

BY-LAWS

OF

QUARTERPATH TRACE ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is QUARTERPATH TRACE ASSOCIATION, hereinafter referred to as the "Association." The principal office of the corporation shall be located at 809 West Main Street, Guilford County, Jamestown, North Carolina but meetings of members and directors may be held at such places within the State of North Carolina, County of Guilford, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Quarterpath Trace Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets.

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

Section 6. "Declarant" shall mean and refer to Quarterpath Trace, a North Carolina Limited Partnership, and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

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

Section 8. "Member" shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the Declaration and in Article III, Section 1 of these By-Laws.

Section 9. "Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence.

Section 10. "Invitee-User" shall mean and refer to any person who is not a Member of the Association as defined in the Declaration and in Article I, Section 8 of these By-Laws but who has paid a fee to use any common facilities erected on the Properties.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot subject to assessment. The voting rights of the Members shall be as provided by the Declaration.

Section 2. Property Rights. Each Member shall be entitled to the use and enjoyment of the facilities as provided in the Declaration. Any Member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property. Such Member shall notify the secretary of the Association in writing of the name of the delegate. The rights and privileges of such delegates are subject to suspension to the same extent as those of the Member.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 o'clock, P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

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

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

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

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE V

SELECTION AND TERM OF BOARD OF DIRECTORS

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

Section 2. Term of Office. At the first annual meeting the members shall elect three directors for a term of two years, and two directors for a term of one year; and at each annual meeting thereafter the members shall elect directors for a term of two years.

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

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

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

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

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

ARTICLE VII

MEETINGS OF DIRECTORS

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

3. This Resolution, as well as a cover letter explaining the effect of same, shall be distributed no less than two (2) times to the members of this Association prior to the effective date. The effective date of this Resolution is the first day of June 1993.

4. Any and all amounts owing to the Association from any source whatsoever by members of the Association may be paid to the Association by the last day of May, 1993, without incurring any penalty whatsoever for late charges.

5. The application of late charge and the effective date of this policy shall begin with the monthly assessment payable as of the first day of June, 1993, and subsequent months.

ADOPTED by the Board of Directors of the Quarterpath Trace Association, Inc. this 20th day of April 1993.

Secretary of the Association

RESOLUTION OF QUARTERPATH TRACE ASSOCIATION, INC.

RE: COLLECTION OF DELINQUENT ASSESSMENTS

WHEREAS, it is the responsibility of the Board of Directors of the Association to insure that periodic payment of assessments by members are collected in a timely fashion to provide efficient management of the affairs of the Association; and

WHEREAS, from time to time, some members of the Association become delinquent in payment of their obligations causing extraordinary action to be taken by the Board of Directors in collection of those assessments; and

WHEREAS, prior to the adoption of this Resolution, the Board of Directors has not charged late fees on delinquent assessments because a written policy has not been distributed to the members of the Association giving them due notice of this change in procedure; and

WHEREAS, the Board of Directors, in exercise of its fiduciary responsibility to the members of the Association to collect dues and assessments in a timely manner has determined that a late fee shall be assessed for delinquent homeowners' assessments as more particularly provided in this Resolution; and

WHEREAS, the anticipated effect of late fee levied against late payment of assessments will provide for a more efficient operation of the affairs of the Association; and

WHEREAS, the Board of Directors of the Association deems it in the best interest of all of the members of this Association that a firm policy be established and distributed to all members.

NOW, THEREFORE, BE IT RESOLVED THAT the following Resolution was adopted by the Board of Directors of this Association at its meeting held the 20th day of April 1993.

RESOLVED THAT,

1. Monthly payments of prorated annual assessments are due and payable on the first day of each calendar month unless otherwise agreed to by the Board of Directors.

2. Any monthly payment of prorated annual assessment not received for two consecutive months shall be subject to a late fee charge of Ten Dollars (\$10.00) per month to be assessed at the end of the second month and consecutive months thereafter.