

Bylaws
Lamplighter Village Owners' Association, Inc.

EXHIBIT C

BYLAWS OF LAMPLIGHTER VILLAGE OWNERS' ASSOCIATION, INC.

ARTICLE 1 DEFINITIONS

The words, phrases and terms used in these Bylaws shall have the meanings as set forth in the Amended and Restated Declaration of Condominium for Lamplighter Village, A Condominium ("Declaration"), recorded in the Office of the Register of Deeds for Moore County, North Carolina ("Registry"), to which a copy of these Bylaws is attached as an Exhibit.

ARTICLE 2 ADMINISTRATION OF CONDOMINIUM

Section 2.1. Authority and Responsibility. Except as otherwise specifically provided in the Condominium Documents, the Association shall be responsible for administering, operating, maintaining, and managing the Common Elements.

Section 2.2. Official Action. Unless specifically required in the Condominium Documents, all actions taken or to be taken by the Association shall be valid when such are approved by the Executive Board as hereinafter set forth or when taken by the committee, person or entity to whom such authority has been duly delegated by the Executive Board as set forth in the Condominium Documents. The Association, its Executive Board, officers and members shall at all times act in conformity with the Nonprofit Corporation Act of the State of North Carolina and the Condominium Documents.

ARTICLE 3 OFFICES - SEAL - FISCAL YEAR

Section 3.1. Principal Office and Registered Office. The initial principal office and registered office of the Association shall be located at 4201 Congress Street, Suite 240, Charlotte, North Carolina 28209.

Section 3.2. Other Offices. The Association may have other offices at such other places within the State of North Carolina as the Executive Board may from time to time determine or as the affairs of the Association may require.

Section 3.3. Seal. The seal of the Association shall contain the name of the Association, the word "Seal", the year of incorporation and such other words and figures as desired by the Executive Board.

Section 3.4. Fiscal Year. The fiscal year of the Association shall be the calendar year.

ARTICLE 4
MEMBERSHIP

Section 4.1. Qualification. Membership in the Association shall be limited to the Owners, and every Owner of a Unit shall automatically be a member of the Association ("Member"). Membership in the Association shall be appurtenant to and may not be separated from Unit ownership. Membership in the Association shall inure automatically to Owners upon acquisition of the fee simple title (whether encumbered or not) to any one or more Units. The date of recordation in the Registry of the conveyance of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.

Section 4.2. Place of Meetings. All meetings of the membership shall be held at a place in Moore County, North Carolina, designated by the Executive Board.

Section 4.3. Annual Meetings. The first meeting of the Members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. A meeting of the Members shall be held at least once annually thereafter. Each annual meeting shall be open to all Members and the dates for such meetings shall be at the discretion of the Executive Board. At such meetings, the Executive Board shall be elected in accordance with Section 5.3 of these Bylaws, and the Members shall transact such other business as may properly come before them.

Section 4.4. Special Meetings. Special meetings of the Members may be called at any time by the President; by not less than twenty percent (20%) of the voting power of all Members; or by not less than fifty-one percent (51%) of the Executive Board members ("Special Meetings"). Upon receipt of a request for a Special Meeting, the President shall immediately cause written notice to be given of the meeting to be held on a date not less than ten (10) nor more than fifty (50) days prior to the date of the meeting.

Section 4.5. Notices of Meetings. Written or printed notice stating the time and place of a membership meeting, including annual meetings, 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 a director or officer, shall be delivered not less than ten (10) or more than fifty (50) days before the date of any such membership meeting, either personally or by mail, by or at the discretion of the President or the Secretary, to the address of each Unit. Notice shall be deemed given upon deposit in the mail depository of each Unit unless prior written notification has been given to the Executive Board in which case notice shall be deemed given upon deposit in the U.S. mail, first-class, postage pre-paid and addressed as requested in the notification given to the Executive Board.

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

The notice of a meeting shall specifically state the purpose or purposes for which the meeting is called. Notice of the date, time, place, and purpose(s) of any meeting of Members may be waived by any Member, before or after the meeting, by a writing filed with the records of the Association. The attendance of any Member at any meeting without protesting, before or at the beginning of the meeting, the lack of proper notice shall be deemed a waiver by the Member of notice of the meeting.

Section 4.6. Quorum. Except as may be otherwise provided by law, the Articles of Incorporation, the Declaration, or these Bylaws, there shall be a quorum at any meeting of Members where Members who hold twenty percent (20%) of the total voting power in the Association are present in person or by proxy. If such quorum shall not be present or represented at any meeting, a majority of the Members entitled to vote thereat, shall have power to adjourn that meeting to a day which is not more than one (1) week from the day the original meeting was called. Notice of the adjournment may not be given if the time and place to which the meeting is adjourned are fixed and announced at the original meeting.

Section 4.7. Proxies. At all meetings of Members of the Association, each Member may vote in person or by proxy. The person designated a proxy need not be a Member. All proxies shall be in writing and filed with the Secretary at least twenty-four (24) hours prior to the meeting, except that the Executive Board may waive this time requirement for a particular meeting if the waiver would not delay the meeting and would otherwise be fair and reasonable. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his/her Unit, except as otherwise provided in the Declaration or the Articles of Incorporation. If a first mortgagee has been designated a proxy under the terms of a first mortgage covering a Unit, the presentation to the Executive Board of a copy of the mortgage containing the proxy designation shall be notice of that designation, and, if the mortgage so states, of the irrevocability of that designation.

Section 4.8. Voting by Mail by Association Members. Any Member may cast his written vote by mail on any proposal voted upon at any meeting of the Members of the Association by sending such written vote to the Secretary of the Association within the period seven (7) days before the date of the meeting. Such written votes shall be filed with the records of the Association and, in no event, shall any action be taken or approved by the Association with the approval of any less than the percentage of voting power required by the provisions of the Declaration or without the consent of any party that is required by any of said provisions. Members who have voted by mail shall not be counted in determining whether the quorum has been met at a meeting of the Members.

Section 4.9. Voting. Each Member shall be entitled to one (1) vote for each Unit owned by such Member; provided that any Member with respect to whom a notice of default has been issued by the Executive Board pursuant to the Declaration, or who has had his right or privilege of use and enjoyment of the Common Elements suspended pursuant to the Condominium Documents, shall not be entitled to vote during any period in which any such default or suspension continues; and further provided that if a Unit shall be owned by more than one (1) Owner, such Owners shall be deemed to constitute a single Member as to such Unit for purposes of this Section. Unless otherwise expressly set forth by law, the Declaration, the Articles of Incorporation or these Bylaws, the affirmative vote of fifty-one percent (51%) of the

voting power of the Members voting on any matter at a meeting of Members shall be sufficient to determine that matter, provided that any quorum requirement is met at the time of completion of that vote.

Section 4.10. Order of Business. The order of business at all meetings of Members shall be as follows. (1) calling of meeting to order; (2) roll call; determination of whether there is a quorum; (3) proof of notice of meeting or waiver of notice; (4) reading of minutes of previous meeting; (5) reports of Directors; (6) reports of committees; (7) election of the Executive Board (when appropriate); (8) unfinished and/or old business; (9) new business; (10) adjournment.

Section 4.11. Action by Association Members Without a Meeting. Any action which may be authorized or taken at a meeting of the Members may be authorized or taken without a meeting in a writing or writings signed by Members having a simple majority of the total voting power of all Members in good standing which writing(s) shall be filed with the records of the Association. Written notice of any action proposed to be taken by such written consent of Members shall be sent to all parties who are entitled to notices under the Declaration not less than seven (7) days prior to commencing the circulation of the action for written consent among the Members.

ARTICLE 5 EXECUTIVE BOARD

Section 5.1. General Powers. The business and affairs of the Association shall be managed by the Executive Board or by such committees as the Executive Board may establish pursuant to Article 6 of these Bylaws. Provided, however, the Executive Board may not act on behalf of the Association to amend the Declaration, to terminate the Condominium, to elect members of the Executive Board, or to determine the qualifications, powers and duties, or terms of office of Executive Board members. The Executive Board may, however, fill vacancies in its membership for the unexpired portion of any term.

Section 5.2. Number, Term and Qualification. There shall be initially three (3) directors ("Director(s)") of the Executive Board. A Director appointed by the Declarant need not be a Member. A Director elected by Members shall be an Owner or a spouse of an Owner except that if a Member is a corporation, partnership, joint venturer, or other entity, the Members may elect as a Director an officer, partner, joint venturer, or like individual affiliated with this Member. Directors shall serve without compensation.

Section 5.3. Authority to Appoint and to Elect a Director.

5.3.1 Declarant Control Period.

(a) Initially, the Directors shall be the three (3) persons appointed by the Declarant from time to time and shall serve at the pleasure of the Declarant. None of the Declarant's appointees need be Owners or Occupants of Units.

(b) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the maximum number of Units which Declarant may create on the Property (including any Units on Additional Property which may be added

pursuant to Article XII of the Declaration) to Owners other than Declarant, the President of the Association shall call a Special Meeting. At such meeting the Members other than the Declarant shall elect a fourth Director who shall be a Member or who shall otherwise meet the qualifications outlined in Section 5.2 hereinabove.

(c) Not later than sixty (60) days after conveyance of fifty percent (50%) of the maximum number of Units which Declarant may create on the Property (including any Units on Additional Property which may be added pursuant to Article XII of the Declaration) to Owners other than Declarant, the President of the Association shall call a Special Meeting. At such meeting the Members other than the Declarant shall elect a fifth Director who shall be a Member or who shall otherwise meet the qualifications outlined in Section 5.2 hereinabove.

(d) Not more than sixty (60) days after the earlier of the following events occurs, the President of the Association shall call a special membership meeting ("Declarant Control Period Special Meeting"):

- (i) the expiration of the Declarant Control Period; or
- (ii) Declarant gives up, in writing, the right to appoint the Executive Board.

Notwithstanding anything above to the contrary, the Declarant may, by written notice to the Executive Board, at or before any annual meeting, relinquish to the Members, the Declarant's right to elect one or more of the Directors at such annual meeting pursuant to this Section.

At the Declarant Control Period Special Meeting, the Members (including the Declarant) shall elect a new Executive Board consisting of five (5) Directors who all shall be Members or who shall otherwise be qualified pursuant to the Bylaws. The persons so elected shall take office immediately upon election and the five (5) Directors previously appointed or elected shall step down from their positions.

5.3.2 Post-Declarant Control Period. After the Declarant Control Period Special Meeting, the Members shall elect the Directors of the Executive Board at the annual meeting of Members.

Section 5.4. Term. A Director appointed by the Declarant shall serve until the Declarant removes the Director, the Director dies or resigns, or a successor is elected by the Members as provided in Section 5.3.1 above. A Director of the Executive Board elected by the Members prior to the Declarant Control Period Special Meeting as provided in Section 5.3.1 above shall serve a one-year term until the earlier of (a) the next annual meeting of Members and until a successor is elected, or (b) until the Director's earlier resignation, removal from office or death.

Because the terms of not less than one-third of the Directors must expire annually, the Directors elected by the Members at the Declarant Control Period Special Meeting shall be

elected to staggered terms of the following lengths: two (2) Directors shall be elected to a one-year term and three (3) Directors shall be elected to a two-year term. The three (3) Directors with the most votes shall be the Directors who shall serve the two-year term. A Director elected by the Members at the Declarant Control Period Special Meeting shall serve for the term which he/she has been elected and shall remain a Director until the earlier of: (a) the next annual meeting of Members and until a successor is elected, or (b) until the Director's earlier resignation, removal from office or death.

Each Director elected by the Members after the Declarant Control Period Special Meeting shall serve for a two-year term and shall remain a Director until the earlier of (a) the next annual meeting of Members and until a successor is elected, or (b) until the Director's earlier resignation, removal from office, or death.

A Director may be reelected or reappointed for additional terms.

Section 5.5. Election of Executive Board Members. Election shall be by written ballot. The Members may cast, in respect to each vacancy, the vote to which its Unit is entitled under the Declaration and these Bylaws. The person receiving the largest number of votes for each vacancy shall be elected to fill that vacancy. Cumulative voting shall not be permitted.

Section 5.6. Vacancies. A Director may resign at any time by oral statement made at a meeting of the Executive Board or by written notice to the Secretary. The resignation shall take effect immediately or at the time specified by the resigning Director.

A Director appointed by the Declarant may be removed by the Declarant at any time, with or without cause. An elected Director whose removal has been proposed by a Member shall be given an opportunity to speak at an annual meeting or special meeting of Members, after which that Director may be removed, with or without cause, by a vote of at least sixty-seven percent (67%) of the votes entitled to be cast by all Members present and entitled to vote at any meeting of the membership at which a quorum is present.

If a vacancy is created because of resignation, removal, or death, a successor shall be appointed or elected to serve for the unexpired term of the departed Director. The Declarant shall appoint a successor for any Declarant-appointed Director, and the Members shall elect a successor for any elected Director using the procedure set forth in Section 5.5, at an annual meeting of Members or at any special meeting of Members called for the purpose of filling this vacancy.

Section 5.7. Chairman. A Director of the Executive Board shall be elected as Chairman of the Executive Board by the Board members at the first meeting of the Board. The Chairman shall preside at all meetings of the Executive Board and perform such other duties as may be directed by the Executive Board. Prior to election of a Chairman and/or in the event that the Chairman is not present at any meeting of the Executive Board, the President shall preside.

Section 5.8. Compensation. No Director of the Executive Board shall receive any compensation from the Association for acting as such. Provided, however, each Director shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association, and nothing herein shall prohibit the Executive Board from compensating a Director

for unusual and extraordinary services rendered on the basis of quantum meruit. Further provided, each Director of the Executive Board, by assuming office, waives his/her right to institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 5.9. Loans to Executive Board Members and Officers. No loans shall be made by the Association to its Directors of the Executive Board or officers. The Directors of the Executive Board who vote for or assent to the making of a loan to a Director 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 5.10. Liability of Directors of the Executive Board. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable time, each Director of the Executive Board is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his/her activities as an Executive Board member. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 5.11. Meetings of the Executive Board.

5.11.1 Organizational Meeting. Promptly after the Declarant Control Period Special Meeting and each annual meeting of Members, the Executive Board shall hold a meeting to elect the officers and transact any other business which may properly be brought before the meeting.

5.11.2 Regular Meetings. Regular meetings of the Executive Board shall be held immediately after, and at the same place as, the annual meeting of the Association.

5.11.3 Special Meetings. Special meetings of the Executive Board may be held at any time when called by the President or any two (2) Directors.

5.11.4 Notices of Special Meetings; Attendance by Members. Notice of the date, time, and place of organizational, regular, and special meetings of the Executive Board shall be given to each Director by personal delivery, mail, telegram, or telephone at least seven (7) days before the meeting. The notice need not specify the purpose(s) of any meeting. Notice of the date, time, and place of any meeting may be waived by a Director, before or after the meeting, by a writing filed with or entered upon the records of the meeting. Attendance of a Director at any meeting without protesting, before or at the beginning of the meeting, the lack of proper notice shall be deemed a waiver by the Director of notice of the meeting. No notice need be given to non-Director Members of organizational, regular, or special meetings of the Executive Board, however, a non-Director Member may attend any organizational, regular, or special meeting of the Board, but may not participate in any such meeting unless given permission to do so by the President or other officer of the Association who is presiding at the meeting. A non-Director Member may not vote at a meeting of the Executive Board.

5.11.5 Quorum; Adjournment. A simple majority of the Directors then in office shall constitute a quorum for any meeting. Whether or not a quorum is present, a majority of the Directors present at a meeting may adjourn that meeting. Notice of the adjournment need not be

given if the time and place to which the meeting is adjourned are fixed and announced at the meeting.

5.11.6 Voting Power. At any meeting of the Executive Board at which a quorum is present, all matters shall be determined by a majority vote of those voting on the matter, except as may be otherwise expressly provided in the Declaration or these Bylaws. The President may cast an additional vote to break a tie vote on any matter. Any Director may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 5.12. Action Without Meeting. The Executive Board members 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 of the Executive Board. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board. Said written approval shall be filed with the minutes of the proceedings of the Executive Board, whether done before or after the action so taken.

Section 5.13. Presumption of Assent. A Director who is present at a meeting of the Executive Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his/her 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 Director who voted in favor of such action.

Section 5.14. Powers and Duties. The Executive Board shall have the authority to exercise all powers and duties of the Association necessary for the administration of the affairs of the Condominium except such powers and duties as by law or by the Condominium Documents may not be delegated by the Owners to the Executive Board. The powers and duties to be exercised by the Executive Board shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep and maintenance of the "Common Elements" to the extent such operation, care, upkeep, and maintenance is not the obligation of the Owners;

(b) Determination of the funds required for operation, administration, maintenance and other affairs of the Condominium and collection of the Common Expenses from the Owners, as provided in the Condominium Documents;

(c) Employment and dismissal of personnel (including without limitation any Property Manager) necessary for the efficient operation, maintenance, repair, and replacement of the Common Elements;

(d) Adoption of rules and regulations covering the details of the operation, maintenance, repair, replacement, use and modification of the Common Elements;

(e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor (provided, however, that two (2) Directors of the Executive Board must sign any checks (or approve any transfers) from any reserve account);

(f) Obtaining insurance as required or permitted under the terms of the applicable provisions of the Declaration;

(g) Keeping detailed, accurate records of the receipts and expenditures of the Association; obtaining annual audits of the financial records of the Association from the Association's public accountant; furnishing the annual reports; and furnishing current budgets. All books and records shall be kept in accordance with good and accepted accounting practices and the same shall be available for examination by all Members or their duly authorized agents or attorneys, at convenient hours on working days;

(h) Keeping a complete record of the minutes of all meetings of the Executive Board and Members in which minute book shall be inserted actions taken by the Executive Board and/or Members by consent without meeting;

(i) Supervising all officers, agents and employees of the Association and insuring that their duties are properly performed;

(j) 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, the imposition of changes for late payment of Assessments, and after notice and an opportunity to be heard, levying reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00), or such higher amount as is permitted by law, for violations of the Condominium Documents;

(k) Making of repairs, additions, and improvements to or alterations or restoration of the Property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of a condemnation or eminent domain proceeding;

(l) Enforcing by any legal means or proceeding the provisions of the Condominium Documents governing use of the Common Elements;

(m) Paying all taxes and assessments which are or may become liens against any part of the Condominium, other than the Units, and to assess the same against the Owners in the manner herein provided;

(n) Hiring attorneys and other professionals;

(o) Maintaining and repairing any Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Executive Board to protect the Common Elements or any other Unit or if the Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Executive Board to said Owner, provided that the Executive Board shall levy an Individual Unit Assessment (as hereinafter defined) against such Owner for the costs of said maintenance or repair;

(p) Entering any Unit when necessary in connection with any maintenance or construction for which the Executive Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Executive Board and such expenses shall be treated as a Common Expense; and entering any Unit for the purpose of correcting or abating any condition or situation deemed by the Executive Board to be an emergency;

(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 Executive Board. In the absence of such determination by the Executive Board, such documents shall be signed by either the Treasurer or the Assistant Treasurer of the Association, and countersigned by any Executive Board member;

(r) Furnishing certificates setting forth the amounts of unpaid Assessments that have been levied upon a Unit to the Owner or Mortgagee of such Unit, or a proposed purchaser or Mortgagee of such Unit, and imposing and collecting reasonable charges therefor; and

(s) Exercising any other powers and duties reserved to the Association exercisable by the Executive Board in the Condominium Documents.

Section 5.15. Property Manager. The Executive 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 Condominium. The Executive Board may delegate to such person, firm or entity (referred to in these Bylaws as "Property Manager") such duties and responsibilities in the management of the Property as the Executive Board deems appropriate. Provided, the Executive Board may not delegate to the Property Manager the complete and total responsibilities and duties of the Association in violation of the Nonprofit Corporation Act of North Carolina or the North Carolina Condominium Act. Furthermore, in no event shall the Property Manager be authorized to draw checks on or transfer funds from any reserve account maintained by the Association. The Property Manager's contract shall be for a term not to exceed three (3) years, renewable by agreement between the Executive Board and such Property Manager for successive one-year terms; provided, however, that any such contract shall provide that it is terminable by the

Association, with or without cause, upon not more than ninety (90) days prior written notice and without payment of any penalty; and provided further that any such contract entered into during the Declarant Control Period shall be terminable as required by N.C.G.S. §47C-3-105. The Executive Board shall have authority to fix the reasonable compensation for the Property Manager. The Property Manager shall at all times be answerable to the Executive Board and subject to its direction.

ARTICLE 6 COMMITTEES

Section 6.1. Creation. The Executive Board, by resolutions adopted by a majority of the number of Executive Board members then holding office, may create such committees as they deem necessary and appropriate in aiding the Executive Board to carry out its duties and responsibilities with respect to the management of the Condominium. Each committee so created shall have such authorities and responsibilities as the Executive Board members deem appropriate and as set forth in the resolutions creating such committee. The Executive Board shall elect the members of each such committee. Provided, each committee shall have in its membership at least one (1) member of the Executive Board.

Section 6.2. Vacancy. Any vacancy occurring on a committee shall be filled by a majority of the number of Executive Board members then holding office at a regular or special meeting of the Executive Board.

Section 6.3. Removal. Any member of a committee may be removed at any time with or without cause by a majority of the number of Executive Board members then holding office.

Section 6.4. Minutes. Each committee shall keep regular minutes of its proceedings and report the same to the Executive Board when required.

Section 6.5. Responsibility of the Executive Board Members. The designation of committees and the delegation thereto of authority shall not operate to relieve the Executive Board or any member thereof of any responsibility or liability imposed upon it or him by laws.

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

ARTICLE 7 OFFICERS

Section 7.1. Enumeration of Officers. The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Executive Board may from time to time elect. Except for the President, no officer need be a Director of the Executive Board.

Section 7.2. Election and Term. The officers of the Association shall be elected annually by the Executive Board. Such elections shall be held at the first meeting of the

Executive Board next following the annual meeting of the Members. Each officer shall hold office until his death, resignation, removal or until his successor is elected and qualified.

Section 7.3. Resignation and Removal. The Executive Board may remove any officer at any time, with or without cause, by a majority vote of the Directors. Any officer may resign at any time by giving written notice to the Executive Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.4. Vacancy. A vacancy in any office may be filled by appointment of the Executive Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7.5. 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. Any officer may also be a member of the Executive Board.

Section 7.6. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members. In the absence of an elected Chairman, he shall also preside at all meetings of the Executive Board. He shall see that the orders and resolutions of the Executive Board are carried out; he shall sign all written instruments regarding the Common Elements and co-sign all promissory notes of the Association, if any; and 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 7.7. Vice Presidents. The Vice Presidents in the order of their election, unless otherwise determined by the Executive Board shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Executive Board shall prescribe.

Section 7.8. Secretary. The Secretary shall keep the minutes of all meetings of Members and of the Executive Board; he shall have charge of such books and papers as the Executive Board may direct; and he shall, in general, perform all duties incident to the Office of Secretary of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.9. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall co-sign promissory notes of the Association; he shall prepare a proposed annual budget (to be approved by the Executive Board) and the other reports to be furnished to the Members pursuant to the Condominium Documents. He shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.10. Assistant Secretaries and Treasurers. The Assistant Secretaries and Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Executive Board.

Section 7.11. 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 Executive Board may, however, 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. Each officer, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 7.12. Indemnification. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act 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.

ARTICLE 8 OPERATION OF THE CONDOMINIUM PROPERTY

Section 8.1. Types of Assessments; Duty to Pay. "Common Assessments" shall be assessments charged proportionately against all Units for common purposes, and shall include annual common assessments and common assessments for capital improvements. A Unit's "proportionate share" of a Common Assessment shall be that Unit's percentage ownership of Common Elements as set forth in the Declaration. "Individual Unit Assessments" which are not for common purposes shall be assessments which are properly chargeable to less than all of the Units. The Owner(s) of a Unit shall timely pay any Assessment chargeable to that Unit.

Section 8.2. Common Assessments;

8.2.1 Annual Common Assessments

8.2.1.1 Annual Estimated Budget. By December 1st of each succeeding year the Executive Board shall estimate the cost for the next year of all of the Common Expenses, including without limitation the following:

(a) Utility and other services for the Common Elements, including, but not limited to, sewer assessments, waste removal, electricity, telephone, heat, power and water;

(b) That portion of the expenses of operating, maintaining, and repairing all portions of the Property which are the Association's responsibility;

(c) Casualty insurance, as provided in the Declaration, with extended coverage on all of the Property (the Board shall review the amount of casualty insurance annually);

(d) Liability insurance, as provided in the Declaration, insuring the Association, the Directors, and the Owners against any liability to the public, to Owners, or to Owners' families, tenants, or invitees, incident to the ownership and/or use of the Common Elements (the Executive Board shall review the amount of liability insurance annually);

(e) Insurance premiums, if any, to be paid by the Association;

(f) Wages and/or fees of anyone employed by the Board, including, but not limited to, maintenance and operations personnel, lawyers, accountants, and other professionals;

(g) Postage, materials, supplies, and other expenses of administering the Association;

(h) Any other Common Expenses designated as such in North Carolina Condominium Act or in accordance with the Declaration or these Bylaws, or which the Board may determine are necessary and/or desirable to maintain the Property in first-class condition; and

(i) An amount, to be determined by the Executive Board, to be deposited in a reserve for contingencies and replacements, deferred maintenance, and unexpected and extraordinary expenses ("Reserve Fund").

8.2.1.1 Proportionate Share; Notice. The Board shall calculate each Unit's proportionate share of the estimated annual budget, thereby establishing the annual Common Assessment for each Unit. By December 15th of each year the Board shall give the Members notice of the annual estimated budget and of the annual Common Assessment attributable to each Member's Unit, which is to be itemized to show the amount allocated to the Reserve Fund as well as the amount allocated for all other purposes.

8.2.1.2 Quarterly Payments. A Unit's annual Common Assessment shall be payable in equal quarterly installments due in advance by the fifth (5th) day of each January, April, July and October of each calendar year.

8.2.2 Special Assessments for Capital Improvements. In addition to levying annual Common Assessments, and to the extent that the Reserve Fund is insufficient, the Board may levy "Special Assessments" to construct, structurally alter, or replace capital improvements which are a part of the Common Elements, provided that funds shall not be assessed for any capital expenditure in excess of Twenty-Five Thousand Dollars (\$25,000.00) for any one item or in excess of Fifty Thousand Dollars (\$50,000.00) in the aggregate in any one calendar year ("Capital Expenditure Limit") without the prior written consent of Members having at least seventy-five percent (75%) of the voting power of all Members or unless expressly stated in the

annual budget. The Executive Board shall have the authority to adjust the Capital Expenditure Limit annually to account for inflation, which adjustment shall be effective as of each January (hereinafter referred to as the "Adjustment Date") commencing with January 1 following the year in which the first Common Assessment is levied, the Capital Expenditure Limit shall be increased from the Capital Expenditure Limit on the date of the Declaration ("Effective Date") by a percentage equal to the percentage increase, if any, in the Consumer Price Index, All Urban Consumers (CPI-U), (1982-1984=100), All Items, as compiled and published by the Bureau of Labor Statistics, U.S. Department of Labor ("CPI") Date. If after the date of these Bylaws, the CPI is converted to a different standard reference base or otherwise revised or ceases to be available, the determination of any new amount shall be made with the use of such conversion factor, formula or table for converting the CPI as may be published by any other nationally recognized publisher of similar statistical information selected by the Executive Board. However, the Executive Board is not limited by these provisions in any way in restoring or replacing damaged or obsolete portions of the Common Elements. Until the expiration of the Declarant Control Period (as defined in the Declaration), Declarant shall be one (1) of the consenting Members, or the capital expenditure shall not be made.

The Board shall calculate each Unit's proportionate share of the Special Assessment for capital improvements, and shall give the Members written notice of the proportionate share and of the date(s) on which the Assessment is due and payable.

8.2.3 Status of Amounts Collected. The amounts collected through Common Assessments shall be held and expended for the purposes designated in the Declaration and the Bylaws. Except for adjustments reflecting prepaid or delinquent Assessments, the amounts collected shall be deemed held for the Members in the proportion of their share of Common Elements. Any amount assessed against a Unit which is allocated to the Reserve Fund shall be a contribution to capital, and shall be designated for that purpose on the Association's books and on any Assessment notice. Amounts allocated to the Reserve Fund shall be kept in a separate account. The Executive Board may collect, hold, disburse, or categorize the amounts allocated to the Reserve Fund in any manner necessary to ensure their noninclusion in the Association's taxable income under the Internal Revenue Code, Treasury Regulations and/or rulings of the Internal Revenue Service.

8.2.4 Common Surplus. If Common Assessments collected in any given year are in excess of the actual Common Expenses for that year, the Executive Board may (a) return each Unit's proportionate share of the Common Surplus; (b) credit each Unit's proportionate share of the Common Surplus to each Unit's quarterly payment(s) for the annual Common Assessment for the following year; or (c) apply the Common Surplus to the Reserve Fund.

Section 8.3. Individual Unit Assessments. The Association shall have the right, after approval by a majority vote of all Directors of the Executive Board, to assess an individual Owner for any of the following ("Individual Unit Assessment"):

8.3.1 any costs incurred for maintenance or repair caused through the willful or negligent act of an Owner or Occupant, including attorney fees, court costs and other expenses incurred; and

8.3.2 any costs associated with the enforcement of these Bylaws, the Declaration or the Rules and Regulations, if any, of the Association, including, but not limited to attorneys fees, witness fees and costs, and court costs.

Section 8.4. Working Capital Assessment. At Declarant's option, at the closing on the purchase of a Unit, the purchaser may be required to pay a one-time, non-refundable, sum equal to one (1) quarter of the annual Common Assessment due on his or her Unit as his or her initial contribution to the working capital of the Association ("Working Capital Assessment"). This sum, if charged, will not be an advance payment of the regular quarterly Common Assessment; rather the sum will be allocated to establish reserve funds to meet unforeseen expenditures and operating expenses or to purchase any additional equipment or services. While the Declarant is in control of the Association, it cannot use any of the Working Capital Assessment to defray its expenses, reserve contributions, or construction costs.

Section 8.5. Common Profits. "Common Profits" are the amount by which the total income received from Assessments charged for special benefits to specific Units, from rents received from rentals of equipment or space in Common Elements, and from any other fee, charge, or income other than from Common Assessments, exceeds expenses allocable to the income, rental, fee, or charge. If there are Common Profits, in any given year, the Executive Board may (a) distribute each Unit's proportionate share of the Common Profits; (b) credit each Unit's proportionate share of the Common Profits as an advance payment of each Unit's quarterly payment(s) for the annual Common Assessment for the following year; or (c) apply the Common Profits to the Reserve Fund.

Section 8.6. Common Losses. If, at any time, each Unit is current in its quarterly payments but the Common Expenses at that time exceed the Common Assessments and the Common Profits, so that the Association has insufficient funds to meet its obligations, the Executive Board may (1) charge unexpected or extraordinary expenses in a given year against the Reserve Fund, and/or (2) give the Members written notice of the reasons for the deficiency and of each Unit's proportionate share, and assess the deficiency as a Common Assessment among the Units, with this Assessment to be due and payable on designated quarterly payment dates with the first payment being due no less than ten (10) days after the date notice is given.

Section 8.7. Collection of Assessments. The Executive Board shall take prompt action to collect any Assessments which remain unpaid for more than thirty (30) days from the due date for payment thereof. The Executive Board shall notify the holder of the Mortgage on any Unit (of which it has notice) for which any Assessments remain unpaid for more than thirty (30) days from the due date for payment thereof and in any other case where the Owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 8.8. Default in Payment of Assessments. In the event of default by any Member in paying to the Executive Board the Assessments as provided above, such Member shall be obligated to pay interest on such amount of said Assessments from the due date thereof at the rate of eighteen percent (18%) per annum, together with all expenses, including reasonable attorney's fees (if permitted by law), incurred by the Association in any proceeding brought to collect such unpaid Assessments. In addition, the Executive Board shall have the authority to

levy a late charge on any Assessment not paid within fifteen (15) days after its due date, in the amount of four percent (4%) of the overdue Assessment.

The Executive Board shall have the right and duty to attempt to recover such amount of the Assessments which remains unpaid, together with interest thereon, and the expenses of the proceedings, including reasonable attorneys' fees (if permitted by law), in an action to recover a money judgment for the same brought against such Member, or by foreclosure of the lien on his Unit in like manner as a deed of trust or mortgage of real property. The Executive Board shall also have the right to impose uniform late payment charges for delinquent Assessments, which charges shall be recoverable by the proceedings specified above.

In the event of the failure of a Member to pay any Assessment imposed hereunder, or any installment thereof, for more than sixty (60) days after such Assessment shall become due, in addition to the other remedies available under the Condominium Documents; the Executive Board shall have the right to declare all other Assessments, and installments thereof, with respect to such Member's Unit that are to fall due during the then current fiscal year of the Association to be immediately due and payable.

Section 8.9. Lien and Personal Obligations. All Assessments provided for in this Article, together with the interest and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and a continuing lien upon the Unit against which the Assessment is made, which such lien shall be prior to all other liens excepting only (i) assessments, liens and charges for real estate taxes due and unpaid on the Unit; and (ii) all sums unpaid on Mortgages and other liens and encumbrances duly recorded against the Unit prior to the docketing of such lien. Such lien shall become effective when a notice thereof has been filed in the office of the Clerk of Superior Court for Moore County, North Carolina, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such notice of lien shall also secure all Assessments against the Unit becoming due thereafter until the lien has been satisfied.

The lien for unpaid Assessments shall not be affected by the sale or transfer of the Unit, except in the case of a foreclosure of a Mortgage, in which event the purchaser at foreclosure shall not be liable for any Assessments against such Unit that became due prior to the date of acquisition of title by such purchaser. Such unpaid Assessments shall be deemed Common Expenses collectible from all Members, including the purchaser at foreclosure. In addition, each Member shall be personally liable for any Assessment against his/her Unit. No Member may exempt himself from such liability by non-use or enjoyment of any portion of the Common Elements or by the abandonment or sale of his/her Unit.

Section 8.10. Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Executive Board to foreclose on a Unit because of unpaid Assessments, the Member shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

Section 8.11. Abatement and Enjoyment of Violations by Members. The violation of any rule or regulation adopted by the Executive Board or the breach of any Bylaw contained

herein, or the breach of any provision of the Declaration, shall give the Executive Board the right, in addition to any other rights set forth in the Declaration, these Bylaws or at law or in equity, (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Member, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Executive Board shall be obligated to institute judicial proceedings before any items of construction can be altered or demolished; (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Member; and/or (c) after notice and opportunity to be heard, to levy reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00) or such higher amount as may be allowed by law.

Section 8.12. Additions, Alterations or Improvements by Members. No Member shall make any structural addition, alteration, or improvement in or to his Unit or to any Limited Common Element, or any change in the exterior appearance thereof, except in accordance with N.C.G.S. §47C-2-111 and in accordance with the terms of the Declaration.

Section 8.13. Use of Common Elements. A Member shall not interfere with the use of the Common Elements by the remaining Members and their families, employees and invitees.

Section 8.14. Right of Access. A Member shall grant a right of access to his Unit to the Property Manager and/or any other person authorized by the Executive Board or the Property Manager for the purpose of making inspection of or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements in or adjoining his Unit; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the Member. In the case of an emergency, such right of entry shall be immediate whether the Member is present at the time or not.

Section 8.15. Common Expenses for Utilities. Any utilities which may be provided to the Units through a single or common meter or facility, and utilities furnished to any portion of the Common Elements, shall be paid by each Member as and when billed according to the extent of such Member's use or, at the option of the Executive Board, such may be paid by the Executive Board and assessed against the Units as a Common Expense. The Executive Board shall have the right to levy a fixed additional quarterly assessment, as an Individual Unit Assessment, against classes of Units that will consume disproportionate shares of certain utilities. Additionally, the Executive Board may elect to separately meter the Units with respect to certain utilities and to assess each Unit based upon its usage of such utilities.

Section 8.16. Declarant's Subsidy. Until the earlier of the date that the last of the thirty-eight (38) Units are submitted to the Condominium or three (3) years after the date of this Declaration, Declarant shall subsidize a portion of the Common Expenses of the Association. Such subsidy shall be in an amount equal to (i) the amount by which the Common Expenses of

the Association exceed the actual income produced by the Common Assessments (pursuant to the then current budget) and available Reserve Funds, multiplied by (ii) the result of the following: the total number of Units out of thirty-eight (38) that have not then been submitted to the Condominium divided by thirty-eight (38). The Declarant's subsidy obligation does not include funding operating or capital reserves. At the conclusion of the Declarant Control Period, the Declarant shall have the right to reasonably approve the budget for this subsidy to be effective.

ARTICLE 9 AMENDMENTS

Subject to the provisions of Article XII of the Declaration, these Bylaws may be amended at any time by an instrument in writing signed and acknowledged by Members holding at least sixty-seven percent (67%) of the votes in the Association, which instrument shall be effective only upon recordation in the Registry. Provided, however, where a larger vote in the Association is required for the Association to take or refrain from taking a specific action, as set forth in the Condominium Documents, no amendment of these Bylaws shall be made unless and until the Members holding such larger percentage of the vote in the Association execute said amending instrument. All persons or entities who own or hereafter acquire any interest in the Property shall be bound to abide by any amendment to these Bylaws which is duly passed, signed, acknowledged and recorded as provided herein. No amendment to these Bylaws shall be adopted or passed which shall (i) impair or prejudice the rights of Declarant provided for in the Condominium Documents, without the consent of Declarant; or (ii) impair or prejudice the rights and priority of any Mortgagee without the consent of such Mortgagee.

ARTICLE 10 MISCELLANEOUS

Section 10.1. Severability. Invalidation of any covenant, condition, restriction or other provisions of the Declaration or these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 10.2. Successors Bound. The rights, privileges, duties and responsibilities set forth in the Condominium Documents, as amended from time to time, shall run with the ownership of the Property and shall be binding upon all Persons who own or hereafter acquire any interest in the Property.

Section 10.3. Gender. Singular, Plural. Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders (including entities, as applicable).

Section 10.4. Nonprofit Corporation. No part of the Association's assets or net income shall inure to the benefit of any of the Members, the officers of the Association, or the members of the Executive Board, or any other private individual either during its existence or upon dissolution except as reasonable compensation paid or distributions made in carrying out its declared nonprofit purposes as set forth in the Articles of Incorporation of the Association and these Bylaws.

