

BYLAWS OF
WYNSTON PARK TOWNHOMES OWNER'S
ASSOCIATION, INC.

ARTICLE 1

Name, Offices and Fiscal Year

Section 1.1 Name. The name of this organization is Wynston Park Townhomes Owner's Association, Inc. (hereinafter referred to as the "Association"). The name of the Association may be changed by Amendment to its Articles of Incorporation which is approved in the manner prescribed by applicable law, the Articles of Incorporation and these Bylaws.

Section 1.2 Principal Office and Registered Office. The principal office of the Association shall be located at 500 Spring Garden Street, Greensboro, Guilford County, NC 27403, or at such other address as the Board may determine from time to time. The address of the initial registered office of the Association in the State of North Carolina shall be 701 Green Valley Road, Suite 100, Greensboro, Guilford County, NC 27408. The Board may from time to time change the registered office of the Association in the State of North Carolina to another location in such State.

Section 1.3 Other Offices. The Association may have other offices at such other places within the State of North Carolina as the Board may from time to time determine or as the affairs of the Association may require.

Section 1.4 Fiscal Year. The fiscal year of the Association shall be the calendar year or as otherwise determined by the Board.

ARTICLE 2

Purpose

Section 2.1 Purpose. The purpose of the Association is to act on behalf of its Members collectively as their governing body with respect to the administration and operation of the "Property" (as this term is hereafter defined), which Property is part of the Townhome project and is subject to the North Carolina Planned Community Act, as amended, and as such to own and acquire any real estate or interest or rights therein or appurtenant thereto and any and all personal property in connection therewith as may be incidental or necessary to such purpose.

Section 2.2 Definitions. The words, phrases and terms used in these Bylaws which are not specifically defined herein shall have the meanings as set forth in the Declaration of Covenants, Conditions and Restrictions For Wynston Park Townhomes , recorded in the Office of the Register of Deeds for Forsyth County, North Carolina (the "Declaration"), if any.

Section 2.3 Applicability of Bylaws. The provisions of these Bylaws are applicable to the Property and the use and occupancy thereof. The term "Property" as used in these Bylaws shall include the Property, all easements, rights, and appurtenances belonging thereto, and all other property, personal or fixed, intended for use in connection therewith. All present and future Lot Owners, mortgagees including First Mortgagees, lessees and Occupants of any portion of the Property and their employees, and any other persons who may use the facilities of the Property in any manner are subject to the Declaration, these Bylaws and the Rules and Regulations and any amendment to these Bylaws or the Declaration upon the same being approved and recorded in the Declaration. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Lot or any portion of the Property shall constitute an agreement that these Bylaws and the Rules and Regulations and the provisions of the Declaration or other agreements or restrictions to which such Property may be subject as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE 3

Membership

Section 3.1 Qualification. Membership in the Association shall be limited to the Lot Owners, and every Lot Owner shall automatically be a Member of the Association. Membership in the Association shall be appurtenant to and may not be separated from Lot ownership. Membership in the Association shall inure automatically to Lot Owners upon acquisition of the fee simple title (whether encumbered or not) to any one or more Lots. The date of recordation in the Office of the Register of Deeds of Forsyth County of the conveyance of the Lot in question shall govern the date of ownership of each particular Lot.

Section 3.2 Lot Ownership. Title to portions of the Property may be taken in the name of an individual, or in the names of two or more persons as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation or partnership or association, or in the name of a fiduciary, and the same, collectively if more than the one person or entity, shall be deemed the Lot Owner for the purposes of these Bylaws.

Section 3.3 Place of Meetings. All meetings of the membership shall be held at the Property or at such other suitable place convenient to the Lot Owners as may be designated by Board and stated in the notice of the meeting.

Section 3.4 Annual Meetings. There shall be an annual meeting of the Lot Owners at 7:00 p.m. on the first Monday in April of each year; if not a legal holiday, and if a legal holiday, then at the same time on the next business day following the legal holiday. At such meetings, the Lot Owners shall elect new members to the Board to fill vacancies thereon in accordance with Section 4.4 of these Bylaws, and the Members shall transact such other business as may properly come before them.

Section 3.5 Substitute Annual Meetings. If an Annual Meeting shall not be held on the day designated by these Bylaws, a Substitute Annual Meeting may be called in accordance with the provisions of Section 3.6 and Section 3.7. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

Section 3.6 Special Meetings. After the first Annual Meeting of the Members, Special Meetings of the Members may be called at any time (i) by the President; (ii) by Lot Owners having at least twenty percent (20%) of the votes in the Association; or (iii) by not less than fifty-one percent (51%) of the Board members. No business shall be transacted at a Special Meeting except as stated in the notice.

Section 3.7 Notice Of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Lot Owners at least fifteen (15) but not more than sixty (60) days prior to such meeting, stating the time and place where the meeting is to be held and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove Board members or officers. The notice shall be hand-delivered or mailed postage prepaid to each Lot Owner of record at such address as such Lot Owner shall have designated by notice in writing to the Secretary. Notice shall be deemed given upon personal delivery or deposit in the United States mail. Notice given to any one tenant in common, tenant by entirety or other joint Lot Owner of a Lot shall be deemed notice to all joint Lot Owners of the subject Lot. Notice shall also be mailed postage prepaid to all First Mortgagees so requesting under the provisions of Article XVII of the Declaration, who may request a representative to attend the meeting of Lot Owners.

Section 3.8 Voting Rights. There shall be one person with respect to each Lot Ownership who shall be entitled to vote at any meeting of the Lot Owners (the "Voting Member"). The Voting Member may be the Lot Owner, or one of a group composed of all of the owners of a Lot or may be some other person designated by such Lot Owners to act as proxy on his or their behalf, and who need not be a Lot Owner. Each Lot Owner or group of owners shall be entitled to one vote for each Lot owned. No votes allocated to a Lot or Lots owned by the Association may be cast.

Section 3.9 Waiver of Notice of Meeting. Any Lot Owner may, at any time, waive notice of any meeting of the Association in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Lot Owner at any meeting of the Association shall constitute a waiver by him of the time and place thereof except where a Lot Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.

Section 3.10 Proxies. Voting Members may vote either in person or by agents duly authorized by written proxy executed by the subject Voting Member or by his duly authorized attorney-in-fact. A proxy is not valid after the earlier of the terms stated therein or the expiration of twelve (12) months from the date of its execution. Unless a proxy otherwise provides, any

proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. A Member may not revoke a proxy given pursuant to this Section 3.10 except by written notice of revocation delivered to the person presiding over a meeting of the Association. A proxy is void if it is not dated.

Section 3.11 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Lot Owners having at least fifty percent (50%) of the total votes which may be cast for election of the Board shall constitute a quorum at all meetings of the Lot Owners. If any meeting of the Lot Owners cannot be held because a quorum has not attended, a majority in number of those Lot Owners present at such meeting may adjourn the meeting, and at any adjourned meeting the quorum required shall be reduced by 50% of the original quorum required. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called and adjourned may be transacted without further notice. The Voting Members at a meeting at which a quorum was present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum.

Section 3.12 Majority Vote. The vote of a majority of the Voting Members present at a meeting at which a quorum shall be present shall be binding upon all Lot Owners for all purposes except where by law or in the Declaration or these Bylaws a higher percentage vote is required.

Section 3.13 Actions Without Meeting. Any action which may be taken at a meeting of the membership may be taken without a meeting if consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and such consent is filed with the Secretary of the Association and inserted in the minute book of the Association.

ARTICLE 4

Board

Section 4.1 General Powers. The business, property and affairs of the Association shall be managed by the Board (the "Board") or by such committees as the Board may establish pursuant to these Bylaws. Provided, however, the Board may not act on behalf of the Association to amend the Declaration, to terminate the Association, to elect members of the Board, or to determine the qualifications, powers and duties, or terms of office of Board members. The Board may, however, fill vacancies in its membership for the unexpired portion of any term.

Section 4.2 Number And Qualification. The initial Board shall consist of the four (4) individuals whose names are set forth in the Articles of Incorporation of the Association.

Section 4.3 Powers And Duties. The Board shall have the powers and duties necessary or convenient for the administration of the affairs of the Association and Townhouse and may do all such acts and things except those which by law or by the Declaration or by these Bylaws may not be delegated to the Board. The powers of the Board shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the Property other than the Lots.
- (b) Determination of the Common Expenses required for the affairs of the Association.
- (c) Collection of Common Expenses from Lot Owners as herein or in the Declaration provided.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Property.
- (e) Adoption and amendment of Rules and Regulations covering the details of the operation and use of the Property. Written notice of such Rules and Regulations shall be given to all Lot Owners or Occupants, and the Property shall at all times be maintained subject to such Rules and Regulations.
- (f) Opening of bank accounts on behalf of the Association and designating the signatories required therefore.
- (g) Supervising all officers, agents and employees of the Association and insuring that their duties are properly performed.
- (h) Enforcing, on behalf of the Association, the obligations and assessments provided in the Declaration, including, but not limited to, the institution of civil actions to enforce payment of the assessments as provided in the Declaration, the institution of actions to foreclose liens for such assessments in accordance with the terms of N.C.G.S. § 47C-3-116 or any successor provision, the imposition of charges for late payment of assessments, and after notice and an opportunity to be heard, levying reasonable fines for violations of the Declaration, these Bylaws and the Rules and Regulations, not to exceed One Hundred Fifty and No/100 Dollars (\$150.00) per violation.
- (i) Enforcing by any legal means or proceeding the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration or the Rules and Regulations hereinafter promulgated governing use of the Common Elements.
- (j) Paying all taxes and assessments which are or may become liens against any part of the Townhomes, other than the Lots, and to assess the same against the Lot Owners in the manner herein provided.

(k) Purchasing or leasing or otherwise acquiring in the name of the Association or its designee, corporate or otherwise, on behalf of all Lot Owners, Lots offered for sale or surrendered by their Lot Owners to the Association.

(l) Purchasing of Lots at foreclosure or other judicial sales in the name of the Association or its designee, corporate or otherwise, on behalf of all Lot Owners.

(m) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board), or otherwise dealing with Lots acquired by, and subleasing Lots leased by, the Association, or its designee, corporate or otherwise, on behalf of all Lot Owners.

(n) Organizing corporations to act as designees of the Board in acquiring title to or leasing of Lots on behalf of all Lot Owners.

(o) Obtaining insurance as required or permitted under the terms of the applicable provisions of these Bylaws or the Declaration.

(p) Making of repairs, additions and improvements to or alterations of the Property other than the Lots and repairs to and restoration of the Property other than the Lots in accordance with the other provisions of these Bylaws, after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

(q) Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the President, Vice President or Treasurer of the Association, and countersigned by any member of the Board.

(r) Furnishing certificates setting forth the amounts of unpaid assessments that have been levied upon a Lot to the Lot Owner or Mortgagee of such Lot, or a proposed purchaser or Mortgagee of such Lot, and imposing and collecting reasonable charges therefore.

(s) Exercising any other powers and duties reserved to the Association and exercisable by the Board in the Declaration, the Articles of Incorporation, these Bylaws, or the North Carolina Planned Community Act, as amended.

Section 4.4 Election of Board Members. Except as provided herein, the members of the Board (also referred to as the "Directors") shall be elected at the annual meeting of the Association, and those persons who receive the highest number of votes shall be deemed to have been elected. Notwithstanding anything herein to the contrary, the Board shall consist of three Directors during the period that Declarant is entitled to appoint a majority of the Directors. The Declarant shall have the right to appoint or remove the Directors until the earlier of the following three dates: (a) within 120 days after the date by which 75% of the Lots (including any Lots

which may be created pursuant to Special Declarant Rights) have been conveyed to Lot purchasers other than Declarant; (b) two years after all Declarants have ceased to offer Lots for sale in the ordinary course of business, or (c) two years after any development right to add additional Lots under the North Carolina Planned Community Act, as amended, was last exercised.

The Declarant can turn over control of the Association to such Lot Owners other than the Declarant prior to such dates in its sole discretion by causing all or part of its appointed Directors to resign, whereupon it shall be the affirmative obligation of Lot Owners other than the Declarant to elect Directors and assume control of the Association. Provided at least 30 days notice of Declarant's decision to cause its appointees to resign is given to Lot Owners, neither the Declarant, nor such appointees, shall be liable in any manner in connection with such resignations even if the Lot Owners other than the Declarant refuse or fail to assume control.

Within 60 days after conveyance of 25% of the Lots (including Lots which may be created pursuant to Special Declarant Rights) to Lot Owners other than the Declarant, at least one Director and not less than 25% of the directors of the Board shall be elected by Lot Owners other than the Declarant. Within 60 days after conveyance of 50% of the Lots (including Lots which may be created pursuant to Special Declarant Rights) to Lot Owners other than the Declarant, not less than 33% of the Directors of the Board shall be elected by Lot Owners other than the Declarant.

Section 4.5 Independent Manager. The Board may employ or enter into a management contract with any individual, firm or entity it deems appropriate and in the best interest of the Association concerning the routine management of the Townhomes. The Board may delegate to such person, firm or entity (the "Manager" or "Independent Manager") such duties and responsibilities in the management of the Property as the Board deems appropriate. Provided, the Board may not delegate to the Independent Manager the complete and total responsibilities and duties of the Association in violation of the North Carolina Nonprofit Corporation Act, as amended or the North Carolina Planned Community Act, as amended. The Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Board and subject to its direction. Any management agreement for the Townhome Association shall be terminable by either party without cause and without payment of a termination fee or penalty upon 90 days or more written notice thereof and the terms of such agreement may not exceed one year, renewable by agreement of the parties for successive one year terms. Any management agreement shall be terminable by either party for cause upon the giving of not less than 30 days written notice.

Section 4.6 Term Of Office and Qualification. The term of office of each member of the Board shall be three years. Each member of the Board shall hold office until his successor shall have been elected and qualified. If the number of members of the Board shall at any time be increased, the terms of such additional members shall be fixed so that terms of at least one-third (1/3) but not more than one-half (1/2) of the members of the Board shall expire annually.

Nothing herein contained shall be construed to prevent the election of a Director to succeed himself. Each Board member, except those selected by the Declarant pursuant to these Bylaws, shall be one of the Lot Owners or co-owners, provided, however, that in the event a Lot Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then an officer or director of such corporation, partner of such partnership, beneficiary of such trust or manager of such other legal entity shall be eligible to serve as a member of the Board.

Section 4.7 Removal. At any regular or special meeting of Lot Owners at which a quorum is present, any one or more of the members of the Board not appointed by the Declarant may be removed with or without cause by a vote of at least 67% of all Voting Members present and entitled to vote; members of the Board appointed by the Declarant may be removed only with the prior written consent of the Declarant. Provided, the notice of the meeting must state that the question of such removal will be acted upon at the subject meeting. If any members of the Board are so removed, their successors as Board members may be elected by the membership at the same meeting to fill unexpired terms of the Board members so removed. Any member of the Board whose removal has been proposed by the Lot Owners shall be given an opportunity to be heard at the meeting.

Section 4.8 Resignation. Any Board member may resign at any time, by sending a written notice of such resignation to the Association delivered to the Secretary thereof. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary.

Section 4.9 Vacancies. Vacancies on the Board caused by any reason other than the removal of a member thereof by a vote of the Lot Owners shall be filled by a vote of a majority of the remaining members of the Board at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, provided that there is a quorum of the then remaining members present at such meeting. Each person so elected shall be a member of the Board for the remainder of the term of his predecessor and until a successor shall be elected at the next annual meeting of the Lot Owners. In the event that Declarant, in accordance with these Bylaws, selects any person to serve on the Board, Declarant shall have the absolute right at any time, in its sole discretion, to replace such person with another person to serve on the Board. Replacement of any person designated by the Declarant to serve on the Board shall be made by written instrument delivered to any officer of the Association.

Section 4.10 Chairperson. A member of the Board shall be elected as Chairperson of the Board by the Board members at the first meeting of the Board. The Chairperson shall preside at all meetings of the Board and perform such other duties as may be directed by the Board. Prior to the election of a Chairperson and/or in the event that the Chairperson is not present at any meeting of the Board, the President shall preside.

Section 4.11 Compensation. No member of the Board shall receive any stated salary or fixed fee for their services but, by resolution of the Board, shall be reimbursed for their reasonable

expenses incurred in attendance at regular and special meetings of the Board. Members of the Board shall be reimbursed for all expenditures made by them on behalf of the Association or the Board. All such reimbursements shall be deemed part of the common expenses and as such shall be subject to the review of the Lot Owners.

Section 4.12 Loans to Board Members and Officers. No loans shall be made by the Association to its Board members or officers. The Board members who vote for or assent to the making of a loan to a Board member or officer of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

Section 4.13 Meetings of the Board.

(a) Regular Meetings. The first meeting of the initial Board designated by the Declarant shall be held at such time as Declarant shall determine, but in no event later than one year from the date of incorporation of the Association. Thereafter, regular meetings shall be held, without notice, at such hour and address as may be fixed from time to time by resolution of the Board. Should any such 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.

(b) Special Meetings. Special meetings shall be held when called by the President of the Association, or by any two Board members, after not less than three (3) or more than thirty (30) days written notice to each member of the Board.

(c) Notices of Special Meetings. The notice provided for herein may be waived by written instrument signed by those Board members who do not receive said notice. Except to the extent otherwise required by law, the purpose of a Board members' special meeting need not be stated in the notice. Notices shall be deemed received upon the happening of any one of the following events: (i) one day following deposit of the same in the United States mail with proper postage paid and addressed to the Board member at his last known address on file with the Association; (ii) deposit of same in his Lot mail box; or (iii) delivery to the Board member. Attendance by a Board member at a meeting shall constitute a waiver of notice of such meeting unless the subject Board member gives a written statement at the meeting to the person presiding objecting to the transaction of any business because the meeting is not lawfully called and gives such notice prior to the vote on any resolution.

(d) Approved Meeting Place. All Board meetings shall be held in Guilford County, North Carolina.

(e) Quorum. A majority of the Board members then holding office shall constitute a quorum for the transaction of business and every act or decision done or made by a majority of the Board members present at a duly held meeting at which quorum is present shall be regarded as the act or decision of the Board.

(f) Minutes. The Board shall keep minutes of its proceedings, which shall be available for inspection by the Lot Owners during reasonable business hours.

Section 4.14 Action Without Meeting. The members of the Board 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 of the members of the Board. Any such action or authorization shall have the same force and effect as if taken or authorized at a meeting of the Board. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 4.15 Presumption of Assent. A Board member who is present at a meeting of the 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 of the meeting 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 member of the Board who voted in favor of such action.

Section 4.16 Fidelity Bonds. The Board shall obtain adequate fidelity bonds for all officers and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute a common expense.

ARTICLE 5

Committees

Section 5.1 Creation. The Board, by resolutions adopted by a majority of the number of Board members then holding office, may create such committees as they deem necessary and appropriate in aiding the Board to carry out its duties and responsibilities with respect to the management of the Townhome Association. Each committee so created shall have such authority and responsibilities as the Board members deem appropriate and as set forth in the resolutions creating such committee. The Board shall elect the members of each such committee. Provided, each committee shall have in its membership at least one (1) officer or one (1) member of the Board.

Section 5.2 Vacancy. Any vacancy occurring on a committee shall be filled by a majority of the number of Board members then holding office at a regular or special meeting of the Board.

Section 5.3 Removal. Any member of a committee may be removed at any time with or without cause by a majority of the number of Board members then holding office.

Section 5.4 Minutes. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 5.5 Responsibility of Board Members. The designation of committees and the delegation thereto of authority shall not operate to relieve the Board or any member thereof of any responsibility or liability imposed upon it or him by law.

If action taken by a committee is not thereafter formally considered by the Board, a member of the Board may dissent from such action by filing his written objection with the Secretary with reasonable promptness after learning of such action.

ARTICLE 6

Officers

Section 6.1 Designation. The officers of the Association shall be a President, a Vice-President, a Secretary, a Treasurer and such assistants to such officers and such other officers as the Board may deem necessary from time to time, all of whom shall hold office at the pleasure of the Board. The President, Vice President, Secretary and Treasurer shall be elected from among the Board, and all other officers, if any, need only be a Lot Owner. The officers elected by the initial Board are not required to be Lot Owners.

Section 6.2 Election and Term. The officers of the Association shall be elected annually by the Board at its Annual Meeting. Each officer shall hold office for a period of one year, or until his death, resignation, removal or until his successor is elected and qualified.

Section 6.3 Removal. Upon the affirmative vote of a majority of the members of the Board then holding office, any officer may be removed, either with or without cause, and his successor elected at any annual meeting of the Board or at any special meeting of the Board called for such purpose.

Section 6.4 Vacancy. A vacancy in any office may be filled by the election by the Board of a successor to such office. Such election may be held at any meeting of the Board. The officer elected to such vacancy shall serve for the remaining term of the officer he replaces.

Section 6.5 Multiple Offices. The person holding the office of President shall not also hold the office of Secretary or Treasurer at the same time. Any other offices may be simultaneously held by one person.

Section 6.6 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Lot Owners. In the absence of an elected Chairperson, he shall preside at all meetings of the Board. He shall have all of the general powers and duties which are incident to the office of president of a corporation organized under

Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Association in accordance with these Bylaws.

Section 6.7 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President or Vice President is able to act, the Board shall appoint some other member of the Board to act in place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board or which shall be delegated to him by the President.

Section 6.8 Secretary. The Secretary shall keep the minutes of all meetings of the Lot Owners; keep records of Lot Ownership, each Lot Owner's vote total and the total authorized vote; he shall have charge of such books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of secretary of a corporation organized under Chapter 55A of the North Carolina General Statutes.

Section 6.9 Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board, or the Independent Manager, in such depositories as may from time to time be designated by the Board, and he shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under Chapter 55A of the North Carolina General Statutes.

Section 6.10 Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board.

Section 6.11 Compensation. Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to the offices held by such officers. The Board may, however, with a unanimous vote, compensate any officer or officers who render unusual and extraordinary services to the Association beyond that called for to be rendered by such person or persons on a regular basis. Officers shall be reimbursed for all expenditures made by them on behalf of the Association. All such reimbursements shall be deemed part of the common expenses and as such shall be subject to the review of the Lot Owners.

Section 6.12 Indemnification. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act, as amended in effect at the applicable times, each officer is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as an officer. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act, as amended.

ARTICLE 7

Operation of the Property

Section 7.1 Determination of Common Expenses and Fixing of Common Charges. The Board shall, from time to time, and at least annually, prepare or cause to be prepared a budget for the Association based on an estimation of expenses, income and establishment of necessary reserves for the following year. The Common Expenses shall include, among other things: (a) the cost of all insurance premiums on all policies of insurance to be or which have been obtained by the Board pursuant to the provisions hereof; (b) any payments to be made to members of the Board and Officers in accordance with the provisions hereof; and (c) such amounts as the Board may deem proper for the operation and maintenance of the Property, including without limitation, amounts for working capital of the Association, a general operating reserve, a reserve fund for replacements, a Capital Improvement Fund, and to make up for any deficit in income against expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Association or its designee, corporate or otherwise, on behalf of all Lot Owners, of any Lot in accordance with the provisions of these Bylaws, including any Lot which is to be sold at a foreclosure or other judicial sale.

Within 30 days after adoption of a proposed budget by the Board, the Board shall furnish a summary of such budget to each Lot Owner and to his Mortgagee and shall give notice of a date for a meeting of the Lot Owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary and notice. Notwithstanding anything herein to the contrary, a quorum is not required at the meeting to ratify the budget. The budget is ratified unless at the meeting a majority of all of the Lot Owners, whether or not present at the meeting, votes to reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Board. Until a new annual budget is sent to each Lot Owner by the Board, each Lot Owner shall continue to pay that amount which had been established on the basis of the previous budget. If at any time the Board shall deem the amount of the total Lot Owners' common charges to be inadequate by reason of its revision in its estimate of either expenses or income, the Board shall prepare and cause to be delivered to the Lot Owners a revised annual budget for the balance of the year and thereafter common charges shall be determined and paid on the basis of such revision.

Section 7.2 Payment Of Common Expenses. All Lot Owners shall be obligated to pay (a) Annual Assessments of Common Expenses assessed by the Board pursuant to the provisions of Section 7.1; (b) special assessments to be established and collected as provided herein, and (c) specific assessments against any Lot which are established pursuant to the terms of these Bylaws. Annual Assessments shall be due and payable in monthly installments on the first day of every month. A late payment charge in an amount to be determined by the Board shall be assessed for any installment not paid by the tenth of the month. Any installment not paid during

the month in which it is due shall be subject to the late payment charge and shall accrue interest as provided in Section 7.6, and shall constitute a lien on the Lot as provided in Section 7.7.

No Lot Owner shall be liable for the payment of any part of the Common Expenses assessed against his Lot subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Lot, together with his interest in the Common Elements (and Limited Common Elements, if any). A purchaser of a Lot shall be jointly and severally liable with the seller for the payment of Assessments assessed against such Lot prior to the acquisition by the purchaser of such Lot only if the purchaser expressly assumes such obligation in writing; provided, however, the lien assessed against such Lot shall remain in full force and effect. Any such purchaser shall be entitled to a statement from the Board setting forth the amount of the unpaid Assessments against the seller, and the Lot conveyed shall not be subject to a lien for any unpaid assessments in excess of the amount shown on the statement. Provided, however, that an Institutional Lender or other purchaser of a Lot at a foreclosure sale of such Lot or an Institutional Lender who takes a deed in lieu of foreclosure shall not be liable for, and such Lot shall not be subject to, a lien for the payment of Common Expenses assessed prior to the foreclosure sale or deed in lieu of foreclosure. Such unpaid Common Expenses shall be deemed to be Common Expenses collectible from all of the Lot Owners, including such purchaser, his successors and assigns.

Section 7.3 Special Assessments. The Association may levy Special Assessments for Common Expenses not covered by the Annual Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, provided that any such Assessment shall have the assent of not less than two-thirds of the Voting Members at a meeting duly called for this purpose. Such Special Assessments shall be charged to the Lots according to their Allocated Interests in the Common Elements. In addition, the Board may levy Special Assessments against one or more, but less than all, of the Lots to cover repairs or maintenance for which such Lot Owner or Lot Owners are responsible and which they have failed to make, or for repairs or maintenance required of a Lot Owner or Lot Owners which impair the value of the Common Elements or the Lot or Lots, or expenses which are incurred in the abatement of or as a result of a violation by a Lot Owner or Owners of the provisions of the Declaration, the Bylaws or the Rules and Regulations, or for fines levied for said violations, or where the Board of purchased a Lot on behalf of one or more Lot Owners. The period of assessment and manner of payment of such assessment shall be determined by the Board.

Section 7.4 Collection Of Common Charges. The Board shall assess common charges against the Lot Owners from time to time, but at least annually, and shall take prompt action to collect charges due from any Lot Owner which remain unpaid for more than thirty (30) days from the date due for payment thereof.

The Board shall notify First Mortgagees pursuant to the provisions of the Declaration of any amount assessed pursuant to these Bylaws that remains unpaid for more than 60 days from its due date and in any other case where the Lot Owner is in default with respect to the performance of any obligation hereunder for a period in excess of 60 days.

Section 7.5 Collection of Assessments. The Board shall determine Common Expenses against the Lot Owners from time to time, but at least annually, and may, as the Board shall determine, take prompt action to collect any assessments due from any Lot Owner which remain unpaid for more than 30 days from their due date.

The Board shall notify First Mortgagees pursuant to the provisions of the Declaration of any amount assessed pursuant to these Bylaws which remains unpaid for more than 60 days from its due date, and in any other case where the Lot Owner of such Lot is in default with respect to the performance of any obligation hereunder for a period in excess of 60 days.

Section 7.6 Default in Payment of Assessment. In the event of default by any Lot Owner in paying to the Board any amounts assessed by the Board, such Lot Owner shall be obligated to pay a late payment charge as established by the Board from time to time, and interest at the rate of 18% on such amounts from their due date; together with all expenses, including attorneys' fees (as permitted by law), incurred by the Board in collecting such unpaid sums. If a Lot Owner shall be in default in payment of an installment of an Assessment, including but not limited to, the monthly installment based on the annual budget, the Board may accelerate the remaining installments upon ten days' written notice to such Lot Owner, whereupon the entire unpaid balance of such Assessment shall become due upon the date stated in such notice.

The Board may appoint an Adjudicatory Panel composed of five (5) Lot Owners, which may include members of the Board. The Adjudicatory Panel shall have the authority to levy fines not to exceed One Hundred and Fifty Dollars (\$150.00) per violation for a violation of the Declaration, these Bylaws, or any Rules and Regulations enacted by the Board. Prior to the imposition of any such fine, the Adjudicatory Panel shall send to the defaulting Lot Owner written notice of the proposed fine and notice of the date, time and location for a hearing before the Adjudicatory Panel at which time the defaulting Lot Owner and the panel may present evidence. The notice of hearing shall be delivered personally or sent by certified mail before the hearing date. The Adjudicatory Panel shall provide the defaulting Lot Owner written notice of its decision once it is reached. The fine shall be an assessment secured by a lien under Section 47C-3-116 of the North Carolina Planned Community Act, as amended.

Section 7.7 Lien and Personal Obligation. Each Assessment provided for in this Article, together with late payment charges, interest and expenses, including attorneys' fees (as permitted by law), shall be a charge on and a continuing lien upon the Lot against which the Assessment is made when a notice of such lien has been filed of record in the office of the Clerk of Superior Court of Forsyth County, North Carolina, in the manner provided by Article 8,

Chapter 44, of the North Carolina General Statutes, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of 30 days after the same shall become due. Said notice of lien shall also secure all Assessments against the Lot becoming due thereafter until the lien has been satisfied. Said lien may be foreclosed in the same manner as a deed of trust on real property. In addition, each Lot Owner shall be personally liable for any Assessment against his Lot becoming due and payable while he is the Owner of such Lot.

Section 7.8 Priority of Assessment Lien. The lien of the Assessments provided for in this Article shall be prior and superior to all other liens except (a) ad valorem taxes and (b) all sums unpaid on deeds of trust, mortgages or other encumbrances against the Lot prior to the docketing of the Assessment lien. The sale or transfer of any Lot shall not affect the Assessment lien against such Lot. Provided, however, the sale of a Lot pursuant to the foreclosure sale or execution sale instituted by a superior lien holder or conveyance to Mortgagees by deed in lieu of foreclosure shall extinguish the inferior Assessment lien against the subject Lot but no such sale or transfer shall relieve each Lot from liability for any Assessments thereafter becoming due or for any future lien in connection therewith. The Association shall share in the excess, if any, realized by the sale of any Lot pursuant to a foreclosure or action instituted by a superior lien holder, to the extent of its lien.

Section 7.9 Owners Non-Use. No Lot Owner may exempt himself from liability for Assessments and his other obligations to the Association by waiver of the use or enjoyment of any portion of the Common Elements or by the abandonment or sale of his Lot.

Section 7.10 Foreclosure of Liens for Unpaid Assessments. The Board, acting on behalf of the Association, or on behalf of any one or more individual Lot Owners, if so instructed, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid Assessments shall be maintainable without foreclosure or waiver of the Assessment lien. Where an institutional lender or the purchaser of a Lot obtains title to the Lot as a result of foreclosure of a mortgage, such purchaser, its successors and assigns, shall not be liable for the share of the Common Expenses or Assessments by the Board chargeable to such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Such unpaid share of Common Expenses or Assessments shall be deemed to be a Common Expense collectible from all Lot Owners, including such purchaser, its successors and assigns.

Section 7.11 Abatement and Enjoinment of Violations by Lot Owners. The violation of any Rule or Regulation adopted by the Board, the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Lot in which, or as to which, such violation or breach exists, and to make any repairs, and to summarily abate and remove, at the expense of the defaulting Lot Owner, any structure, thing, or condition which may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed

guilty in any manner of trespass, but no items of construction shall be altered or demolished pursuant to this authority before judicial proceedings are instituted; (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, at the expense of the defaulting Lot Owner, the continuance of any such breach; (c) in any case of flagrant or repeated violation by a Lot Owner, to require such Lot Owner to give sufficient sureties for his future compliance with such Townhome documents; or (d) after notice and an opportunity to be heard, to levy reasonable assessments and fines in accordance with Sections 47C-3-107 and 47C-3-107.1 of the North Carolina Planned Community Act, as amended, for such violations. The failure of the Board or Adjudicatory Panel to so act with respect to any such violation or breach shall not be deemed a waiver of the Board's or Adjudicatory Panel's right to act with respect to the same or any other breach.

Section 7.12 Foreclosure Of Liens For Unpaid Common Charges. In any action brought by the Board to foreclose a lien on a Lot because of unpaid common charges, the Lot Owner shall be required to pay a reasonable rental for the use of his Lot and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Lot Owners, shall have power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

Section 7.13 Statement Of Common Charges. The Board shall promptly provide any Lot Owner so requesting the same in writing with a written statement of all unpaid common charges due from such Lot Owner.

Section 7.14 Maintenance And Repair.

(a) All maintenance of and repairs to any Lot or the appurtenances thereto, structural or non-structural, ordinary or extraordinary (other than maintenance of and repairs to any Common Elements and facilities contained therein or appurtenant thereto and not necessitated by the negligence, misuse or neglect of the owner of such Lot) shall be made by the Lot Owner of such Lot. Each Lot Owner shall be responsible for all damages to any and all Lots and/or to the Common Elements and facilities caused by him or that his failure to maintain and repair his Lot may engender. Should any Lot Owner fail to so maintain and repair his Lot and such failure results in a condition hazardous to the health and safety of the occupants of the Property or the structural integrity thereof, or in case of emergency, the Board may make any and all necessary repairs and any costs or expenses thereby incurred shall be charged to such Lot Owner and shall be deemed a common charge against his Lot subject to the lien provided in this Article 7.

(b) All maintenance, repairs and replacements to the Common Elements and facilities, and to the Limited Common Elements and facilities, whether located inside or outside of the Lots, shall be made by the Board and shall be charged to all Lot Owners as a Common Expense, unless such maintenance, repair, or replacement is necessitated by the negligence,

misuse or neglect of a Lot Owner, in which case such expense shall be charged to such Lot Owner and shall be deemed a common charge against his Lot subject to the lien provided in this Article 7.

Section 7.15 Restriction On Use Of Lots. In order to provide for congenial occupancy of the Property and for the protection of the value of the Lots, the use of the Property shall be restricted to and shall be in accordance with the following provisions:

(a) The Lots shall be used for residences only by the owner or owners thereof, their families, guests and invitees and for such other uses as set forth in the Declaration.

(b) The Common Elements and facilities, shall be used only for the furnishing of the services and facilities for which they are reasonably intended and which are customarily incident to the use and occupancy of the Lots.

(c) No nuisances shall be allowed on the Property, nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.

(d) No improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning laws and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be corrected by and at the sole expense of the Lot Owners or the Board, whichever shall have the obligation to maintain or repair such portion of the Property.

Section 7.16 Additions, Alterations Or Improvements By Board. Whenever in the judgment of the Board the Common Elements and facilities shall require additions, alterations or improvements costing in excess of \$50,000.00 and there are not adequate reserves established to pay for such work without assessing additional common charges against the Lot Owners, the Board shall proceed with such additions, alterations and improvements and shall assess all Lot Owners for the costs thereof as a Common Expense, subject to the provisions of Sections 7.3 above. Any additions, alterations or improvements costing \$50,000.00 or less, or where there are adequate reserves established to pay for such work, may be made by the Board without approval of Lot Owners or any mortgagees of Lots and the cost thereof shall constitute part of the Common Expenses or shall be charged against appropriate reserve accounts, if any, as the Board may determine.

Section 7.17 Additions, Alterations Or Improvements By Lot Owners. No Lot Owner shall make any structural addition, alteration or improvement in or to his Lot or do any exterior painting or make any exterior alteration or addition (including awnings, grills, etc.) without the prior written consent thereto by the Board. The Board shall have the obligation to answer any written request by a Lot Owner for approval of a proposed structural addition, alteration or improvement in such Owner's Lot, within thirty (30) days after such request, and failure to do so

within the stipulated time shall constitute a consent by the Board to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Lot shall be executed by the Board only, without, however, incurring any liability on the part of the Board or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

Section 7.18 Use Of Common Elements And Facilities. A Lot Owner shall not place or cause to be placed in the stairways or other Common Elements or facilities, including the Limited Common Elements and facilities, other than the areas designated as storage areas, any furniture, packages, or objects of any kind. The entry passages, stairways, entry bridges, etc. shall be used for no purpose other than for normal transit through them.

Section 7.19 Right Of Access. Each Lot Owner hereby grants a right of access to his Lot to the Manager and/or any other person authorized by the Board for the purpose of making inspections or for the purpose of correcting any condition originating in his Lot and threatening another Lot or a Common Area or facility, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements or facilities in his Lot or elsewhere, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Lot Owner. In case of an emergency, such right of entry shall be immediate, whether the Lot Owner is present at the time or not.

Section 7.20 Rules And Regulations. Rules and Regulations concerning the use of the Lots and the Common Elements and facilities may be promulgated, amended and supplemented from time to time by the vote of not less than two-thirds (2/3) of the members of the Board. Copies of such Rules and Regulations shall be furnished by the Board to each Lot Owner prior to the time when the same shall become effective.

Section 7.21 Conveyance or Encumbrances of Common Elements. All or a portion of the Common Elements may be conveyed or subjected to a security interest by the Association in accordance with the provisions of Section 47C-3-112 of the North Carolina Planned Community Act, as amended.

Section 7.22 Nonwaiver of Remedies.

(a) The failure of the Association or any Lot Owner to enforce any right, provision, covenant or condition which may be granted by the Townhome Documents shall not constitute a waiver of the right of the Association or the Lot Owner to enforce such right, provision, covenant or condition in the future.

(b) The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by the Townhome Documents shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

(c) The failure of a mortgagee to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by the Townhome Documents shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE 8

Mortgages

Section 8.1 Notice To Board. A Lot Owner who mortgages his Lot shall notify the Board of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board. The Board shall maintain such information in a book entitled "Mortgages of Lots."

Section 8.2 Notice Of Unpaid Common Charges. The Board, whenever so requested in writing by a mortgagee of a Lot, shall promptly report any then unpaid common charges due from or any other default by the Owner of the mortgaged Lot.

Section 8.3 Notice Of Default. The Board, when giving notice to a Lot Owner of a default in paying common charges or other default, shall send a copy of such notice to each holder of a mortgage covering such Lot whose name and address has theretofore been furnished to the Board.

ARTICLE 9

Sales and Transfers of Interest of Lots

Section 9.1 Severance Of Ownership. No Lot Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to his Lot without including therein the Allocated Interests, it being the intention hereof to prevent any severance of such combined ownership. For the purpose of these Bylaws, the "Allocated Interests" shall mean, collectively (i) the Lot Owner's undivided interest, if any, in the Common Elements and facilities appurtenant to and necessary for the operation of the Lot as determined in accordance with the North Carolina Planned Community Act, as amended; (ii) the interest of such Lot Owner in any Lots theretofore acquired by the Board or its designee on behalf of all Lot Owners, or the proceeds of the sale or lease thereof, if any; and (iii) the interest of such Lot Owner in any other assets of the Association. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Lot may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the

Lot to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Lots.

Section 9.2 Sale To Board. A Lot Owner may, subject to mutual agreement of the parties, and subject to the provisions of this Article, sell his Lot to the Association, or its designee. Any such purchase by the Association or any other purchase or lease of any Lot by the Association in accordance with the provisions of these Bylaws, including the purchase of a Lot which is to be sold at a foreclosure or other judicial sale, shall have the prior approval of Lot Owners holding at least two-thirds (2/3) of the total authorized vote, cast in person or by proxy in accordance with these Bylaws.

Section 9.3 Financing Of Purchased Lots By Board. Acquisition of Lots by the Board, or its designee, on behalf of all Lot Owners, may be made from the working capital and common charges in the hands of the Board, or if such funds are insufficient the Board may levy an assessment against each Lot Owner in proportion to his ownership in the Common Elements and facilities as a common charge, which assessment shall be enforceable in the same manner as provided herein for other common charges and subject to the lien for nonpayment thereof, or the Board, in its discretion, may borrow money to finance the acquisition of such Lots, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Lots, together with the Allocated Interests, so to be acquired by the Board.

Section 9.4 Waiver Of Right Of Partition With Respect To Such Lots As Are Acquired By The Board, Or Its Designee, On Behalf Of All Lot Owners, As Tenants In Common. In the event that a Lot shall be acquired by the Association, or its designee, on behalf of all Lot Owners as tenants in common, all such Lot Owners shall be deemed to have waived all rights of partition with respect to such Lot.

Section 9.5 Gifts And Devises. Any Lot Owner shall be free to convey or transfer his Lot by gift, or to devise his Lot by will, or to pass the same by intestacy, without restriction.

Section 9.6 Payment Of Assessments. No Lot Owner shall be permitted to convey, mortgage, pledge, hypothecate or sell his Lot unless and until he shall have paid in full to the Board all unpaid common charges theretofore assessed by the Board against his Lot and until he shall have satisfied all unpaid liens against such Lot, except permitted mortgages. Notwithstanding the foregoing, a Lot Owner may convey or sell his Lot, subject to all other provisions of these Bylaws, to a purchaser who in writing assumes all unpaid common charges and who agrees to take such Lot subject to all unpaid liens against same or in accordance with the provisions of Article 7 hereof.

ARTICLE 10

Condemnation

In the event of a taking on condemnation or by eminent domain of a part or all of the Common Elements and facilities, the award made for such taking shall be payable to the Board which shall disburse the proceeds of such award as provided in the Declaration.

ARTICLE 11

Records

The Board shall keep or cause to be kept detailed records of the actions of the Board, minutes of the meetings of Lot Owners, and financial records and books of account of the Association, including a listing of receipts and expenditures, as well as a separate account for each Lot which, among other things, shall contain the amount of each assessment of common charges against such Lot, the date when due, the amounts paid thereon, and the balance remaining unpaid. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board to all Lot Owners and to all mortgagees of Lots who have requested the same promptly after the end of each fiscal year. The Board shall also cause such books and records to be audited at least annually by an independent auditor and furnish a copy of such audit report to all Lot Owners. Each Lot Owner and each mortgagee of a Lot shall be permitted to examine the books of account of the Association at the place such records are maintained during regular business hours on not less than 24 hours advance notice, but not more often than once in each quarter.

ARTICLE 12

Amendments to Bylaws

12.1 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of a meeting at which a proposed amendment is to be considered.

12.2 Adoption. A resolution for the adoption of a proposed amendment may be proposed either by not less than a majority of the Board or by not less than one third of the members of the Association. Directors and members of the Association not present in person or by proxy at the meeting considering the amendment may express their approval in writing provided that such approval is delivered to the Secretary at or prior to the meeting. The approval must be by not less than a majority of the votes of members of the Association represented at a meeting at which a quorum has been attained.

12.3 Limitation. No amendment may be adopted which would eliminate, modify, prejudice, abridge, or otherwise adversely affect any rights, benefits, privileges or priorities granted

or reserved to the Declarant or Eligible Mortgage Holders without the consent of said Declarant and Eligible Mortgage Holder in each instance. No amendment shall be made that is in conflict with the Articles of Incorporation of the Association or Declaration without satisfaction of the requirements therein contained. So long as the Declarant controls the Association and the Federal Housing Administration (FHA) holds or insures any First Mortgage on a Lot, the Federal Housing Administration (FHA) shall have the right to veto any amendment to the Bylaws. Notwithstanding anything herein to the contrary, amendments to any provision of these Bylaws or the Articles of Incorporation for the Association dealing with the maintenance and ownership of any permanent wet detention pond on the Property shall not be effective until the amendment has been reviewed and approved by the governmental office having jurisdiction for watershed protection. No amendment to this Section shall be valid.

12.4 Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment to the Declaration and Bylaws, which certificate shall be executed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association with the formalities of a deed, or by the Declarant alone if the amendment has been adopted consistent with the provisions of the Declaration allowing such action by the Declarant. The amendment shall be effective when the certificate and a copy of the amendment are recorded in the Office of the Register of Deeds for Forsyth County, North Carolina.

ARTICLE 13

Architectural Control

No building, fence, or other structure shall be commenced or maintained upon the Common Elements, including the Limited Common Elements, nor shall any exterior addition, change or alteration therein be made until plans and specifications showing the nature, kind, shape, height, materials, and location of same shall have been submitted to and approved in writing as to harmony of external design and location in relation to the surrounding structure and topography by the Board or by any architectural committee appointed by the Board. All structures shall be of standard design employed by Declarant in the original construction of such amenities in the Townhome project. In the event the Board or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required, and this Article XIII shall be deemed to have been fully complied with. Provided that nothing herein contained shall be construed to permit interference with the development of the Townhome property by the Declarant.

ARTICLE 14

Execution of Instruments and Seal

Section 14.1 Execution Of Instruments. All instruments of the Association shall be executed under seal by such officer or officers as the Board may designate, or as may be otherwise authorized.

Section 14.2 Seal. The seal of the Association shall contain the name of the Association, the word "Seal", the year of incorporation of the Association and such other words and figures as desired by the Board.

ARTICLE 15

Conflicts

These Bylaws are set forth to comply with the provisions of the North Carolina Planned Community Act, as amended. In case any of these Bylaws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

ARTICLE 16

Miscellaneous

Section 16.1 Insurance Trustee. The Insurance Trustee, if any, shall be a bank (including a national banking association) qualified to do business in the State of North Carolina and so designated by the Board. The Board shall pay the fees and disbursements of any Insurance Trustee.

Section 16.2 Ad Valorem Taxes. Each Lot shall be deemed to be a separate parcel and shall be separately assessed and taxed. Each Lot Owner shall be liable solely for the amount of tax assessed against his Lot and shall not be affected by the consequences resulting from the tax delinquency of other Lot Owners. All tangible personal property owned by the Association in connection with the maintenance, upkeep and repair of the Common Elements shall be listed for said taxes in the name of and paid by the Association. Each Lot Owner is also responsible for his *pro rata* share of taxes assessed on his portion of the Common Elements, if any.

Section 16.3 Notices. All notices hereunder shall be sent by registered or certified mail to the Board c/o the Independent Manager, or if there is no Independent Manager, to the office of the Board, or to such other address as the Board may designate from time to time by notice in writing to all Lot Owners and to all mortgagees of Lots. All notices to any Lot Owner shall be sent by registered or certified mail to such address as may have been designated by him from time to time, by notice in writing, to the Board and in the absence of such notice, to the Lot at the

Property. All notices to mortgagees of Lots shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, by notice in writing, to the Board. All notices shall be deemed to have been given when mailed, except notices of changes of address which shall be deemed to have been given when received.

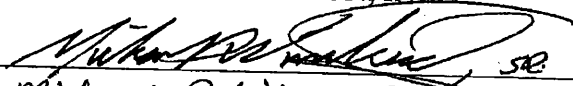
Section 16.4 Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 16.5 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision thereof.

Section 16.6 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 16.7 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

WYNSTON PARK TOWNHOMES
OWNER'S ASSOCIATION, INC.

By: 
Name: Michael P. Winstead, Sr.
Title: President