

BYLAWS
OF
CENTERPOINT OWNERS' ASSOCIATION, INC.,
A NORTH CAROLINA NONPROFIT CORPORATION

These Bylaws shall regulate the affairs of CENTERPOINT OWNERS' ASSOCIATION, INC. (herein the "Corporation"), subject to the provisions of the Corporation's Charter and any applicable provisions of the North Carolina Nonprofit Corporation Act, Section 55A-1-20 *et seq.*, North Carolina General Statutes. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Declaration of Covenants, Conditions and Restrictions for CenterPoint Planned Development (the "Declaration").

SECTION 1
OFFICES AND REGISTERED AGENT

Section 1.01. Registered Office. The Corporation shall designate and continuously maintain a registered office in the State of North Carolina.

Section 1.02. Principal Office. The principal office of the Corporation shall be that which is designated as such in its Charter.

Section 1.03. Other Offices. The Corporation may also have other offices within and without the State of North Carolina at such places as the Board of Directors or the Members may from time to time determine.

Section 1.04. Registered Agent. The Corporation shall designate and continuously maintain a registered agent in the State of North Carolina at its registered office.

SECTION 2
APPLICABILITY

These Bylaws and each provision thereof shall be applicable to all Lots and Members, as defined within the development known as CenterPoint Planned Development and as shown by the Final Plat for Westgate Durham, LLC recorded in Plat Book 156, Pages 209 & 211, in the Register's Office of Durham County, North Carolina (the "Property").

SECTION 3
MEMBERS

Section 3.01. Eligibility. The Owner or Owners of a Lot, who have become such in compliance with all of the requirements and conditions contained in the Declaration, including these

Bylaws, shall be entitled to attend and vote at all meetings of the Association. The Declarant shall be considered the Owner of each Lot which is unsold by it. Ownership of a Lot shall be sole qualification for membership in the Association.

Section 3.02. Voting Rights. The Owner or Owners of a Lot shall be entitled to the number of votes set forth in Article III, Section 2 of the Declaration.

Section 3.03. Place of Meeting. Meetings of the membership shall be held in Durham County, North Carolina or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 3.04. Annual Meetings. The annual meetings of the Members of the Association shall be held at 5:00 P.M. on the first (1st) Monday in September of each year, beginning in 2002. At such meeting there shall be elected by secret written ballot of the Members a Board of Directors in accordance with the requirements of Section 5 of Article V of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

Section 3.05. Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by Members representing at least twenty-five percent (25%) of the total number of votes entitled to be cast on any issue proposed to be considered at the proposed special meeting having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 3.06. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof, in the case of a special meeting, as well as the time, date and place where it is to be held, to each member of record, at his address as it appears on the membership book of the Association, if any, or if no such address appears, at his last known place of address, at least ten (10) days but no more than two (2) months prior to such meeting. Service may also be accomplished by the delivery of any such notice to the member at his last known address by deposit in the box or slot for the United States mail. Notice by either such method shall be considered as notice served. Attendance by a Member at any meeting of the Members shall be a waiver of notice by him of the time, place and purpose thereof.

Section 3.07. Quorum. The presence, either in person or by proxy, of Members representing at least seventy-five percent (75%) of the total votes entitled to be cast with respect to any question, shall be requisite for, and shall constitute a quorum for, the transaction of business at all meetings of Members. If the number of Members at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

Section 3.08. Adjourned Meeting. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 3.09. Voting. At every meeting of the Members, each of the Members shall have the right to cast his vote on each question. The vote of Members representing a sixty-six percent (66%) majority of the total votes cast, in person or by proxy, provided a quorum exists, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation, or the Declaration, or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 3.10. Proxies. Any Member may appoint any other Member or the Developer or any other person permitted by law or by these Bylaws as his proxy. Any proxy must be in writing and must comply with all requirements imposed by law or by these Bylaws.

Section 3.11. Written Ballot. Whenever the vote of Members at a meeting thereof is required or permitted to take any action in accordance with any statute, the Declaration or these Bylaws, such meeting and vote may be dispensed with if all Members who had been entitled to vote upon such action receive a written ballot from the corporation. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approvals shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equal 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.

Section 3.12. Order of Business. The order of business at all regularly scheduled meetings of the Members shall be as follows:

- (a) Roll call and certificate of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of Officers, if any.
- (e) Reports of committees, if any.
- (f) Unfinished business.
- (g) New business.
- (h) Election or appointment of inspectors of election.
- (i) Election of directors.

In the case of a special meeting, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

SECTION 4 BOARD OF DIRECTORS

Section 4.01. General Powers and Qualifications. All corporate powers of the Corporation shall be exercised by and under the authority of, and the affairs of the Corporation shall be managed under the direction of, the Board of Directors. All Directors must be natural persons and shall be at least eighteen (18) years of age.

Section 4.02. Number of Directors. The Board of Directors shall be comprised of at least three (3) persons and not more than seven (7) persons, a majority of whom (after the second annual meeting of Members) shall be Members of the Association.

Section 4.03. Initial Directors. The initial Directors shall be elected by the Developer and need not be Members of the Association. The names of the Directors who shall act as such from the date upon which the Declaration is recorded in the Register's Office of Durham County, North Carolina, until the first annual meeting of the Members or until such time as their successors are duly chosen and qualified are as follows:

- 1) Dudley Mitchell
- 2) Donald Foster
- 3) Dayne Pryor

Section 4.04. 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 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 4.05. Election and Term of Office. The term of the Directors named herein or in the Charter of Incorporation shall expire when their successors have been elected at the first annual meeting of Members and are duly qualified. At the first annual meeting of the Members, the Members shall determine the number of Directors consistent with these Bylaws, who shall constitute the Board of Directors to serve until the next annual meeting and until their successors have been elected and duly qualified. The term of office of each Director thereafter shall be for a period of one (1) year and until their successors shall have been elected and hold their first meeting.

Section 4.06. Power and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and the planned development and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the Members. The powers and duties of the Board of Directors shall include, but not be limited to, the following;

To provide for:

- (a) Care and upkeep of the road, sewers, and any other properties charged to the care of the Association, including establishing reserves for repairs or replacements.
- (b) Establishment and collection of assessments and /or carrying charges from the Members and for the assessment and/or enforcement of liens therefor in a manner consistent with law and the provisions of these Bylaws and the Declaration.
- (c) Designation, hiring and/or dismissal of the personnel necessary for the good working order of the Property and to provide services for the community in a manner consistent with law and the provisions of these Bylaws and the Declaration.
- (d) Promulgation and enforcement of such rules and regulations and such restrictions or requirements as may be deemed proper respecting the use, occupancy and maintenance of the Property, all of which shall be consistent with law and the provisions of these Bylaws and Declaration.
- (e) Elect an Architectural Control Committee as provided in Article VII, Section 1 of the Declaration.

Section 4.07. Regular Meetings. Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice at such time and place, either within or outside the state of North Carolina, as the Board of Directors shall determine from time to time, but no less frequently than twice a year.

Section 4.08. Special Meetings. Special meetings of the Board of Directors may be called by the President, the Chairman of the Board of Directors, or by any two (2) Directors and may be held within or outside the state of North Carolina.

Section 4.09. Presence at Meetings. Unless the charter provides otherwise, 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.

Section 4.10. Notice of Meetings. Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice of the date, time, place, or purpose of the meeting. Except as otherwise provided herein, special meetings of the Board of Directors must be preceded by at least three (3) days' written notice to each Director of the date, time, place and purpose of such

special meeting. The written notice may be delivered personally or mailed directly to each Director at his or her last known address, and such notice shall be effective as provided in Section 8.03 of these Bylaws. Notice of any adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed one (1) month in any one (1) adjournment.

Section 4.11. Waiver of Notice. If a Director attends or participates in a meeting, he or she waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 4.12. Quorum and Voting. A quorum of the Board of Directors consists of a majority of the Directors then in office before a meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present is the act of the Board of Directors, except as otherwise provided in these Bylaws. If less than a majority of the Directors is present at a meeting, a majority of the Directors present at the meeting may adjourn the meeting from time to time without further notice. A Director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless:

- (a) He or she objects at the beginning of the meeting (or promptly upon arrival) to holding the meeting or transacting business at the meeting;
- (b) His or her dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (c) He or she delivers written notice of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting.

The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

Section 4.13. Vacancy. If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors or a vacancy resulting from a removal of a Director with or without cause:

- (a) The Board of Directors, by a majority vote, may fill the vacancy; or
- (b) If the Directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of all Directors remaining in office.

Any individual appointed to fill a vacancy on the Board of Directors shall hold office until his or her successor is elected. Directors are expected to regularly attend all meetings of the Board. Any member of the Board of Directors who misses three (3) consecutive meetings with no extenuating circumstances or has been continuously disabled for a period of six (6) months, as determined in the sole discretion of the Board of Directors, so as to prevent him or her from discharging the duties of

the office of a Director, shall constitute a vacancy on this Board. Any vacancy that will occur at a specific later date (by reason of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs, but the new Director may not take office until the vacancy occurs.

Section 4.14. Compensation of Directors. Directors, in their capacity as Directors, shall not receive any salary for their services. A Director may be reimbursed for any reasonable out-of-pocket expenses incurred on behalf of the Corporation.

Section 4.15. Removal of Directors. The Board of Directors may remove without cause a Director who has been elected by the Board by the vote of two-thirds (2/3) of the Directors then in office.

Section 4.16. Resignation of Directors. A Director may resign at any time by delivering written notice to the Board of Directors, the President, or to the Corporation. A resignation is effective when the notice is effective under Section 5.03 of these Bylaws, unless the notice specifies a later effective date.

Section 4.17. Action Without Meeting. Action that is required or permitted to be taken at a meeting of the Board of Directors may be taken without such a meeting if all Directors consent to taking such action without a meeting. If all Directors so consent, the affirmative vote of the number of Directors that would be necessary to authorize or take such action at a meeting shall be the act of the Board, except as otherwise provided in these Bylaws. Such consent(s) shall describe the action taken, be in writing, be signed by each Director entitled to vote, indicate each signing Director's vote or abstention on the action, and be delivered to the Secretary of the Corporation and included in the minutes filed with the corporate records.

Section 4.18. Rules and Regulations. The Board of Directors shall have the power to make and adopt such rules, regulations and policies that are not inconsistent with the laws of the State of North Carolina, the Articles of Incorporation of the Corporation or these Bylaws, as it deems advisable for the management, administration and regulation of the business and affairs of the Corporation.

Section 4.19. Indemnification. With respect to claims or liabilities arising out of service as a Director of the Corporation, the Corporation shall indemnify and advance expenses to each present and future Director (and his or her estate, heirs, and personal representatives) to the fullest extent allowed by the laws of the State of North Carolina, both as now in effect and as hereafter adopted or amended.

Section 4.20. Immunity. To the fullest extent allowed by the laws of the State of North Carolina, both as now in effect and as hereafter adopted or amended, each present and future Director (and his or her estate, heirs, and personal representatives) shall be immune from suit arising from the conduct of the affairs of the Corporation.

Section 4.21. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and the Property. No contract or other transaction between the Association and one or more of its Directors, or between the

Association and any corporation, firm or association (including the Developer) in which one or more of the Directors of this Association are Directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at a meeting of the Board of Directors of any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; and

(b) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction with like force and effect as if he were not such Director or officer of such other corporation or not so interested.

Section 4.22. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for the Association of trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

SECTION 5 OFFICERS

Section 5.01. Required Officers. The officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer and such other officers as may from time to time be elected or appointed by the Board of Directors. Except for the offices of President and Vice President, the same individual may simultaneously hold more than one (1) office in the Corporation.

Section 5.02. Election. At the first meeting of the Board of Directors after each annual meeting of the Members, the Board shall elect the officers of the Corporation by ballot by a majority vote of those Directors present, provided a quorum exists. If at such meeting the election of officers is not held, such election shall be held as soon as may be convenient.

Section 5.03. Term of Office. The officers of the Corporation shall hold office for one (1) year or until their successors are chosen and qualify in their stead, subject, however, to the right and authority of the Board of Directors to remove any officer at any time with or without cause.

Section 5.04. Powers and Duties of Officers. The powers and duties of the officers of the Corporation shall be as follows:

(a) *President.* The President shall be the principal executive officer of the Corporation, shall preside at all meetings of the Members and of the Board of

Directors, shall have general and active management of the Corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect, subject, however, to the right of the Board of Directors to delegate any specific powers, unless exclusively conferred upon the President by law, to any other officer(s) of the Corporation. The President or an agent of the President shall report on the activities and financial condition of the Corporation at all annual meetings of the Members. The President shall sign, with the Secretary of the Corporation, certificates of membership, if any, the issuance of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. The Chairman/ President shall, in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

(b) *Vice President.* The Vice President shall have such powers and perform such duties as may be assigned to him or her by the Board of Directors or the Chairman/ President. In the absence or disability of the Chairman/ President, or in the event of his or her refusal to act, the Vice President shall perform the duties and exercise the powers of the President. The Vice President may sign and execute contracts and other obligations pertaining to the regular course of his or her duties.

(c) *Secretary.* The Secretary shall attend all meetings of the Board of Directors and of the Members of the Corporation and shall be responsible for preparing the minutes of such meetings. The Secretary shall be responsible for the care and custody of the minutes book of the Corporation, for authenticating records of the Corporation, have general charge of the Corporation's books in which a record of the Members is kept, and retain on file at all times a complete copy of the Bylaws and any amendments thereto. It shall be his or her duty to give or cause to be given notice of all meetings of the Members and of the Board of Directors. The Secretary shall keep a register of the post office address of each member which shall be furnished to the Secretary by such Members. It shall be the duty of the Secretary to sign, with the Chairman/ President, certificates of membership, if any, the issuance of which shall have been authorized by resolution of the Board of Directors. The Secretary shall also perform such other duties as may be assigned to him or her by the Board of Directors or by the President, under whose supervision he or she shall act. In the event the Secretary is absent for some reason from any meeting where minutes are to be prepared or is otherwise unable to take such minutes, the presiding officer of such meeting shall appoint another person, subject to the approval of those present and entitled to vote at such meeting, to take the minutes thereof.

(d) *Treasurer.* The Treasurer shall have custody of and be responsible for the Corporation's funds and securities, shall keep full and accurate account of receipts and disbursements in the appropriate corporate books, and shall require the deposit of

all monies and other valuables assets in the name of and to the credit of the Corporation in such financial institutions as may be designated by the Board of Directors. The Treasurer shall require disbursement of the funds of the Corporation as may be ordered by the Board of Directors, and shall render to the President and the Board of Directors, at any time they may require, an account of his or her transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall also report on the activities and financial condition of the Corporation at all annual meetings of the Members.

Section 5.05. Removal of Officers. Any member of the Board of Directors removed from office pursuant to Section 4.15 of these Bylaws shall be automatically removed as an officer. Upon an affirmative vote of a majority of the Members of the Board of Directors, any officer may be removed either with or without cause, and his successors elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 5.06. Vacancies. Any vacancies occurring in any office shall be filled by the Board of Directors as soon as practicable for the unexpired portion of the term.

Section 5.07. Employment of Personnel. The Board of Directors may employ such personnel as is necessary to carry out the purposes and intent of the Corporation and to perform all duties as designated by the Board of Directors.

Section 5.08. Compensation. The compensation, if any, of any officer, agent or employee who is also a Director or close relative to a Director shall be determined by the Members and the powers, duties and compensation of any other officer, agent and employee shall be fixed by the Board of Directors.

Section 5.09. Delegation of Powers and Duties. In case of the absence of any officer of the Corporation, or for any reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers of such officer to any officer or to any Director for the time being.

Section 5.10. Indemnification. With respect to claims or liabilities arising out of service as an officer of the Corporation, the Corporation shall indemnify and advance expenses to each present and future officer (and his or her estate, heirs and personal representatives) to the fullest extent allowed by the laws of the State of North Carolina, both as now in effect and as hereafter adopted or amended.

SECTION 6 ASSOCIATION MANAGEMENT

Section 6.01. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage, and operate the affairs of the Association and, for the benefit of the Lots and the Owners thereof, shall enforce the provisions hereof and shall pay out of the common expense fund herein and elsewhere provided for, the following:

- (a) The cost of such insurance as the Association may effect.
- (b) The cost of providing such legal and accounting services as may be considered necessary to the operation of the Property.
- (c) The cost of any and all materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Association secures in the discretion of the Board of Directors or by the vote of the Members shall be deemed necessary or proper.
- (d) The cost of the maintenance or repair on any Lot in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the Common Area or to preserve the appearance or value of the Property or is otherwise in the interest of the general welfare of all Owners of the Lots; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the Owner of the Lot proposed to be maintained and provided, further, that the cost thereof shall be assessed against the Lot on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be sent promptly to the then Owner of said Lot at which time the assessment shall become due and payable and a continuing lien and obligation of said Owner.
- (e) All other items which are listed as responsibilities of the Association as found in the Declaration.

Section 6.02. Duty to Maintain. Except for maintenance requirements herein imposed upon the Association by the Declaration of these Bylaws, the Owner of any Lot shall, at his own expense, maintain the interior and exterior of any improvements on his Lot, including all driveways, parking areas and other paved areas (except as provided in Article V of the Declaration) and any and all equipment, and fixtures therein situate, and its other appurtenances, in good order, condition and repair, and in clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his Lot and appurtenances. All exterior maintenance is subject to approval of the Architectural Control Committee.

Section 6.03. Right of Entry. For the purpose solely of performing any of the repairs or maintenance required or authorized by these Bylaws, or in the event of a bona fide emergency involving illness or potential danger to life or property, the Association, through its duly authorized agents or employees, shall have the right, after reasonable efforts to give notice to the Owner or occupant, to enter upon any Lot at any hour considered to be reasonable under the circumstances.

SECTION 7 RECORDS AND REPORTS

Section 7.01. Corporate Records. The Corporation shall keep as permanent records minutes of all meetings of its Members and Board of Directors, a record of all actions taken by the Board of Directors without a meeting, and appropriate accounting records.

Section 7.02. Records at Principal Office. The Corporation shall keep at all times a copy of the following records at its principal office:

- (a) Its Charter or Restated Charter and all amendments thereto;
- (b) These Bylaws and all amendments thereto;
- (c) Resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations and obligations of Members;
- (d) A list of the names and business or home addresses of its current Directors and officers; and
- (e) The most recent annual report delivered to the North Carolina Secretary of State.

Section 7.03. Annual Financial Statements. The Corporation shall prepare annual financial statements that include a balance sheet as of the end of the fiscal year, an income statement for that year, and such other information necessary to comply with the requirements of the applicable provisions of the North Carolina Nonprofit Corporation Act.

Section 7.04. Annual Report for Members. The Association shall furnish its Members, and the holder of first mortgages requesting same within ninety (90) days from the date of close of each fiscal year, with an annual financial statement, including the income and disbursements of the Association.

Section 7.05. Annual Report for Secretary of State. The Corporation shall deliver to the Secretary of State of the State of North Carolina an annual report that sets forth all the information required under the laws of the State of North Carolina.

Section 7.06. Inspection of Books. The book and accounts of the Association, and vouchers accrediting the entries made thereupon, shall be available for examination by the Members of the Association, and/or their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Lot and/or its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their interest as Members.

SECTION 8 MISCELLANEOUS PROVISIONS

Section 8.01. Tax Year. The tax year of the Corporation shall begin on January 1 of each year and end on December 31 of the same year.

Section 8.02. No Seal. The Corporation shall have no seal.

Section 8.03. Notices. Whenever notice is required to be given to Directors or officers, unless otherwise provided by law, the Charter or these Bylaws, such notice may be given in person, teletype or other form of wire or wireless communication, or by telephone, telegraph, mail or private carrier. If such notice is given by mail, sent postage prepaid by first class United States mail or by registered or certified United States mail, return receipt requested, and addressed to the respective address that appears for each such person on the books of the Corporation, written notice sent by mail to Members shall be deemed to have been given when it is mailed. Any other written notice shall be deemed to have been given at the earliest of the following:

- (a) When received;
- (b) Five (5) days after its deposit in the United States mail if sent first class, postage prepaid, and correctly addressed;
- (c) On the date on the return receipt, if sent by registered or certified United States mail, return receipt requested, postage prepaid and the receipt is signed by or on behalf of the addressee; or
- (d) Twenty (20) days after its deposit in the United States mail, if mailed correctly addressed, and with other than first class, registered or certified postage affixed.

Section 8.04. Waiver of Notice. Whenever any notice is required to be given under the provisions of any statute, or of the Charter or these Bylaws, a waiver thereof in writing signed by the person entitled to such notice, whether before or after the date stated thereon, and delivered to the Secretary of the Corporation and included in the minutes or corporate records, shall be deemed equivalent thereto.

Section 8.05. Negotiable Instruments. All checks, drafts, notes or other obligations of the Corporation shall be signed by such of the officers of the Corporation, or by such other person(s), as may be authorized by the Board of Directors.

Section 8.06. Deposits. The monies of the Corporation may be deposited in the name of the Corporation in such bank(s) or financial institution(s) as the Board of Directors shall designate from time to time and shall be drawn out by check signed by the officer(s) or person(s) designated by resolution adopted by the Board of Directors.

Section 8.07. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents, employee or employees, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 8.08. Employment of Management Company. The Association shall be authorized to employ a management company to aid the Association in carrying out its duties and responsibilities. Prior to passage of control of the Association from the Developer, no management

or service contract shall be entered into unless there is a right of termination, without cause, upon ninety (90) days written notice.

Section 8.09. Notice to Board of Directors. Any Owner of any Lot in the planned development who mortgages such Lot shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested so to do, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 8.10. Mortgagee Definition. As used in this Section, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees and the term "mortgage" shall include a deed of trust. As used generally in these Bylaws, the term "institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, savings and loan associations, pension funds and any corporation, including a corporation of, or affiliated with, the United States government, or any agency thereof.

Section 8.11. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 8.12. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of the Bylaws.

Section 8.13. Gender, Etc Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

SECTION 9 AMENDMENT OF BYLAWS

By a majority vote of the Directors then in office, the Board of Directors may amend these Bylaws, at any regular or special meeting of the Board of Directors where a quorum is present, provided that such meeting is preceded by at least three (3) days' notice to each Director of the date, time and place of the meeting. Such notice shall also state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the Bylaws, and shall contain or be accompanied by a copy or summary of the proposed amendment or state the general nature thereof. These Bylaws may also be amended by the Directors without a meeting in the same manner as provided therefor herein, except that such action to amend must be by a majority vote of the Directors then in office.

SECTION 10 SEVERABILITY

In the event that any provision of these Bylaws is unenforceable, the unenforceability of any such provision shall not affect the other provisions of these Bylaws, which other provisions shall be enforceable to the fullest extent allowed by law.

**SECTION 11
CONFLICTS**

THESE BYLAWS ARE SUBORDINATE TO ALL PROVISIONS OF THE DECLARATION. ALL OF THE TERMS HEREOF, EXCEPT WHERE CLEARLY REPUGNANT TO THE CONTEXT, SHALL HAVE THE SAME MEANING AS IN THE DECLARATION. IN THE EVENT OF ANY CONFLICT BETWEEN THESE BYLAWS AND THE DECLARATION, THE PROVISIONS OF THE DECLARATION SHALL CONTROL, AND IN THE EVENT OF ANY CONFLICT BETWEEN THE AFORESAID DECLARATION OR THESE BYLAWS AND ANY OF THE LAWS OF THE STATE OF NORTH CAROLINA, THE PROVISIONS OF THE STATUTE SHALL CONTROL.

DATED, this 14 day of August, 2002.

DIRECTORS:

DUDLEY MITCHELL



DONALD FOSTER

DAYNE PRYOR