

**BYLAWS
OF
PARK 540 BUILDING I CONDOMINIUM ASSOCIATION, INC.**

ARTICLE I

1. DEFINITIONS. Except where specifically indicated to the contrary in these Bylaws: (i) the capitalized terms shall have the same meaning as used in that Condominium Declaration for Park 540 Building I Condominium recorded in the Wake County Registry, (the "Declaration"), which is incorporated into this document by this reference; (ii) references to Section numbers are references to Sections of this document; and (iii) references to "NCNCA" refers to the North Carolina Nonprofit Corporation Act as it may be amended from time to time.

**ARTICLE II
OFFICES**

2.1. Principal Office. The principal office of the Association shall be located at 4509 Creedmoor Road, Ste. 202, Raleigh, NC 27612.

2.2. Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

2.3. Other Offices. The Association may have offices at such other places, either within or without the State of North Carolina, as the Association Board may designate or as the affairs of the Association may require from time to time.

**ARTICLE III
MEMBERSHIP/MEETINGS**

3.1. Membership.

3.1.1. Ownership of a Unit shall be the sole qualification for membership in the Association. When more than one person holds an interest in any Unit, all such persons will be Members. Any person, including Declarant, on becoming an Owner, will automatically become a Member and be subject to these Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Such membership will terminate without any formal Association action whenever such person ceases to own a Unit, but such termination will not relieve or release any such former Owner from any liability or obligation incurred under the Declaration or in any way connected with the Association during the period of such ownership, or impair any rights or remedies which the Association Board or others may have against such former Owner arising out of ownership of the Unit and membership in the Association and the covenants and obligations incident thereto.

3.1.2. Any person, on becoming an Owner, will furnish to the Manager or to the Secretary of the Association a photocopy or a certified copy of the recorded instrument vesting that person with an ownership interest, which instrument will remain in the files of the Association. An Owner will not be deemed a Member of the Association in good standing and will not be entitled to vote at any annual or special meeting of the Members unless this requirement is first met. The Association Board may make other reasonable rules relating to the proof of ownership of a Unit.

3.2. Classes of Membership. Initially, the Association will have one class of voting membership, composed of all Owners, including Declarant as long as it owns a Unit.

3.3. Membership Certificates. No certificates of stock will be issued by the Association, but the Association Board may, if it so elects, issue membership cards to Owners. Such membership card will be surrendered to the Secretary of the Association whenever ownership of the Unit designated on the card is terminated.

3.4. Place of Meetings. All meetings of Members shall be held at the principal office of the Association or at such other place, either within or outside of Wake County, North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the votes of the Members entitled to vote thereat. Members may participate in any meeting of the Members by means of a conference telephone or similar communications equipment provided all persons participating in the meeting can hear one another. Participation in that manner shall constitute presence in person at the meeting.

3.5. Annual Meetings. The annual meeting of Members for the election of directors and the transaction of other business shall be held at anytime in the year 2005 as selected by Declarant and thereafter in January of each year, on any day (except a Saturday, Sunday or legal holiday) in that month as determined by the Association Board.

3.6. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of **Section 3.7.** A meeting so called shall be designated and treated for all purposes as the annual meeting.

3.7. Special Meeting. Special meetings of the Members may be called at any time by the President, the Declarant (until the end of the Declarant Control Period), the Association Board, or by any Member pursuant to the written request of the holders of not less than ten percent (10.0%) of the votes in the Association.

3.8. Notice of Meetings.

3.8.1. Except as otherwise provided in these Bylaws and in the Declaration, written notice stating the time and place of the meeting shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any Members' meeting, either personally or by mail postage prepaid, by or at the direction of the President, the Secretary, or other authorized person calling the meeting, to each Member of record entitled to vote at such meeting; provided that such notice must be given not less than twenty (20) days before the date of any meeting at which a merger, dissolution or consolidation is to be considered. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the record of Members of the Association, with postage thereon prepaid. Notwithstanding the preceding to the contrary, if notice of an annual meeting is given by mail and is sent other than first class, registered or certified mail, notice must be given no less than thirty (30) and no more than sixty (60) days before the meeting date. Each Member agrees to keep the Association informed of his address at any time and any notice sent or delivered to that address shall be sufficient. Notices shall be addressed to the addresses provided by the Members or, if none, to the address noted on the most recent Wake County tax records for the Owner of the Unit. Notice to the person designated in a valid, still effective proxy shall be deemed notice to all Members represented by that proxy.

3.8.2. In the case of a special meeting, the notice of meeting shall specifically state the purpose(s) for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of NCNCA.

3.8.3. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

3.8.4. Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, will be deemed waiver by such Member of notice of the time, date and place of the meeting unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

3.8.5. Notice given to any one tenant in common, tenant by entirety or other joint Owner of a Unit shall be deemed notice to all joint Owners of that Unit.

3.9. Voting Lists. At least ten days before each meeting of Members the Secretary of the Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof, with the address of an number of votes held by each, which list shall be kept on file at the registered office of the Association for a period of ten days prior to such meeting. This list shall be subject to inspection by any Member at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting.

3.10. Quorum. Except as otherwise provided by the Bylaws, twenty percent (20%) of the votes of each class of the Association entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. In the absence of a quorum at the opening of any meeting of Members, such meeting may be adjourned from time to time by a vote of the majority of the votes voting on the motion to adjourn; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. Notwithstanding any provision to the contrary in the Declaration or these Bylaws, the quorum requirement at the next meeting shall be one-half (½) 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.

3.11. Proxies. Votes may be voted either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney in fact. To be valid, the proxy must be dated, signed by all Owners of the Unit, and filed with the Secretary of the Association at or before the appointed time of the meeting at which the proxy will be voted. No proxy will be valid if it purports to be revocable without notice. No Member shall be entitled to vote more than one proxy at any one meeting. A proxy is not valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specifies a shorter period of time therein.

3.12. Voting.

3.12.1. Each Unit will be entitled to the votes prescribed in the Declaration. Fractional voting of a Unit's vote is prohibited. The vote for a Unit will be exercised by the Member. If the fee simple title to any Unit is owned of record by two or more persons or entities (whether individually or in a fiduciary

capacity), the vote with respect to that Unit may be cast by any one of the joint Owners in person or by proxy, as a majority interest of the Owners among themselves determine, except that the holder(s) of a life estate in a Unit shall have the sole right to cast the votes allocated to that Unit. If more than one of the multiple Owners are present at a meeting in person or by proxy, the vote allocated to their Unit may be cast only in accordance with the agreement of a Majority in Interest of the Owners, and if a Majority in Interest of the Owners cannot agree, then the Owners of such Unit will not be entitled to vote. If more than one of the joint Owners votes, the unanimous action of all joint Owners voting shall be necessary to effectively cast the votes allocated to the particular Unit. Except as otherwise specifically provided in a valid proxy, there is deemed to be majority agreement if any one of the multiple Owners casts the vote allocated to its Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. A Member shall not be entitled to vote and his vote(s) shall be ignored in determining the total number of eligible votes: (a) on a vote to determine whether that Member's Owner is in default under this Declaration; or (b) until the default is cured, if the Member's Owner is in default under this Declaration.

3.12.2. The vote of a majority of the votes on any matter present at a meeting of Members at which a quorum is present, regardless of class, shall be the act of the Members on that matter, unless the vote of a greater number is required by law or by the Articles, Declaration or Bylaws.

3.12.3. Provided it otherwise complies with the requirements of the Act and the NCNCA, each as amended from time to time, voting by mail is permitted for any action which may be taken at any annual, substitute annual, or special meeting. In the case of a vote by mail, the Secretary of the Association will give written notice to all Members, which notice will include a proposed written resolution setting forth a description of the proposed action, a statement that the Members are entitled to vote by mail for or against such proposal, a statement of a date not less than twenty (20) days after the date such notice will have been given by which all votes must be received, and the specified address of the office to which all votes must be sent. Votes received after that date will not be effective. Delivery of a vote in writing to the designated office will be equivalent to receipt of a vote by mail at such address for the purpose of this section.

3.12.4. If title to a Unit is held in whole or in part by a firm, corporation, partnership, association, limited liability company or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a valid proxy executed on behalf of such party, appointing and authorizing one person or alternate persons to attend all annual and special meetings of the Members and to cast the vote allocated to that Unit at those meetings.

3.13. Action Without a Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept as part of the Association's records.

3.14. Presiding Officer. The President of the Association, or in the absence of the President, the Vice-President shall preside at all meetings of the Members and the Secretary of the Association shall act as the secretary thereof. In the absence of the secretary, the President shall designate some other person to act as the secretary of the meeting. In the absence of both the President and the Vice President, the Members present at the meeting shall elect a Presiding Officer for the meeting.

3.15. Order of Business. The order of business at the annual meeting and at any special meeting of the Members shall be as follows:

- (a) The calling of the meeting to order;

- (b) The calling of the roll;
- (c) The announcement by the Presiding Officer of the purpose of the meeting and of the nature of the business which may be presented by it;
- (d) The reading and approval of the minutes of any former meeting of the Members, the Minutes of which have not been previously read and approved;
- (e) The presentation of and action, if required, upon reports of officers and committees;
- (f) Unfinished business;
- (g) New business, including the election of directors for the forthcoming year if the meeting be an annual meeting; and
- (h) Adjournment.

Roberts' Rules of Order (latest edition) shall govern the conduct of the meetings except where the Declaration specifically require a different procedure.

ARTICLE IV BOARD OF DIRECTORS

4.1. Number, Term and Qualification. The number of directors constituting the initial Association Board shall be two (2). Subject only to the requirements of the Act, until the end of the Declarant Control Period, the Declarant shall determine the number of directors and the person who shall serve as directors. Thereafter, the number of directors constituting the Association Board shall be not less than one (1) nor more than six (6) as may be fixed by resolution duly adopted by the Members or by the Association Board prior to the annual meeting at which such directors are to be elected; provided that after the end of the Declarant Control Period, the number of directors constituting the Association Board shall be not less than three (3). In the absence of such a resolution, the number of directors shall be the number elected at the preceding annual meeting. Any directorships not filled by the Members shall be treated as vacancies to be filled by and in the discretion of the Association Board. Each director shall hold office until his death, resignation retirement, removal, disqualification, or his successor shall have been elected and qualified. Directors need not be residents of the State of North Carolina or Members of the Association; provided that after the end of the Declarant Control Period, at least a majority of the directors must be Unit Owners.

4.2. Nomination. Except for those directors designated by Declarant as provided in these Bylaws, nomination for election to the Association Board shall be made by the Association Board. Nominating may also be made from the floor at the annual meeting. The Association Board shall make as many nominations for election to the Association Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. The nominations may be made from among Members or non-members. Any Member in good standing may nominate one or more candidates to the Association Board by a petition in writing signed by that Member presented to the Secretary of the Association.

4.3. Election of Directors.

4.3.1. Except as specifically provided to the contrary in these Bylaws, the directors shall be elected at the annual meeting of Members and those persons who receive the highest number of votes shall be deemed to have been elected. If any Member so demands, the election of directors shall be by secret ballot. Cumulative voting is not permitted.

4.3.2. Until the end of the Declarant Control Period, the Declarant shall have the right to appoint all Association Board members. After the end of the Declarant Control Period, a special meeting of the Association will be called, at which Declarant will turn control of the Association over to the other Members as provided in the Act. The Members will elect a new Association Board, and any terms of directors appointed by Declarant that have not expired will terminate at that time. Subsequently, Directors will be elected by the Members at each annual meeting of the Members as otherwise provided in these Bylaws. During the Declarant Control Period, the Declarant shall have the right to appoint all Association Board members; provided, however: (i) that not later than 60 days after conveyance of twenty-five percent (25%) of the Units to the Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Association Board shall be elected by Owners other than the Declarant; and (ii) that not later than 60 days after conveyance of fifty percent (50%) of the Units to Owners other than Declarant, not less than thirty-three percent (33%) of the members of the Association Board shall be elected by Owners other than the Declarant; provided, however, that this appointment right shall be reinstated if, after the threshold number of Units are conveyed, additional Units are added to the Condominium by the Declarant as provided in the Declaration. Each time that Declarant is required to transfer control of a director's position, a special meeting of the Association will be called for the purpose of electing a new director to take the place of the director designated by Declarant as resigning.

4.4. Removal. Other than directors appointed by Declarant, any director may be removed at any time, with or without cause, by a vote sixty-seven percent (67%) of all persons present and entitled to vote at any meeting of Members at which a quorum is present. If any directors are so removed, new directors may be elected at the same meeting. Until the end of the Declarant Control Period, Declarant may remove director(s) appointed by it from the Association Board and appoint new director(s) in their place.

4.5. Vacancies. Until the end of the Declarant Control Period: (i) if a Director appointed by Declarant dies, becomes disabled or resigns, Declarant will appoint a new Director to serve the balance of the term of the resigning, disabled or deceased Director; and (ii) if a Director elected by the Members dies, becomes disabled or resigns, the remaining Directors will appoint a new Director from among the Members other than Declarant to serve the remainder of the term of that vacating Director. After the end of the Declarant Control Period, any vacancy occurring in the Association Board may be filled by the affirmative vote of a majority of the remaining directors even though less than a quorum, or by the sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of any increase in the authorized number of directors shall be filled only by election at an annual meeting or at a special meeting of Members called for that purpose.

4.6. Chairman of Board. There may be a Chairman of the Association Board elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Association Board and perform such other duties as may be directed by the Board.

4.7. Compensation. No member of the Association Board shall receive compensation for acting as a director. However, with the prior approval of the Association Board, a director may be reimbursed for any expenses incurred by him/her in attending regular and special meetings of the Board or in performance of his/her duties as a director.

ARTICLE V MEETINGS OF DIRECTORS

5.1. Regular Meetings. A regular meeting of the Association Board shall be held immediately after, and at the same place as, the annual meeting of Members. In addition, the Association Board may

provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

5.2. Special Meetings. Special meetings of the Association Board may be called by or at the request of the President, the Declarant (until the end of the Declarant Control Period), or any two directors. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

5.3. Notice of Meetings. Regular meetings of the Association Board may be held without notice. The person or persons calling a special meeting of the Association Board shall, at least five (5) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

5.4. Waiver of Notice. Any director may waive notice of any meeting. The attendance by a director at a meeting shall constitute a waiver of notice of that meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

5.5. Quorum. A majority of the number of directors fixed by the Bylaws shall constitute a quorum for the transaction of business at any meeting of the Association Board.

5.6. Manner of Acting. Except as otherwise provided in the Articles, the Bylaws, the Declaration, or the NCNCA the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Association Board.

5.7. Presumption of Assent. A director who is present at a meeting of the Association Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such act.

5.8. Action Taken Without a Meeting. Action taken by the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action taken.

5.9. Committees of the Board. The Association Board may appoint other committees, consisting of one (1) or more directors, as it deems appropriate. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Association Board, or any director, of any responsibility or liability imposed upon him/her by law.

ARTICLE VI POWERS AND DUTIES OF THE BOARD OF DIRECTORS

6.1. Powers. The Association Board will have the powers and duties necessary for the administration of the affairs of the Association. Except as provided by these Bylaws, the Declaration or the Act, the Association Board may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association. Without limiting the foregoing, the Association Board will have the following powers and duties, in each case subject only to applicable requirements of the Act:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration.

(b) To adopt and publish rules and regulations governing the use of the Common Elements and facilities, and the personal conduct of the Owners and their Occupants, and to establish penalties/fines for the infraction thereof as provided in the Declaration;

(c) To suspend the voting rights and right of an Owner and Occupants to use the Common Elements as provided in the Declaration;

(d) To all powers, duties and authority vested in or delegated to the Association by the Declaration or the NCNCA and not specifically reserved to the membership;

(e) To declare the office of a member of the Association Board to be vacant in the event the director shall be absent from three (3) consecutive regular meetings of the Association Board;

(f) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(g) To borrow money on behalf of the Association when required in connection with the operation, maintenance, repair, restoration, improvement, alteration and replacement of the Common Elements; provided, however, that: (i) the affirmative consent of at least seventy five percent (75%) of the directors shall be required for the borrowing of any sum in excess of \$5,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (ii) no lien to secure repayment of any sum borrowed may be created on any Unit without the consent of the Owner of that Unit; and (iii) the documentation executed in connection with any such borrowing shall provide that if any sum borrowed pursuant to this subparagraph shall not be repaid by the Association Board, any Owner who pays its proportionate share (based on its Allocated Interest) shall be entitled to obtain a release of any lien that that creditor shall have filed, or shall have the right to file, against such Owner's Unit; and

(h) To exercise any powers necessary and proper for the governance and operation of the Association.

6.2. Duties. It shall be the duty of the Association Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by ten percent (10%) of the votes entitled to vote;

(b) prepare, adopt and amend an annual budget for the Association;

(c) maintain accurate records and books of account showing receipts and expenditures in connection with the operation of the Property which shall be available for examination by Members at reasonable times;

(d) as more fully provided in the Declaration, to enforce and otherwise administer the provisions with respect to Assessments;

(e) use the Assessments collected, as well as all other funds held by the Association Board, for the administration of the Association, including, without limitation: (i) the payment of Common

Expenses and (ii) the making of restorations, additions, alterations, and improvements to the Common Elements.

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

(g) procure and maintain adequate liability and hazard insurance on property owned by the Association and as otherwise required by the Declaration and the Act;

(h) pay ad valorem taxes and public assessments levied against the Common Elements owned by the Association in fee simple;

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

(j) enforce by legal means the terms, covenants, and conditions contained in the Declaration or these Bylaws and to bring, or defend against, any legal proceedings that may be instituted on behalf of, or against, the Owners.

(k) cause the Association to fulfill its maintenance obligations prescribed by the Declaration; and

(l) direct and supervise the affairs of the Association and require the Association to fulfill all of its obligations and duties provided in the Declaration, these Bylaws, or Section 47C-3-102 of the Act.

6.3. Fiscal Management.

6.3.1. A record of receipts and expenditures shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and address of the Owner, the amount of Assessments against the Owner, the dates they become due, the amounts paid upon the account, and the balance due thereon. In making up the Assessments due, the Unit is treated as such and no division shall be made because the Unit is held by more than one person.

6.3.2. The Association Board shall adopt a budget for each year which shall contain estimates of the cost of performing the various functions of the Association and shall include among its items: (i) a Common Expenses budget which shall include, among other things, expenses for maintenance and operation of Common Elements, utility services, casualty insurance, liability insurance, administration, reserves for future repairs and replacements to property and equipment, and for the repurchase of Units and/or mortgages if authorized by the Declaration, and any other item which the Association Board finds necessary to include therein; and (ii) proposed Assessments.

6.3.3. Copies of the proposed budget shall be transmitted to each Owner promptly after adoption. If the budget is substantially amended, a copy thereof shall be furnished to each Owner.

6.3.4. The depository of the Association shall be such bank(s) as shall be designated from time to time by the Association Board. The moneys of the Association shall be deposited in the designated bank(s).

6.3.5. Upon written request, the Association shall make available to Eligible Mortgagees an audited financial statement for the preceding fiscal year. In addition, the Association shall make available to Owners an audited financial statement within one hundred twenty (120) days after the Association's fiscal year-end.

6.4. Independent Manager: The Association Board may employ or enter into a management contract with any individual, firm or entity (the "Independent Manager") it deems appropriate and in the best interest of the Association concerning the routine management of the Association. The Association Board may delegate to the Independent Manager such duties and responsibilities in the management of the Property as the Association Board deems appropriate; provided, the Association Board may not delegate to the Independent Manager the complete and total responsibilities and duties of the Association in violation of the NCNCA or the Act. The Independent Manager's contract shall be for a term not to exceed one (1) year, renewable by agreement between the Association Board and such Independent Manager for successive one-year terms, and shall be terminable by the Association Board, with or without cause, upon thirty (30) days written notice. The Association Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Association Board and subject to its direction.

ARTICLE VII OFFICERS

7.1. Officers of the Association. The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Association Board may from time to time elect. Any two or more offices may be held by the same person, but no officer may act in more than one capacity where action of two or more officers is required.

7.2. Election, Term and Qualification. The officers shall be elected by the Association Board and each officer shall hold office until his/her death, resignation, retirement, removal, disqualification or his/her successor shall have been elected and qualified. Only directors shall serve in the capacity of President and Vice-President. Other officers need not be directors or Members of the Association. Notwithstanding anything in these Bylaws to the contrary, during the Declarant Control Period (as defined in the Declaration), Declarant may appoint and remove all officers.

7.3. Compensation of Officers. The Association Board shall fix the compensation of officers; however, in no event shall Members of the Association be compensated for serving as an officer except to the extent necessary to reimburse the officer for expenses incurred in performing his/her duties on behalf of the Association.

7.4. Removal. Any officer or agent elected or appointed by the Association Board may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby; but the removal shall be without prejudice to the contract rights, if any, of the persons so removed.

7.5. Bonds. The Association Board may by resolution require an officer, agent, or employee of the Association to give bond to the Association, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Association Board.

7.6. President. The President shall be the principal executive officer of the Association and, subject to the control of the Association Board, shall in general supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the Members. He/she shall sign, with the Secretary, an Assistant Secretary, or any other proper officer, any deeds, mortgages, bonds, contracts, or other instruments which the Association Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Association Board or by the Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed. In general, he/she shall perform all duties incident to

the office of President and such other duties as may be prescribed by the Association Board from time to time.

7.7. Vice-Presidents. In the absence of the President or in the event of his death, inability or refusal to act, the Vice-Presidents in the order of their length of service as Vice-Presidents, unless otherwise determined by the Association Board, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-President shall perform such other duties as from time to time may be assigned to him by the President or Association Board.

7.8. Secretary. The Secretary shall: (a) keep the minutes of the meetings of Members, of the Association Board and of all Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of the Bylaws or as required by law; (c) be custodian of the Association records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep or cause to be kept a record of the Association's Members, giving the names, addresses, and the number of votes held by, and prepare or cause to be prepared voting lists prior to each meeting of Members as required by law; and (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Association Board from time to time.

7.9. Assistant Secretaries. In the absence of the Secretary or in the event of his/her inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretary, unless otherwise determined by the Association Board, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Association Board.

7.10. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected; (b) prepare, or cause to be prepared, a true statement of the Association's assets and liabilities as of the close of each fiscal year, all in reasonable detail, which statement shall be made and filed at the Association's registered office or principal place of business in the State of North Carolina within four months after the end of such fiscal year and thereat kept available for a period of at least ten years; (c) issue, at the direction of the Association Board, certificates as to whether Assessments on a specified Unit have been paid; and (d) in general, perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the President or by the Association Board or by the Bylaws.

ARTICLE VIII MEMBERSHIP REGISTER

8.1. Closing of Register. For the purpose of determining Members of the Association entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Association Board may provide that the membership register shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the membership register shall be closed for the purposes of determining Members entitled to notice of or to vote at a meeting of Members, such books shall be closed for at least ten (10) days immediately preceding such meeting.

8.2. Record Date. In lieu of closing the membership register, the Association Board may fix in advance a date as the record date for any such determination of Members, such record date in any case to be not more than fifty (50) days and, in case of a meeting of Members, not less than ten (10) days immediately preceding the date on which the particular action, requiring such determination of Members is to be taken.

8.3. No Closing or Record Date. If the membership register is not closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, the date on which notice of the meeting is mailed shall be the record date for such determination of Members.

8.4. Adjournment. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the membership register and the stated period of closing expired.

ARTICLE IX GENERAL PROVISIONS

9.1. Nonprofit Corporation. The Association is not organized for profit. No Member of the Association, member of the Association Board, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association. In no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of, any member of the Association Board. Notwithstanding the foregoing: (i) reasonable compensation may be paid to any Member or director acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association; (ii) Surplus Funds may be distributed and/or credited to the Members as provided in the Declaration; and (iii) any Member or director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, and any director may be reimbursed for actual expenses incurred in the performance of his duties.

9.2. Books & Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, his agent or attorney, for any proper purpose. The Declaration, the Articles, and the Bylaws of the Association and the financial statements for the Association for the immediately preceding fiscal year shall be available for inspection by any Member and any first mortgage holders, their insurers or guarantors, at the principal office of the Association, where copies may be purchased at reasonable cost.

9.3. Seal. The seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL. The seal, as impressed on the adjoining margin, is adopted as the Association's seal.

9.4. Indemnification. Any person who at any time serves or has served as a director, officer, employee or agent of the Association, or in such capacity at the request of the Association for any corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding. The Association Board shall take all such action as may be necessary and

appropriate to authorize the Association to pay the indemnification required by this bylaw, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the members of the Association. Any person who at any time after the adoption of this bylaw serves or has served in any of the aforesaid capacities for or on behalf of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

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

9.6. Amendments. The Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy. The Articles shall be amended as provided by law. The Declaration shall be amended only in accordance with the provisions of the Declaration.

9.7. Conflicts. In the case of any conflict between the Articles and the Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and the Bylaws, the Declaration shall control.