

**BY-LAWS
OF ATHENS WOOD OWNERS ASSOCIATION,
INC.**

ARTICLE 1 - NAME AND LOCATION

The name of the corporation is Athens Wood Owners Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall be located at 2514 Reliance Avenue, Apex, Wake County, North Carolina 27502, but meetings of Members and directors may be held at such places within the State of North Carolina, Wake County, as may be designated by the Board of Directors.

These are the Bylaws of the Association, a non-profit corporation under the laws of the State of North Carolina, the Articles of Incorporation of which were filed with the Office of the Secretary of State. The Association has been organized for, among other purposes, the purpose of administering the operation and management of the Common Areas of the Athens Wood Subdivision (the "Planned Community"), a subdivision located in Wake County, North Carolina, as shown on a plat recorded in Book of Maps 2001, Page 1592, and described in the Declaration of Covenants, Conditions and Restrictions For Athens Wood Subdivision, and all amendments thereto, in the Office of the Register of Deeds of Wake County, North Carolina.

ARTICLE II - DEFINITIONS

Except as specifically provided otherwise in these Bylaws, the definitions in the Declaration are incorporated by reference into these Bylaws. Further, the following definitions apply to these Bylaws:

2.1 "Declarant" shall mean ATHENS WOOD PARTNERS with respect to Lots which it owns and 1ST AMERICAN BUILDERS, L.L.C. with respect to those Lots which it purchases, their respective successors and assigns, as provided in the Planned Community Act. 1ST AMERICAN BUILDERS, L.L.C. shall cease to be a Declarant at such time as its contract to purchase the Lots terminates prior to its purchase of all the Lots. Athens Wood Partners shall cease to be a Declarant with respect to the Lots purchased by 1st American Builders, L.L.C. effective as of the date of the recording of the various deeds for such Lots.

2.2 "Declaration" means the Declaration of Covenants, Conditions and Restrictions For Athens Wood Subdivision recorded in the Office of the Register of Deeds of Wake County, North Carolina, and all amendments thereto.

2.3 "Governing Documents" means these Bylaws, the Declaration and the Articles of Incorporation of the Association.

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2.4 "Legal Requirements" means the requirements imposed by the laws and regulations of the State of North Carolina, Wake County and the City of Raleigh, as well as the requirements imposed by the Governing Documents.

2.5 "Planned Community Act" means the provisions of Chapter 47F of the General Statute^ of North Carolina applicable to the Property, as such provisions shall be amended and recodified from time to time.

2.6 "Property" or "Properties" shall mean and refer to that certain real property described in the Declaration and such other real property subsequently made subject to the Declaration.

2.7 "Planned Community" shall mean the Athens Wood Subdivision located on Athens Drive in the City of Raleigh, Wake County, North Carolina, and consisting of the Properties.

ARTICLE III - ASSOCIATION OFFICES

3.1 Principal Office. The principal office of the Association shall be located at 2514 Reliance Avenue, Apex, Wake County, North Carolina 27502, or at such other place as shall be determined by a majority of the Board of Directors of the Association.

3.2 Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office. The registered office shall be at such place as shall be determined by a majority of the Board of Directors of the Association.

3.3 Other Offices. The Association may have offices at such other places as the Board of Directors may designate or as the affairs of the Association may require from time to time.

ARTICLE IV- MEMBERSHIP

4.1 Membership. Every person or entity who is a record Owner of a Lot, including the Declarant, is a Member of the Association and is subject to the Governing Documents and applicable Legal Requirements. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to the Governing Documents. Whenever a Person ceases to be an Owner, termination of Membership shall not release or relieve any such Person from any liability or obligation incurred under the Declaration during the period of such Person's ownership, nor impair any rights or remedies which the Association or any other Owner has with regard to such former Owner. Following termination of the Planned Community, all persons entitled to distributions of proceeds under the Planned Community Act shall be Members of the Association.

4.2 Classes of Membership. The Association shall have two (2) classes of voting membership.

Class A: Class A Members shall be all Owners of Lots with the exception of the Class B Member, if any, and shall be entitled to one (1) vote for each Lot owned. The Class B Member shall be a Class A Member upon the termination of Class B Membership.

: Class B: Class B Members shall be the Declarant and shall be entitled to three (3) Votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon either of the following events, whichever occurs first:

- (a) When the total votes outstanding in Class A membership equals the total votes outstanding in Class B membership, but provided that the Class B membership shall be reinstated if thereafter and before the time stated in subparagraph (b) below, additional land is annexed to the Planned Community without the assent of Class A Members for the development of such additional land by the Declarant, as provided in the Declaration, but in any event the Class B membership shall terminate when 75% of the Lots have been deeded to homeowners;
- (b) On January 1, 2008; or
- (c) Upon the surrender of the Class B membership by the Declarant.

4.3 Suspension. The Board of Directors may suspend the rights of a Member and such Member's family, tenants, occupants, guests and invitees, to use the recreational facilities (including but not necessarily limited to the Permanent Open Space) during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for the period of the infraction plus a reasonable period not to exceed sixty (60) days, for infraction or violation of any provision of the Declaration, these Bylaws or published rules and regulations of the Association.

ARTICLE V - MEETINGS OF MEMBERS

5.1 Place of Meetings. All meetings of Members shall be held at such place within the State of North Carolina and Wake County as shall be designated on the notice of the meeting or agreed upon by a majority of the votes of the Members entitled to vote thereat.

5.2 Annual Meetings. The annual meeting of the Members for the election of directors and the transaction of other business shall be held within the month of December each year at such time and at such place as determined by the Board of Directors. The annual meeting shall be held at least once a year.

5.3 Substitute Annual Meeting. If the annual meeting shall not be held within the month designated by these By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 5.4 of this Article V. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

5.4 Special Meeting. Special meetings of the Members may be called at any time by the President, a majority of the Board of Directors of the Association, or by Members owning not less than 10% of all votes in the Association.

5.5 Notice of Meetings. Written or printed notice stating the time and place and purpose of the meeting shall be given not less than 10 days nor more than 60 days before the date of any Members meeting, either by hand delivery or sent by prepaid U.S. Mail to the mailing address of each Member entitled to such notice, by or at the direction of the Secretary, to each Member of record entitled to vote at such meeting. Notice of any meeting shall be given as provided in the Planned Community Act, including a statement of the purposes of such meeting if required by such Act.

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

5.6 Voting Lists. At least ten days before each meeting of Members, the Secretary of the Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof, with the address of and number of votes held by each, which list shall be kept on file at the registered office of the Association for a period often days prior to such meeting, and shall be subject to inspection by any Member at any time during the usual business hours. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting. If more than one person owns a Lot, the vote allocated to such Lot shall be cast in accordance with the provisions of the Planned Community Act.

5.7 Quorum. One-fourth (1/4) of the votes of each Class of Members of the Association entitled to vote, represented in person or by proxy at the beginning of the meeting, shall constitute a quorum at a meeting of Members for any action except as required by law or as otherwise provided in the Governing Documents. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

In the absence of a quorum at the opening of any meeting of Members, such meeting may be adjourned from time to time without notice, other than announcement at the meeting, until a quorum shall be present or represented, by a vote of the majority of the votes present in person or proxy; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. The quorum requirements shall be reduced for the next meeting after adjournment for lack of a quorum as provided in the Planned Community Act.

5.8 Proxies. At all meetings of Members, votes may be voted either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney in fact. All proxies must be in writing and filed with the Secretary of the Association. A

r proxy is not valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

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5.9 Voting. The vote on any matter of a majority of the votes of each Class of Members present at a meeting of Members shall be the act of the Members on that matter, unless the vote of a greater number is required by the Declaration, these By-Laws, the Planned Community Act or by law.

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

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

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

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

Adjournment.

ARTICLE VI - BOARD OF DIRECTORS

6.1 Number, Term and Qualification. The affairs of this Association shall be managed by a Board of Directors. So long as there is a Class B Membership, the affairs of this Association shall be managed by a Board of Directors consisting of three (3) Directors appointed by the Declarant, who need not be Members of the Association.

Not later than sixty (60) days after the termination of the Class B Membership (or such earlier date as required by law), the Members shall elect a new Board of Directors, which Board may be composed of some or all of the Directors appointed by the Declarant. Thereafter, Directors shall be elected at the annual meeting of the Members. All Directors shall be elected for a term of one (1) year or until his or her death, resignation, removal or his or her successor is elected. The number of Directors, and their terms of office may be changed by amendment of these By-Laws, provided that the number of Directors shall not be less than three(3) nor more than nine (9) and the number of Directors shall always be an odd number. Any directorships not filled by the Members shall be treated as vacancies to be filled by and in the discretion of the Board of Directors except as otherwise provided by the Planned Community Act or other applicable statutes of North Carolina. A majority of the Directors elected by the Members, or such higher number as then required by the Planned Community Act, shall be Members of the Association or officers, Directors, shareholders, trustees, partners, members or managers of Members which are entities.

6.2 Nomination. Nominations for election to the Board of Directors shall be made by the Board of Directors. Nominations may also be made from the floor at the meeting. The Board of Directors shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

6.3 Election of Directors. Except as provided in Sections 6.1 and 6.5 of this Article VI, the Directors shall be elected at the meeting of Members and those persons who receive the highest number of votes shall be deemed to have been elected. If any Member so demands, the election of Directors shall be by secret written ballot. Cumulative voting is not permitted.

6.4 Removal. Any director may be removed at any time, with or without cause, by a vote of the Members holding a majority of the outstanding votes entitled to vote to elect that director. If any Directors are so removed, new Directors may be elected at the same meeting. Additionally, any director who has three (3) consecutive unexcused absences may be removed by majority vote of the Directors.

6.5 Vacancies. Any vacancy occurring in the Board of Directors (caused by death, resignation, removal or otherwise) may be filled by the affirmative vote of a majority of the remaining Directors even though less than a quorum, or by the sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the authorized number of Directors shall be filled only by election at an annual meeting or at a special meeting of Members called for that purpose.

6.6 Compensation. The Board of Directors may not compensate Directors for their services as such, but may provide for the payment of any or all actual expenses incurred by Directors in performing their duties.

ARTICLE VII - MEETINGS OF DIRECTORS

7.1 Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after the annual meeting of the Members for the purpose of electing officers. In addition, the Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings.

7.2 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. Such a meeting may be held as fixed by the person or persons calling the meeting.

7.3 Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least 10 days and not more than 60 days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

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

7.5 Quorum. A majority of the number of Directors fixed by these By-Laws present at the beginning of the meeting shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

7.6 Manner of Acting. Except as otherwise provided in these By-Laws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

7.7 Presumption of Assent. A director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment (hereof 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.

7.8 Informal Action by Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

7.9 Committees of the Board. The Board of Directors shall designate three (3) individuals, who need not be Members, to constitute an Architectural Committee as provided in the

Declaration and may appoint other committees as it deems appropriate. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors of any responsibility or liability imposed upon it or him by law.

ARTICLE VIII - POWERS/DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers. The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area, and Amenities, and the personal conduct of the Members and their guests thereon, and to establish fines and penalties for the infraction thereof;
- (b) suspend a Member's right to use of the recreational facilities as provided elsewhere in the Governing Documents and the Planned Community Act;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, the Declaration or the Planned Community Act;
- (d) declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board of Directors, unless such absence or absences are excused by the Board of Directors; and
- (e) employ a manager, independent contractors, or such employees as they deem necessary, and to prescribe their duties. During Class B membership, all contracts shall contain a provision which allows the Association to terminate the contract at will upon sixty days notice without penalty.

8.2 Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of any class of Membership who are entitled to vote at such meeting;
- (b) supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration and the Planned Community Act, to adopt a proposed budget for the Association at least sixty (60) days in advance of each annual assessment period, and send to each Member a written summary of the proposed budget and a written notice of the meeting of Members to consider ratification of the proposed budget at least ten (10) days and not more than sixty (60)

days in advance of such meeting. Unless otherwise provided in the Planned Community Act, there shall be no requirement that a quorum be present at such meeting to consider ratification of the proposed budget. The proposed budget shall be ratified unless at that meeting a majority (or such other percentage as required by the Planned Community Act) of the votes of all Members rejects the proposed budget. In the event the proposed budget is rejected, the budget of the Association shall be the previous budget;

- (d) foreclose the lien against any Lot for which assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same;
- (e) issue, or to cause an appropriate officer or agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment and the amount thereof;
- (f) pay ad valorem taxes and public assessments levied against the real and personal property owned in fee by the Association;
- (g) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (h) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate or as required by law;
- (i) cause the Common Area, recreational facilities and any other improvements thereto to be maintained;
- (j) direct and supervise the affairs of the Association and require the Association to fulfill all of its obligations and duties set forth in the Declaration;
- (k) appoint Members to the Architectural Committee for such terms as deemed appropriate; and
- (l) take such action as may be necessary to comply with applicable laws.

ARTICLE IX - OFFICERS

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

9.2 Election, Term and Qualification. The officers shall be elected by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, and each officer shall hold office for one (1) year unless he shall sooner die, resign, be removed, or his successor is elected or he or she otherwise shall be disqualified to serve.

9.3 ¹ Resignation and Removal. Any officer or Member of the Board may be removed by the Board, with or without cause, whenever in its judgment the best interests of the Association will be served thereby. Any officer may resign at any time by giving written notice to the 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 otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

9.5 President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Board of Directors and Members. He shall sign, with the Secretary, an Assistant Secretary, or any other proper officer, any deeds, leases, mortgages, promissory notes, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be delegated by the Board of Directors or these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

9.6 Vice-President. In the absence of the President or in the event of his death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting shall have all powers of and be subject to all the restrictions upon the President. The Vice-President shall perform duties as from time to time may be assigned to him by the President or Board of Directors.

9.7 Secretary. The Secretary shall: (a) keep the minutes of the meetings of Members, of Board of Directors and of all Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the Association records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; (e) keep or cause to be kept a record of the Association's Members, giving names and addresses of all Members and the number of votes held by each, and prepare or cause to be prepared voting lists prior to each meeting of Members as required by law; and (f) in general perform all duties incident to the office of Secretary

and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

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

9.9 Treasurer. The Treasurer shall (a) have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected; (b) prepare, or cause to be prepared, a true statement of the Association assets and liabilities as if the close of each fiscal year; (c) shall cause an annual audit of the Association books to be made by an independent certified public accountant at the completion of each fiscal year; (d) issue, at the direction of the Board of Directors, certificates as to whether assessments on a specified Lot have been paid; and (e) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors, or by these By-Laws.

9.10 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.11 Officers to Certify Amendments. The President or Vice President and the Secretary or Assistant Secretary may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

ARTICLE X - MEMBERSHIP REGISTER

10.1 For the purposes of determining Members of the Association entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Board of Directors may provide that the membership register shall be closed for a stated period but not to exceed, in any case, fifty (50) days and, in case of a meeting of Members, not less than ten (10) days immediately preceding the date on which the particular action, requiring such determination of Members is to be taken.

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

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

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

ARTICLE XI - GENERAL PROVISIONS

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

11.2 Assessments. As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessment which is not paid within thirty (30) days after the due date shall be delinquent. The Association shall have the option to declare the outstanding balance of any assessment due and payable if any installment thereof shall become delinquent as defined herein. If an assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from its due date at the rate of twelve percent (12%) per annum or such other rate as established by the Association as provided in the Planned Community Act, but in no event shall such interest exceed the highest rate allowed by law, and shall be subject to late fees as approved by the Board of Directors and permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against such Owner's Lot provided under the Declaration. To the extent permitted or required by the Planned Community Act, interest, late fees, costs and reasonable attorney fees of any such action shall be added to the amount of such assessment. Each such Owner, by acceptance of a deed to a Lot expressly grants to the Association, its agents or assigns, the right and power to bring all actions against such Owner personally liable for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a Mortgage or a deed of trust lien on real property and such Owner hereby expressly grants to the Association a power of sale in connection with foreclosure of said lien. Such lien shall be in favor of the Association, which shall have the power to purchase the Lot subject to the lien at foreclosure and to acquire and hold, lease, mortgage and convey the same. No Owner may waive or otherwise escape liability for assessments provided for herein by non-use of the Common Area or by abandonment of his Lot. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage on a Lot. Mortgagees are not required to collect assessments and nothing in these Bylaws shall require that failure to pay assessments shall constitute a default under a Mortgage insured by the U.S.

Department of Housing and Urban Development, the U.S. Veterans Administration or by any other governmental mortgage insurance program, such as those by the Federal Home Loan Mortgage Corporation, the Government National Mortgage Corporation or the Federal National Mortgage Association.

11.3? Delegation of Powers. The Board of Directors and the officers may delegate to other persons or a management agent the powers to collect assessments, fines, late fees, interest and other charges provided by the Governing Documents; to maintain bank accounts in the name of the Association and to deposit all funds of the Association into such bank accounts; to hire and discharge other agents and independent contractors; to supervise the use, maintenance, repair, replacement and modification of the Common Areas; to pay from the funds of the Association, the expenses and liabilities of the Association, including but not limited to compensation and reimbursements to such person or management agent; and to prepare statements of Common Expenses and statements concerning the status of paid and unpaid assessments.

11.4 Seal. The seal of the Association shall consist of two concentric circles between which is the name of the Association and the year of incorporation and in the center of which is inscribed "SEAL".

11.5 Waiver of Notice. Whenever any notice is required to be given to any Member or Director by law, by Declaration, or by these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice whether before or after the time stated therein, shall be equivalent to the giving of such notice.

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

11.7 Amendments. Unless a higher percentage is required for certain amendments by applicable law, the Declaration or the Bylaws, the Bylaws may be amended by the affirmative vote or written ballot (as provided by law) of Members entitled to cast in the aggregate at least a 51% of the votes of the Association. Unless otherwise provided by the amendment, or as otherwise may be provided by applicable law, any amendment of the Bylaws shall be effective when approved in accordance with this Article. Unless then required by applicable law, such amendment need not be set forth in an amendment to the Declaration duly recorded in the Office of the Register of Deeds in Wake County, North Carolina, in order to be effective. Notwithstanding any provision in this instrument to the contrary, as long as the Declarant controls the Association and if the Property has been approved by the U.S. Department of Veterans Affairs ("VA") and/or the U.S. Department of Housing and Urban Development ("HUD") for loans guaranteed by the VA or HUD (but not otherwise), any amendment of these By-Laws may be vetoed by the VA or HUD.

11.8 Conflicts. In the case of any conflict between the Articles of incorporation of the Association and these By-Laws, the Articles shall control; and in the case of any conflict between

the Declaration and these By-Laws or the Articles of Incorporation of the Association, the Declaration shall control.

11.9 Compliance with Statutes. These Bylaws are set forth subject to the requirements of Chapter 47F, (the Planned Community Act) and Chapter 55 A (the Non Profit Corporation Act) of the North Carolina General Statutes, as amended, replaced and recodified from time to time. In the event these Bylaws conflict with the provisions of said statutes, it is hereby acknowledged and agreed that the provisions of such statutes will control.