

BYLAWS
OF
SEVEN GATES CONDOMINIUM ASSOCIATION, INC.

A corporation not for profit under
the laws of the State of North Carolina

1. IDENTITY.

These are the Bylaws of Seven Gates Condominium Association, Inc, a non-profit corporation under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State on February 20, 2006. Seven Gates Condominium Association, Inc., hereinafter called "Association," has been organized for the purpose of administering the operation and management of Seven Gates Condominium, a condominium established or to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Friendship Township, Guilford County, North Carolina, and shown on Schedule "A" attached hereto and incorporated herein by reference.

a) The provisions of these Bylaws are applicable to Seven Gates Condominium, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions and authorization contained in the Articles of Incorporation and which may be contained in the formal Declaration of Condominium which will be recorded in the Public Records of Guilford County, North Carolina (the "Declaration"), at the time said property and the improvements now or hereafter situated thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles of Incorporation and Declaration to be controlling wherever the same may be in conflict. All present or future owners, tenants, future tenants or their employees, or any other person of Condominium Units (specifically including D. Stone Builders, Inc., a North Carolina corporation hereinafter referred to as "Developer") that might use Seven Gates Condominium or any of the facilities thereof in any manner, are subject to the provisions of these Bylaws and of the Articles of Incorporation and Declaration of Condominium.

b) The office of the Association shall be at 2904 Lawndale Drive, Greensboro, North Carolina 27408, or such other place as the Executive Board shall designate from time to time.

c) The fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Condominium Unit.

d) Defined terms used in these Bylaws shall have the same meaning given such terms in Section 47C-1-103 of the North Carolina General Statutes.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

a) The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

(i) The Owners of all Units in the Condominium shall be members of the Association, and no other person or entity shall be entitled to membership, except as provided in Paragraph (b)(v) of this Article 2.

(ii) Membership shall be established by the acquisition of fee title to a Unit in the Condominium, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Units, or who may own a fee ownership interest in two or more Units, so long as such party shall retain title to or a fee ownership interest in any Unit.

(iii) The interest of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Unit. The funds and assets of the Association shall belong solely to the Association, subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration, and in the Articles of Incorporation of the Association.

(iv) On all matters which the membership shall be entitled to vote, each Unit shall have a vote equal to its Allocated Interests in the Common Elements as set forth in Exhibit B of the Declaration, as amended from time to time. The vote of each Unit may be cast or exercised by the Owner of each Unit in such manner as may be provided herein. Should any member own more than one Unit, such member shall be entitled to exercise or cast the votes associated with each Unit owned by him in the manner provided herein.

(v) Until such time as the property described in the Declaration, and the improvements constructed thereon, are submitted to a Plan of Condominium Ownership by the recordation of the Declaration, the membership of the Association shall be comprised of the three (3) individuals named in Article 4(k) herein, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

b) A quorum at members' meetings shall consist of the presence at the beginning of the meeting of persons owning at least ten percent (10%) of the total Allocated Interests in the Common Elements of the Condominium. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

c) The vote of the Owners of a Unit owned by more than one person or by a corporation or other entity shall be cast by the one person named in a certificate signed by all of the Owners of the Unit and filed with the Secretary of the Association, and such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not on file, the vote of such Owners shall not be considered in determining the requirement for a quorum, or for any other purpose.

d) Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be dated and filed with the Secretary before the appointed time of the meeting.

e) Approval or disapproval of an Owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such Owner if in an Association meeting.

f) Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration of Condominium, or whether the same may otherwise be required by laws, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

a) The First Annual Meeting shall be held within one (1) year of the incorporation of the Association. Thereafter, the Annual Meeting of members of the Association shall be held at such time and place as may be designated in the notice of meeting, for the purpose of informing the membership of the names of the individuals appointed to the new Executive Board, if any, of informing the membership of the status of the budget for the coming year and for such other purposes as the Board Members may determine.

b) Special meetings of members of the Association shall be held whenever called by the President or Vice-President or by a majority of the Executive Board and must be called by such officers within thirty (30) days following receipt of a written request from members of the Association representing at least twenty percent (20%) of the votes in the Association, describing the purpose for which such special meeting is requested.

c) Notice of all member s' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other Officer of the Association in the absence of said Officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place of the meeting and the items on the agenda of such meeting, including the general nature of any proposed amendment to the Declaration, the Articles or these Bylaws, any budget changes and any proposal to remove a Board Member. Except as otherwise specifically required by law or these Bylaws, such notice shall be given to each member not less than ten (10) days nor

more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be sent first class mail and shall be deemed to be properly given when deposited in the United States Mail addressed to the member at this address as it appears on the records of the Association (Register of Owners) as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice and, when filed in the records of the Association, whether before or after the holding of the meeting, such waiver shall be deemed equivalent to the giving of notice to the member. If any members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these Bylaws or the Declaration), the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

d) The order of business at Annual Meetings of members of the Association and, as far as practical, at any other members' meetings, shall be:

- i) Call to order and proof of notice of meeting or waiver of notice;
- ii) Announcement of and certification of proxies;
- iii) Reading and disposal of any unapproved minutes;
- iv) Reports of Officers;
- v) Reports of Committees;
- vi) Election of Board Members;
- vii) Unfinished business;
- viii) New business; and
- ix) Adjournment.

4. EXECUTIVE BOARD

a) The first Executive Board of the Association shall consist of three (3) persons. At the time of the first Annual Meeting of the members of the Association, the Executive Board shall consist of five (5) persons. Each succeeding Executive Board shall consist of at least five (5) and not more than nine (9) persons, as determined from time to time by the Executive Board Members, in their sole discretion. At least a majority of the

Executive Board shall be Unit Owners or employees of a corporate or partnership member of the Association. Notwithstanding the foregoing, Developer shall have the right to designate and select a majority of the persons who shall serve as Members of each Executive Board of the Association until the first to occur of: (i) one hundred twenty (120) days after conveyance by Developer of eighty percent (80%) of the Units in the Condominium (including units which may be created pursuant to the Development Rights reserved in Article 5 of the Declaration); (ii) two (2) years after Developer has ceased to offer Units for sale in the ordinary course of business; (iii) two (2) years after Developer's last exercise of its right under Article 5 of the Declaration to add additional units to the Condominium; or (iv) five (5) years after the date of the sale of the first unit in the Condominium. Any Board Member designated by and selected by Developer need not be an Owner or resident in the Condominium.

Each Member of the Executive Board whom Developer shall designate shall hold office until the first annual Meeting following the date on which Developer's right to designate and select a majority of the Executive Board Members shall terminate. Each such Member shall serve until his successor is duly selected or elected and qualified to serve, or until removed in the manner elsewhere provided or as may be provided by law.

Developer shall have the absolute right at any time, in its sole discretion, to replace any Executive Board Member appointed by it with another person to serve on said Executive Board. Replacement of any person designated by Developer to serve on any Executive Board of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from said Executive Board. The removal of any Board Member and designation of his successor shall be effective immediately upon delivery of such written instrument by Developer to any officer of the Association.

b) Election of Board Members shall be conducted in the following manner:

i) All Members of the Executive Board whom Developer shall not be entitled to designate and select under the provisions of these Bylaws shall be elected by a plurality of the votes at the Annual Meeting of the members of the Association. Except as set out in Subparagraph (iii) of this Paragraph, the term of office of such Board Members shall be two (2) years, until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law.

ii) Vacancies in the Executive Board may be filled until the date of the next Annual Meeting by the remaining Board Members, except that should any vacancy in the Executive Board be created as to a Board Membership previously filled by any person designated and selected by Developer, such vacancy shall be filled by Developer designating and selecting, by written instrument delivered to any officer of the

Association, the successor Board Member to fill the vacated Board Membership for the unexpired term thereof.

iii) At the first Annual meeting following the expiration of Developer's right to appoint a majority of the Members of the Executive Board, successors to the Board Members whom Developer had been entitled to appoint and to other Board Members whose terms then expire shall be elected for staggered terms of office, such that no more than one-third (1/3) of all Board Members shall have terms expiring in any subsequent year. By way of illustration, if at the first Annual Meeting after Developer's right to appoint a majority of the Executive Board terminates there are a total of five (5) Members of the Executive Board, three of whom were previously appointed by Developer and two of whom were elected by the Members of the Association (both of whose terms expire at such Annual Meeting), the two (2) Board Members who receive the highest number of votes shall be elected for three (3) year terms, the two (2) Board Members who receive the next highest number of votes shall be elected for two (2) year terms and the last Board Member elected shall be elected for a one (1) year term. Thereafter, all Board Members shall be elected for two (2) year terms.

iv) In the election of Board Members, there shall be appurtenant to each Unit a total vote equal to the number of Board Members to be elected multiplied by the Unit's Allocated Interest in the Common Elements as set forth in Exhibit "B" of the Declaration, as amended from time to time; provided, however, that no member or Owner of one (1) Unit may cast a vote greater than the Unit's Allocated Interest in the Common Elements for any one person nominated as a Board Member, it being the intent hereof that voting for Board Members shall be noncumulative.

c) The organizational meeting of each newly elected Executive Board shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Board Members at the meeting at which any of its Members were elected, and no further notice of the organizational meeting shall be necessary provided a quorum shall be present.

d) Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the Board Members. Notice of regular meetings shall be given to each Board Member, personally or by mail, telephone, telegram or facsimile transmission at least three (3) days prior to the day named for such meeting, unless notice is waived.

e) Special meetings of the Board Members may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Executive Board. Not less than three (3) days' notice of a meeting shall be given to each

board Member, personally or by mail, telephone, telegram or facsimile transmission, which notice shall state the time, place and purpose of the meeting.

f) Any Board Member may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

g) A quorum at a meeting of the Board Members shall consist of the presence at the beginning of the meeting of Board Members entitled to cast a majority of the votes of the entire Executive Board. The acts of the Executive Board approved by a majority of the votes cast at a meeting at which a quorum is present shall constitute the acts of the Executive Board, except as specifically otherwise provided in the Articles of Incorporation, these Bylaws, or the Declaration of Condominium. If any Board Members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Board Members required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these Bylaws or the Declaration of Condominium, the Board Members who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Board Member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Board Member for the purpose of determining a quorum.

h) The presiding officer of Board Members' meetings shall be the Chairman of the Executive Board, if such an officer has been elected; and if none, then the President of the Association shall preside. In the absence of the presiding officer, the Board Members present shall designate one of their number to preside.

i) Board Members' fees, if any, shall be determined by the Executive Board.

j) All of the powers and duties of the Association shall be exercised by the Executive Board, including those existing under the common law and statutes, the Articles of Incorporation of the Association, these Bylaws and the Declaration. Such powers and duties shall be exercised in accordance with said Articles of Incorporation, these Bylaws and the Declaration, and shall include, without limiting the generality of the foregoing, the following:

i) To make, levy and collect assessments against members and members' Units to defray the costs of the Condominium, as provided in Article 26 of the Declaration, which Article is herein incorporated by reference, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

ii) To maintain, repair, replace, operate and manage the Common Elements, including the Limited Common Elements, whenever the same is

required to be done and accomplished by the Association for the benefit of its members; and further to approve any expenditure made or to be made for said purposes;

iii) To reconstruct any part of the Common Elements after casualty in accordance with Article 23 of the Declaration, and to make further improvement to the Common Elements, real and personal, and to make and to enter into any and all contracts necessary or desirable to accomplish said purposes;

iv) To make, amend and enforce regulations governing the use of the Common Elements and Units so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declaration;

v) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Units in the Condominium as may be necessary or convenient in the operation and management of the Condominium, and in accomplishing the purposes set forth in the Declaration, provided that the acquisition of real property other than Units shall require the approval of the Association;

vi) To acquire now or at any time hereafter, and to enter into leases and agreements whereby the Association acquires leaseholds, memberships and other possessory or use interests in lands or facilities including, but not limited to recreational facilities, whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use or benefit to the owners of Units;

vii) To contract for the professional management of the Condominium and to designate to such manager all of the powers and duties of the Association, except those which may be required by law or by the Declaration to have approval of the Executive Board or membership of the Association. The contract for such management shall contain term and termination provisions, including the right of the Association to terminate the contract, with or without cause and without penalty, upon not more than ninety (90) days' advance notice. Provided, however, that professional management contracts entered into during the time that Developer has the right to appoint a majority of the Executive Board shall provide for termination without cause and without penalty, at any time after Developer's transfer of control of the Executive Board;

viii) To enforce by legal means or proceedings the provisions of the Articles of Incorporation and Bylaws of the Association, the Declaration

and the regulations hereinafter promulgated governing use of the Common Elements in the Condominium;

ix) To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than Units, and to assess the same against the Owners and their respective Units subject to such liens;

x) To purchase insurance for the protection of the members and the Association against casualty and liability in accordance with Articles 21 and 22 of the Declaration;

xi) To pay all costs of power, water, sewer and other utility services rendered to the Condominium and not billed separately to Owners of Units;

xii) To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the Condominium including the Common Elements;

xiii) To establish an adjudicatory panel to provide a hearing to determine if an Owner should be fined not to exceed One Hundred Fifty Dollars (\$150.00) for each violation of the Declaration, these Bylaws or any rules and regulations of the Association. If allowed by law, such fine may be assessed on a daily basis for a continuing violation. The adjudicatory panel shall accord to the Owner charged with the violation notice of the charge, an opportunity to be heard and to present evidence, and notice of the panel's decision. Any fine established hereunder by an adjudicatory panel shall be an assessment against the Owner charged with the violation and a lien against said Owner's Unit, subject to all the provisions and enforcement of Article 30 of the Declaration;

xiv) To establish an adjudicatory panel to provide a hearing to determine if an Owner is responsible for damages to any Common Elements or whether the Association is responsible for damages to a Unit, in cases where the claim for such damages is Five Hundred Dollars (\$500.00) or less. The adjudicatory panel shall accord to the Owner charged or the Association notice of the claim, an opportunity to be heard and to present evidence and notice of the panel's decision. The panel may assess a per incident liability not in excess of Five Hundred Dollars (\$500.00). A liability assessed against an Owner shall be an assessment against said Owner and a lien against his Unit, subject to all provisions and enforcement of Article 30 of the Declaration. A liability assessed against the Association may be offset by the Owner whose Unit was damaged by act of the Association to reduce the amount of any assessments owed by such Owner to the Association;

xv) To convey or subject to a security interest all or portions of the Common Elements, if such conveyance or encumbrance is approved by Owners (other than Declarant) owning at least eighty percent (80%) of the Allocated Interests in the Common Elements (including one hundred percent (100%) of the Owners of Units appurtenant to any Limited Common Elements which are proposed to be conveyed or encumbered). In connection with any encumbrancing of the Common Elements, the Association also may assign its right to future income, including the right to receive Common Expense assessments, if such assignment is approved by Owners owning at least eighty percent (80%) of the Allocated Interests in the common Elements. The approval of Owners required above shall be evidenced in a writing executed by all such Owners, in the same manner as a deed, and recorded in the public records of Guilford County, North Carolina. The agreement must specify a date after which it will be void unless then recorded. Any proceeds derived from the conveyance or encumbrance of Limited Common Elements shall be distributed as agreed upon between the Association and the Owners of the Units to which such Limited Common Elements are appurtenant. Any proceeds derived from the conveyance or encumbrance of Common Elements other than Limited Common Elements shall be an exclusive asset of the Association. No conveyance or encumbrance of Common Elements or Limited Common Elements pursuant to this paragraph shall deprive any Unit of its rights of access and support;

xvi) To appoint an Architectural Control Committee to exercise the powers described in Article 17 of the Declaration (which shall consist solely of members appointed by the Developer until the conveyance of the last Unit in the Condominium, including units which may be created pursuant to the Development Rights reserved in Article 5 of the Declaration), and such other committees as the Executive Board, in its discretion, shall determine; and

xvii) To exercise any other powers allowed by law, the Articles of Incorporation and the Declaration as may be necessary and proper for the governance and operation of the Association.

k) The initial Executive Board of the Association shall be comprised of the three (3) persons designated below:

1. Dwight Stone
2. Joe Gonzales
3. Teresa Jarrett

Should any initial Executive Board Member be unable to serve for any reason, a majority of the remaining members of the Executive Board shall have the right to select and

designate a party to act and serve as a Board Member for the unexpired term of the Board Member who is unable to serve.

l) The undertakings and contracts authorized by the initial Executive Board shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Executive Board duly elected by the membership after the property identified herein has been submitted to the plan of condominium ownership, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Executive Board of the Association in accordance with law and all applicable condominium documents; and provided further that any undertaking or contract entered into by the Association at a time the Developer has the right to appoint a majority of the Executive Board shall contain a provision reserving the right of the Association to terminate such undertaking or contract upon not more than ninety (90) days written notice to the other part(ies) thereto.

m) Any one or more of the members of the Executive Board may be removed, either with or without cause, at any time by a vote of at least sixty-seven (67%) of all members present and entitled to vote at any meeting of Owners at which a quorum is present; provided, however, that only Developer shall have the right to remove a Board Member appointed by it.

5. OFFICERS

a) The executive officers of the Association shall be a President, who shall be a Board Member, a Vice-President, a Treasurer, a Secretary and an Assistant Secretary, all of whom shall be elected annually by the Executive Board and who may be pre-emptorily removed by a vote of the Board Members at any meeting. Any person may hold two or more offices, except that the President shall not also be Vice-President, Secretary or an Assistant Secretary. The Executive Board shall, from time to time, elect such other officers and designate their powers and duties as the Executive Board shall find to be required to manage the affairs of the Association.

b) The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association.

c) The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board Members.

d) The Secretary shall keep the minutes of all proceedings of the Board Members and the members. He shall attend to the giving and serving of all notices to the members and Board Members, and such other notices required by law. He shall have custody of

the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall be responsible for the preparation, execution, certification and recordation of any amendments to the Declaration which the Association is required or allowed to prepare and record. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Board Members or the President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

e) The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep, or supervise the keeping of, the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

f) The compensation of all officers and employees of the Association shall be fixed by the Board Members. This provision shall not preclude the Executive Board from employing a Board Member as an employee of the Association, nor preclude the contracting with a Board Member for the management of the Condominium.

g) All officers shall serve at the pleasure of the Executive Board and any officer may be removed from office at any time, with or without cause, by a majority vote of the Executive Board.

6. FISCAL MANAGEMENT.

The provisions for fiscal management of the Association set forth in the Declaration and Articles of Incorporation shall be supplemented by the following provisions:

a) The assessment roll 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 each assessment against the Owner, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

b) The Executive Board shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to the following:

i) Common Expense budget which, subject to the limitations in the Declaration, may include the estimated amounts necessary for maintenance and operation of and capital improvements to the Common Elements including landscaping, street and walkways, office expense, utility services, casualty insurance, liability insurance, fidelity coverage, administration and reserves (operating and Capital Improvement and Replacement), management fees and costs of maintaining leaseholds, memberships and other possessory or use interests in lands or facilities

whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use or benefit to the Owners; and

ii) Proposed assessments against each member and his Unit.

Within thirty (30) days after its adoption of a budget, the Executive Board shall provide a summary thereof to all members, and shall set a date for a meeting of the members to consider ratification of the budget, which meeting shall be held not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Unless the meeting is the annual meeting of members of the Association, there shall be no requirement that a quorum be present at the meeting. The budget shall be ratified unless at that meeting members holding a majority of the Allocated Interests in the Common Elements of the Condominium reject the budget. In the event the proposed budget is rejected, the budget last ratified shall be continued until such time as the members ratify a subsequent budget proposed by the Executive Board.

c) The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board Members and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Board Members.

d) An audit of the accounts of the Association shall be made annually by an independent accountant, and a copy of the report shall be made available (not later than one hundred twenty (120) days after the end of the Association's fiscal year for which the report is made) to each member, his authorized agent and any holder, insurer or guarantor of a first mortgage secured by a Unit, upon such party's written request therefor.

e) Fidelity bonds shall be required by the Executive Board from all officers and employees of the Association who handle or are responsible for Association funds. The amount of such bonds shall be determined as set forth in the Declaration. The premiums on such bonds shall be paid by the Association. The professional management agent of the Association, if it handles Association funds, shall obtain its own fidelity insurance coverage, which shall provide the same coverage required of the Association by law or by the Declaration.

7. PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these Bylaws or with the Statutes of the State of North Carolina.

8. AMENDMENTS TO BYLAWS

Amendments to these bylaws shall be proposed and adopted in the following manner:

a) Amendments to these Bylaws may be proposed by the Executive Board of the Association acting upon a vote of the majority of the Board Members, or by members of the Association owning a majority of the Allocated Interests in the Common Elements of the Condominium, whether meeting as members or by instrument in writing signed by them.

b) Upon any amendment to these bylaws being proposed by said Executive Board or members, such proposed amendment shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Joint Meeting of the members of the Executive Board and the membership for a date not sooner than twenty (20) days or later than fifty (50) days from receipt by such Officer of the proposed amendment, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a Special Meeting of the members is required as herein set forth.

c) In order for such amendment to become effective, the same must be approved by an affirmative vote of a majority of the entire membership of the Executive Board and by an affirmative vote of the members owning in the aggregate not less than seventy percent (70%) of the Allocated Interests in the Common Elements of the Condominium. Thereupon, such amendment to these Bylaws shall be transcribed and certified by the President and Secretary of the Association.

d) Upon the approval of any amendment, the same shall become binding upon all Owners.

e) At any meeting held to consider any amendment to the Bylaws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

f) Notwithstanding the foregoing provisions of this Article 8, no amendment to these Bylaws which shall abridge, amend or alter the right of Developer to designate and select members of each Executive Board of the Association, as provided in Article 4 hereof, may be adopted or become effective without the prior written consent of Developer.

g) Notwithstanding the foregoing provisions of this Article 8, no material alteration, amendment or modification of these Bylaws (as defined in Article 31 of the Declaration) shall be effective without the consent of Institutional Lenders required in such Article.

9. AVAILABILITY OF DOCUMENTS AND RECORDS

The Executive Board shall cause to be maintained at the office of the Association a file containing current copies of the Declaration, the Articles of Incorporation, these Bylaws,

any Rules and Regulations applicable to the Condominium, and other books, records and financial statements of the Association. Such file and the documents and information contained therein shall be available for inspection, upon request, during normal business hours, by all Owners and their authorized agents, by holders, insurers and guarantors of first mortgages secured by Units, and by prospective purchasers of Units, all of whom may also, upon request and payment of a reasonable charge determined by the Executive Board, obtain copies thereof.

10. RULES AND REGULATIONS.

The following Rules and Regulations shall apply to the Condominium, the Common Elements, the Limited Common Elements and the Units. Owners shall, at all times, obey said Rules and Regulations and shall use their best efforts to see that they are faithfully observed by their families, guests, invitees, servants, lessees and persons over whom they exercise control and supervision.

a) The sidewalks, entrances, passages, stairways and all of Common Elements must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the premises; nor shall carriages, bicycles, motorbikes, mopeds, wagons, shopping carts, chairs, benches, tables, or any other object of similar type and nature be stored therein.

b) The personal property of any Owner shall be stored within his Unit, including within garage space(s) which are part of such Owner's Unit, and within any storage space which is a Limited Common Element appurtenant to such Owner's Unit.

c) No garbage cans, supplies, milk bottles or other articles shall be placed in any portion of the Common Elements, nor shall any linens, clothing, curtains, rugs, mops or laundry of any kind, or other articles, be shaken or hung on or from any balcony or terrace nor from any of the windows, doors or exposed on any part of the Limited Common Elements or Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly material. The Association shall have the right to remove unauthorized materials from the Common Elements without notice to any Owner.

d) No Owner shall allow anything whatsoever to fall from the windows of the Unit, nor shall he sweep or throw any dirt or other substances from his Unit.

e) Refuse and bagged garbage shall be deposited only in the area provided therefor.

f) Except as the Executive Board may otherwise provide, no trucks, commercial vehicles, recreational vehicles, motor homes, motorcycles, campers, boats or boat trailers may be parked upon the Common Elements. This proscription against trucks shall include any such vehicles for personal non-commercial use. Vans under 3,500 pounds gross vehicle weight (as indicated on such vehicle's State of North Carolina registration

certificate) that are used solely for personal non-commercial purposes shall be permitted. No car covers shall be allowed and no unlicensed vehicles or vehicles with an expired state inspection sticker shall be allowed to park on the Common Elements. No maintenance or repair work to any type of motor vehicles shall be conducted on the Common Elements. Anything to the contrary notwithstanding, a moped or other motorized bicycle may be kept on the Condominium property provided that it is not visible from the streets, roads and parking areas of the Condominium.

g) Owners, their guests, invitees and lessees shall be permitted to park permitted motor vehicles only in designated parking spaces. Violations of sections (f) and (g) of this paragraph 10 shall constitute a nuisance and, in addition to all other remedies available to it at law and in equity, the Association shall have the right: (i) to assess fines against an Owner for violations by him, his family and guests, invitees and lessees of his Unit; and (ii) to remove the offending vehicle from the Common Elements upon the commission of a second offense by an Owner, his family, guests, invitees and lessees. The cost of such removal and any storage fees shall be the responsibility of the Owner and the guest, invitee and lessee. The fines, costs and fees described in this section shall be deemed to be assessments as set forth in Article 26 of the Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments.

h) The Association shall have the right to assign exterior parking spaces for exclusive use by Owners of designated Units, their guests and invitees. Any such assignment shall not affect the characterization of such parking spaces as Common Elements.

i) Employees of the Association or its professional managing agent shall not be sent off the condominium premises by any Owner at any time for any purpose. No Owner or resident shall direct, supervise or in any manner attempt to assert any control over the employees of the Association or the managing agent.

j) No Owner shall make or permit any disturbing noises by himself, his family, servants, employees, agents, visitors and licensees, nor do or permit anything by such persons which will interfere with the rights, comforts or convenience of the Owners.

k) No Owner shall cause any improvements or alterations to be made to the exterior of the Condominium (including painting or other decoration, the installation of electrical wiring, television or radio antennae, or any other objects or devices which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of the exterior portion of any building without the prior written permission of the Architectural Control Committee, as set out in Article 17 of the Declaration. No Owner shall cause any object to be fixed to the Common Elements or to any Unit's terrace or balcony (including the location or construction of fences or the planting or growing of flowers, trees, shrubs or other vegetation) or in any manner change the

appearance of the exterior of the Condominium without the prior written permission of the Architectural Control Committee.

l) The Executive Board may retain a pass-key to all Units. No Owner or Occupant shall alter any lock or install a new lock without the written consent of the Executive Board. Where such consent is given, the Owner shall provide the Association with an additional key for the use of the Association pursuant to its right of access.

m) No flammable, combustible or explosive fluid, chemical or substance shall be kept or used in any Unit, Limited Common Elements or Common Elements except as are required for normal household use.

n) No resident of the Condominium shall post any advertisements or posters of any kind in or on the Common Elements except as authorized by the Association.

o) No animals other than common household pets shall be kept or maintained in any Unit, and no more than three (3) common household pets shall be kept or maintained in any Unit. Common household pets shall not be kept, bred or maintained for commercial purposes. No structure for the care, housing or confinement of any pet shall be constructed or maintained on any part of the Condominium property. Animals shall be permitted on the Common Elements only if on a leash or under direct voice control of the owner and in compliance with all laws and ordinances of the City of Greensboro and County of Guilford relating thereto.

11. ENFORCEMENT

The Association, or any Owner, shall have the right to enforce by any proceeding at law or in equity, the Rules and Regulations of the Association as set forth herein or as they may exist from time to time. In addition, the Executive Board shall have the right to assess reasonable fines against an Owner for violations of the Association's published Rules and Regulations by such Owner, his family, guests, invitees and lessees. Such fines shall be deemed to be assessments as set forth in Article 26 of the Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments. Failure by the Association or by any Owner to enforce any rule or regulation shall in no event be deemed a waiver of the right to do so thereafter. The Association shall have the right to request that law enforcement, public safety and animal control officers come on to the Common Elements to facilitate the enforcement of the laws, codes and ordinances of any governmental authority and the rules and Regulations of the Association.

12. COMPLIANCE

These Bylaws are set forth to comply with the requirements of the North Carolina Condominium Act, Chapter 47C of the General Statutes of the State of North Carolina.

In the event that any of these Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

The foregoing were adopted as the Bylaws of Seven Gates Condominium Association, Inc., a non-profit corporation under the laws of the State of North Carolina, at the first meeting of the Executive Board on February 20, 2006.

Secretary

APPROVED:

President

SCHEDULE "A"

Seven Gates Condominium Association, Inc.

Lying and being located in Friendship Township, Guilford County, North Carolina, and being more particularly described as follows:

TRACT I:

BEGINNING at an existing pin iron located in the northern right-of-way margin of New Garden Road, said existing iron pin marking the southwestern corner of the property of Richard P. Blackburn and wife, as described in that certain deed recorded in Deed Book 3454, Page 1900, Guilford County Registry, and from said Beginning point running thence along the northern right-of-way margin of New Garden Road, South 53 deg. 52 min. 16 sec. West 216.95 feet to an existing pin iron; thence running along a curve to the right having a radius of 28.00 feet a chord bearing and distance of North 72 deg. 36 min. 56 sec. West 34.27 feet to an existing pin iron; thence running North 34 deg. 52 min. 20 sec. West 4.85 feet to an existing pin iron; thence running South 55 deg. 11 min. 00 sec. West 6.40 feet to an existing pin iron; thence continuing South 55 deg. 11 min. 00 sec. West 30.72 feet to a new pin iron; thence running North 31 deg. 34 min. 09 sec. West 528.80 feet to an existing pin iron; thence running North 18 deg. 17 min. 42 sec. West 31.65 feet to an existing iron pipe; thence running North 70 deg. 18 min. 19 sec. East 195.28 feet to an existing iron pipe; thence running North 70 deg. 25 min. 33 sec. East 93.51 feet to a new iron pipe; thence running South 32 deg. 46 min. 13 sec. East 201.83 feet to an existing iron pipe; thence running South 28 deg. 09 min. 07 sec. East 310.18 feet to the point and place of BEGINNING.

TRACT II:

BEGINNING at an existing iron pipe, said existing iron pipe being located at the northwestern corner of the property of Morris Newlin and wife, as described in that certain deed recorded in Deed Book 2751, Page 889, Guilford County Registry, and from said beginning point running thence North 18 deg. 14 min. 24 sec. West 342.79 ft. to a new iron pipe; thence running North 80 deg. 18 min. 14 sec. East 191.59 ft. to an existing iron pipe; thence running North 09 deg. 32 min. 32 sec. East 25.21 ft. to an existing iron pipe; thence running North 89 deg. 27 min. 14 sec. East 99.84 ft. to an existing iron pipe; thence running North 89 deg. 20 min. 04 sec. East 178.54 ft. to an existing iron pipe; thence running North 89 deg. 19 min. 10 sec. East 120.27 ft. to an existing iron pipe; thence running North 89 deg. 23 min. 57 sec. East 249.84 ft. to an existing iron pipe (bent); thence running South 23 deg. 21 min. 19 sec. East 116.10 ft. to an existing iron pipe; thence running South 70 deg. 03 min. 48 sec. West 634.71 ft. to an existing iron pipe; thence running South 70 deg. 00 min. 52 sec. West 195.30 ft. to the point and place of BEGINNING, the same containing 4.684 acres, as per map of survey thereof prepared by John V. Dillon, Professional Land Surveyor, dated February 16, 2005, and being the same property as described in that certain deed from Onis M. Nelson to Frank L. McCarty as described in that certain deed recorded in Deed Book 3053, Page 821, Guilford County Registry.