, repair, and replace the Common Areas and employ personnel necessary or desirable therefor.

(b) Determine common expenses of the Association.

(c) Levy and collect assessments from the Owners.

(d) To enter into agreements with third parties to provide services to all lots within the Community, such as a trash collection company, or other service provider, in order to facilitate efficient operation of the Development. The terms, including compensation and duties and services to be performed, of said agreements, shall be as determined by the Board of Directors to be in the best interest of the Association and shall be subject in all respects to the Bylaws and the Declaration, provided, however, that said agreements entered into by the Association shall provide that such agreements may be terminated, at any time, with or without notice, by the Association, without penalty, upon thirty (30) days' written notice. The term of any such agreements shall not exceed one (1) year; provided, however, that the term of any such agreements may be renewable by mutual agreement of the parties for successive one (1) year periods.

(e) Adopt, modify, and repeal such reasonable Rules and Regulations as it deems necessary and appropriate for the governance of the Community including, but not limited to, the use of the Common Area and the personal conduct of the Members and their guests thereon, or the administration of the affairs of the Association and to impose sanctions for violations thereof, including, but not limited to, monetary fines in such amounts as the Board, in its sole discretion, determines to be reasonable under the circumstances.

(f) Open bank accounts on behalf of the Association and designate the signatories required therefor.

(g) Manage, control, lease as lessor, and otherwise deal with the Common Areas, including the right to grant permits, licenses and easements over, under and across the Common Areas for utilities, road and other purposes reasonably necessary or useful for the proper operation or maintenance of the Community.

(h) Purchase, lease, or otherwise acquire Lots offered for sale or lease or surrendered by Owners to the Association.

(i) Own, sell, lease, encumber, and otherwise deal in, Lots owned by the Association.

(j) Obtain and maintain insurance for the Community pursuant to the provisions of these Bylaws and the Declaration.

(k) Make additions, improvements, and alterations to the Common Areas, and make repairs to and restoration of the Community after damage or destruction by fire or other casualty, or as a result of condemnation.

(l) Enforce by any legal or equitable remedies available all obligations of the Owners or any of them to the Association. Such enforcement power shall include, without limitation, the power to levy, as assessments, fines against Owners, as provided in these Bylaws and the Declaration.

(m) Appoint auditors and accountants for the Association and make and file tax returns for and on behalf of the Association.

(n) To enter into management agreements with third parties, such as a Managing Agent, in order to facilitate efficient operation of the development. It shall be the primary purpose of such management agreement or agreements to provide for the administration of the development, the maintenance, repair, replacement and operation of the Common Areas, and the receipt and disbursement of funds as may be authorized by the Board of Directors. The terms, including compensation and duties and services to be performed, of said management agreement, shall be as determined by the Board of Directors to be in the best interest of the Association and shall be subject in all respects to the Bylaws and the Declaration, provided, however, that any management agreement entered into by the Association shall provide that such agreement may be terminated, at any time, with or without notice, by the Association, without penalty, upon thirty (30) days' written notice. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1) year periods. The Managing Agent may be employed and terminated by a vote of the Board of Directors of the Association, subject to any contract as might exist.

(o) Conduct litigation as to any cause of action involving the Common Areas or arising out of the enforcement of the provisions of the Declaration or these Bylaws.

(p) Make contracts in connection with the exercise of any of the powers and duties of the Board of Directors. The Board of Directors may authorize any officer or officers, agent or agents, of the Association, in addition to the officers or agents so authorized by the Declaration and these Bylaws, to enter into any contract or execute and deliver any instrument in the name, or on behalf of, the Association, and such authority may be general or confined to a specific instances.

(q) To borrow money for the purpose of repair or restoration of common areas and facilities without the approval of the Members of the Association; provided, however, the Board shall obtain Membership approval if the total amount of such borrowing exceeds or would exceed ten thousand dollars (\$10,000.00) outstanding debt.

(r) Take all other actions the Board of Directors deems necessary or proper for the sound management of the Community and fulfillment of the terms and provisions of the Declaration and these Bylaws.

In the case of those powers and duties specified in the foregoing clauses (g), (h), (j), and (m), the Board of Directors need exercise the same only to the extent, if any, it deems necessary or desirable or is required to do so by the vote of the Owners. The Board of Directors shall not be obligated to take any action or perform any duty imposed upon it requiring an expenditure of funds unless in its opinion it shall have funds of the Association sufficient therefor.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to perform and be responsible for any and all functions necessary or proper for the administration and operation of the Community, unless otherwise particularly and specifically given to the Membership.

D. Committees.

Section 16. Committees. The Board of Directors shall have the power and authority to create and establish committees as it deems desirable. Any such committee shall advise the Board of Directors of matters pertaining to the purpose for which any such committee shall have been created and shall have and exercise such powers as may be provided by resolution of the Board of Directors. Each such committee shall be comprised of one (1) or more Owners and may, but need not, include one or more members of the Board of Directors. The members, including the chairman, of any such committee, shall be appointed by and shall serve at the pleasure of the Board of Directors. A majority of the members of any such committee shall constitute a quorum.

Article V
Officers

Section 1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by and from the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, an Assistant Secretary, and such other subordinate officers as in its judgment may be necessary and such officers shall hold their offices for such terms and shall exercise such powers and perform such duties as directed from time to time by the Board of Directors. Such subordinate officers shall not be required to be members of the Board of Directors, but shall be Owners of Lots or spouses of such Owners. Except for the offices of Secretary and Treasurer, which may be held by the same person, no person may hold more than one (1) office.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the first meeting (organizational meeting) of the Board following the annual meeting of the Members and shall hold office for one (1) year and until his successor is chosen and has qualified unless he shall resign or shall be removed, or is otherwise disqualified to serve.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected. Any officer may resign at any time by 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 make it effective.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the office he replaces.

Section 5. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the North Carolina Nonprofit Corporation Act, N.C.G.S. §55A-1-01 et seq., and shall in general, manage, supervise, and control all of the business and affairs of the Association. Without limiting the foregoing, the President shall have the authority to sign, on behalf of the Association, any contracts, deeds, notes, mortgages, bonds, policies of insurance, checks, or other instruments which the Board of Directors has authorized to be executed, except in cases where signing or execution thereof shall be expressly delegated by the Declaration or these Bylaws or the Board of Directors to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed. Subject to the Declaration, these Bylaws, and North Carolina law, the President may prepare, execute, certify, and record amendments to the Declaration on behalf of the association.

Section 6. Vice President. The Vice President shall act in the President's absence, or in the event of his death or inability or refusal to act and shall have all powers, duties, and responsibilities provided for the President when so acting. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other Member of the Board of Directors to act in the place of the President on an interim basis. The Vice-President shall also perform such other duties as shall, from time to time, be imposed upon him by the Board of Directors or by the President.

Section 7. Secretary. The Secretary shall attend, record the votes and keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with North Carolina law. Without limiting the foregoing, the Secretary shall keep the Association's seal and affix it on such papers and documents requiring it; shall keep appropriate current records showing the Members of the Association and their addresses and the addresses of the holder of any mortgage on such Owner's Lot which shall be furnished to the Secretary by such Owner; shall see that all notices are duly given in accordance with the Declaration, these Bylaws, or if required by law; and shall, in general, perform all other duties incident to the office of the Secretary as from time to time may be imposed by the Board of Directors or by the President. The Secretary shall attest to all amendments of the Declaration prepared, executed, certified and recorded by the President.

Section 8. Treasurer. The Treasurer shall have the responsibility, together with any management agent, if any, retained by the Association, for the Association's funds and securities and shall be responsible, together with such agent, for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements, for preparing and executing all checks payable by the Association and for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall in general, perform all duties incident to the office of the treasurer of a corporation organized in accordance with North Carolina law and such other duties, as from time to time, may be imposed upon him by the Board of Directors or by the President.

Section 9. Compensation. Unless otherwise expressly provided by the majority vote of the Association, no officer shall receive compensation from the Association for acting as such, but shall be entitled to reimbursement from the Association as a common expense for reasonable out-of-pocket disbursements made by him in the performance of his duties. No officer shall be obligated to make any such disbursements.

Section 10. Contracts with Interested Parties. No contract or transaction between the Association and one or more of its officers or directors, or between the Association and any other entity in which one or more of the Association's officers or directors are officers, directors, partners, or trustees, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Association's officer or director is present at or participates in the meeting of the Board of Directors which authorizes the contract or transaction, or solely because his or their votes are counted for such purposes, if (a) the material facts as to his interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board of Directors in good faith authorizes the contract or transaction by a vote sufficient for such purpose without counting the vote or votes of the interested director or directors; or (b) the material facts as to his interest and as to the contract or transaction are disclosed or are known to Owners entitled to vote thereon, and the contract or transaction is specifically approved or ratified in good faith by vote of such Owners; or (c) the contract or transaction is fair as to the Association as of the time it is authorized, approved, or ratified by the Board of Directors or the Owners. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes the contract or transaction.

Section 11. Delegation of Powers and Duties. The officers may not delegate any of their powers to other persons or to a Managing Agent.

Article VI Fiscal Matters

Section 1. Assessments. Owners shall pay assessments imposed pursuant to the provisions of the Declaration. In any year in which there is an excess of assessments over expenditures, the Board of Directors, by resolution and without the necessity of a vote of the Owners, shall determine either to apply such excess or any portion thereof against and reduce the subsequent year's assessments, or to allocate the same to one or more reserve accounts.

Section 2. Fidelity Bonds. The Board of Directors shall require that any manager, contractor or employee of the Association handling or responsible for Association funds shall furnish an adequate fidelity bond or proof of adequate insurance.

Section 3. Financial Statements. The Association shall make an annual income and expense statement and balance sheet available to all Lot Owners at no charge and within seventy-five (75) days after the close of the fiscal year to which the information relates. Financial statements of the accounts of the Association shall be made annually and a copy of the report shall be furnished to each Member who requests a copy in writing. Upon written request of any First Mortgagee, such holder shall be entitled to receive a copy of the annual financial statement within one hundred twenty (120) days after the end of each fiscal year.

Section 4. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may determine.

Article VII Use Restrictions and Rule Making

Section 1. Authority and Enforcement. The Community shall be used only for those uses and purposes set out in the Declaration and herein. In addition, the Board of Directors shall have the authority to make, modify, repeal, and enforce reasonable Rules and Regulations governing the conduct, use, and enjoyment of Lots, provided that copies of all such Rules and Regulations are furnished to all Owners. The Board shall have the power to impose reasonable monetary fines, as provided within the Declaration and

these Bylaws, which shall constitute a lien upon the Lot and otherwise be collectible as an assessment and to suspend an Owner's right to vote or to use the Common Areas for violation of any duty imposed under the Declaration, these Bylaws, or any Rules and Regulations duly adopted hereunder.

Section 2. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through its Board of Directors, may elect to enforce any provision of the Declaration, these Bylaws, or the Rules and Regulations by self-help (specifically including, but not limited to, the towing of vehicles without notice that are in violation of the Declaration or the parking Rules and Regulations) or by suit at law or in equity or enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article VIII Miscellaneous

Section 1. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws or the Declaration shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by overnight delivery or U.S. Mail, first class postage pre-paid:

(a) if to an Owner, at the address which the Owner has designated in writing and filed with the Secretary or the Managing Agent or, if no such address has been designated, at the address of the Lot of such Owner; or

(b) if to the Association, the Board of Directors and the Managing Agent, at the principal office of the Association and the Managing Agent, if any, or at such other address as shall be designated by the notice to the Owners in accordance with subsection (a) hereof.

All such notices shall be deemed effective upon personal delivery, or, if mailed, on the postmarked date of the notice.

Section 2. Severability. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision thereof.

Section 4. Gender and Grammar. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. Fiscal Year. The fiscal year shall be set by resolution of the Board of Directors. In the absence of a resolution by the Board, the fiscal year shall run from January 1 of each year until December 31 of that year.

Section 6. Conflicts. In the event of conflicts between the Declaration and these Bylaws the Declaration shall control.

Section 7. Amendment. These Bylaws shall be amended in accordance with the procedure set forth in this Section 7. The Board of Directors shall recommend each amendment to the members unless the Board elects, because of a conflict of interest or other special circumstances, to make no recommendation and communicates the basis for its election to the members with the amendment. The Bylaws may thereafter be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of members holding two-thirds (2/3) of the votes cast or a majority of the voting power, whichever is less. These Bylaws may also be amended by the Declarant alone to correct any scrivener's error or for the purpose of complying with the requirements of any governmental or quasi-governmental entity authorized to fund, purchase or guarantee security deeds on individual Lots, as such requirements may exist from time to time, to comply with the requirements of any applicable governmental (including federal, state, municipality or other governmental entity) law, statute, rule, regulation or ordinance or to comply with the requirements of any title insurance company. Notwithstanding the above, every amendment to these Bylaws is subject to the prior written approval of Declarant so long as Declarant owns any Lot primarily for the purpose of sale or has an unexpired option to add additional property to the Declaration, whichever is last to occur. Further, until Buildout, Declarant may unilaterally amend these Bylaws for any other purpose; provided, however, any such amendment shall not materially and adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to the Lot of any Owner without the consent of the affected Owner.

Section 8. Offices. The Association shall maintain at all times a registered office in the State of North Carolina and a registered agent at said office. Notwithstanding the above, the Association may also have office at such other places both within and without the State of North Carolina as the business of the Association may require.

Section 9. Books and Records. The Association shall keep financial records sufficiently detailed to enable the Association come with The North Carolina Planned Community Act, N.C.G.S. §47F-1-103 et seq. All financial and other records, including records of meetings of the Association and the Board of Directors, shall be made reasonably available for examination by any Lot Owner and the Lot Owner's authorized agents as required in these Bylaws and as provided by law. The Association shall keep accurate records of all cash receipts and expenditures and all assets and liabilities. All Members of the Association and all holders, insurers or guarantors of First Mortgages shall, upon written request, be entitled to inspect current copies of the Declaration, these Bylaws, the Rules and Regulations of the Association and all books and records of the Association during normal business hours at the office of the Association or other place designated reasonably by the Board of Directors as the depository of such items.

Section 10. Gifts. The Board of Directors may accept, on behalf of the Association, any contribution, gift, bequest, or device for the general purposes, or for any special purpose, of the Association.

Section 11. Agreements. Subject to the provisions of the Declaration or these Bylaws, all agreements and determinations lawfully authorized by the Board of Directors of the Association shall be binding upon all Owners, their heirs, legal representatives, successors, assigns, or others having an interest in the Property, and in performing its responsibilities hereunder, the Association, through the Board of Directors, shall have the authority to delegate to such Persons of its choice such duties of the Association as may be determined by the Board of Directors.

Section 12. Rights of Action. The Association and any aggrieved Owner shall be granted a right of action against Owners for failure to comply with the provisions of the Declaration, these Bylaws, the Rules and Regulations of the Association or equivalent documents, or with decisions of the Association which are made pursuant to authority granted the Association in such documents.