

BYLAWS
OF
BANKS POINTE OWNERS' ASSOCIATION, INC.

ARTICLE I

Section 1. Name and Location. The name of the corporation is Banks Pointe Owners' Association, Inc., hereinafter referred to as the "Association". The initial principal office of the corporation shall be located at 5832 Carriage Farm Drive, Raleigh, North Carolina 27603, but meetings of members and directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Banks Pointe Owners' Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described as follows:

Located in Middle Creek Township, Wake County, North Carolina and described as follows:

Banks Pointe Subdivision, Phase I, Book of Maps 2004, at Page 722-724, Wake County Registry.

and such additions as may hereafter be brought within the jurisdiction of the Association.

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

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

Section 5. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to R. Kirk Leone Builder, Inc., *and its* successors and assigns if such successors or assigns should acquire one or more than one undeveloped Lots from the Declarant for the purpose of development.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Wake County, North Carolina.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Every person or entity who is a record owner of a fee or an undivided fee interest in any Lot which is subject by Covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an

interest merely as security for the performance of an obligation. No Owner shall have more than one membership, provided however, that each Owner shall have as many votes as the number of lots owned by such Owner. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. As evidence of each Owner's membership, each Owner shall deliver to the office of the Association a photocopy of the page(s) of his deed(s) which contains the name of the member and the Lot(s) owned by such member.

Section 2. Suspension of Membership. During any period in which a member shall be in default in the payment of any annual dues or special assessment levied by the Association, the voting rights and right to use of the recreational facilities of such member may be suspended by the Board of Directors until such dues or assessment has been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed 60 days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Areas and facilities.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1. Each member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Declaration. Any member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, his guests, or contract purchasers, who reside on the property. Such

member shall notify the secretary in writing of the name of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the member.

ARTICLE V

BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

Section 1. Number and Qualification. The affairs of this Association shall be managed by a Board of three (3) directors, of which ~~at least one~~ shall be a member of the Association.

Section 2. Election and Term of Office. Immediately prior to the annual meeting, the Board of Directors shall select one of its members to serve for the succeeding year, to provide continuity. At the annual meeting, the members shall elect two (2) directors to serve for a term of one year and thereafter until their successors are elected and qualified.

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

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

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

ARTICLE VI

MEETINGS OF DIRECTORS

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

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall

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

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

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power:

(a) To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) To exercise for the Association all powers, duties, and authority vested in or delegated to this Association not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(c) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three consecutive regular meetings of the Board of Directors; and

(d) To employ (or remove from employment) a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and, if requested in writing by one-fourth (1/4) of the members who are entitled to vote, to present a statement thereof to the members at the annual meeting of the members or at any special meeting;

(b) To supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided herein and in the Declaration;

(1) to fix the amount of the annual dues against each Lot at least thirty days in advance of each annual dues period, as hereinafter provided in Article XII, and

(2) to send written notice of each dues to every Owner subject thereto at least thirty days in advance of each annual dues period;

(3) to foreclose the lien against any property for which dues or assessments are not paid within thirty days after due date or to

bring an action at law against the owner personally obligated to pay the same.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any dues or assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any dues or assessment therein stated to have been paid;

(e) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) To cause the Common Area to be maintained.

ARTICLE IX

COMMITTEES

Section 1. Upon resignation of R. Kirk Leone, or at his request, the Board of Directors of the Association shall appoint an architectural Control Committee as provided in the Declaration, and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or

refer them to such other committee, director, or officer of the Association as is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting the members shall be held on the _____ (day) in the month of _____ of each year at the hour of _____ o'clock, P.M., and at such place as is fixed by the Board of Directors.

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

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

Section 4. Quorum. The presence at the meeting of the members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of members shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, The Declaration, or these Bylaws. If, however, such quorum shall not be

present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

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

ARTICLE XI

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such

period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. 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.

Section 6. Vacancies. A vacancy in any office may be filled by the Board of Directors. The officer elected to such vacancy shall serve until the next annual meeting of the members.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors and all meetings of the members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, promissory notes, mortgages, deeds, and other written instruments and shall sign all checks in excess of \$500.00.

Vice-President

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members, keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE XII

DUES AND ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Dues and

Assessments. By the Declaration each member is deemed to covenant and agree to pay to the Association: (1) annual dues or charges, and (2) special assessments for capital improvements. The annual dues and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be continuing lien upon the property against which each such assessment is made. Such dues and assessments, together with such interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the dues or assessments fell due and shall not pass to his successors in title as a personal obligation unless expressly assumed by them, regardless of the fact that it is a lien on the property purchased.

Section 2. Purpose of Dues and Assessments. The dues and assessments levied by the Association shall be used exclusively for the purpose of promoting the beautification of the properties, recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, and of those buildings situated upon Common Properties. The Owners Association shall be responsible for the payment of premiums for liability insurance, payment of local ad valorem taxes on Common Areas, payments of assessments for public and private

capital improvements made to or for the benefit of the Common Areas and maintenance of recreational and other facilities located on the Common Areas.

Section 3. Basis and Maximum Annual Dues. Until January 1, 2006, there shall be a capitalization fee of One Hundred and no/100 Dollars (\$100.00) for each new member, and the annual dues shall be Three Hundred and no/100 Dollars (\$300.00), prorated on a calendar-year basis, per Lot per year, payable by January 31 of each year beginning in the year 2005.

(a) When the construction and installation of the pool is completed, the annual dues shall automatically increase by Two Hundred Forty and no/100 Dollars (\$240.00) per lot per year, which shall make the total amount of the annual dues to be Five Hundred Forty and no/100 Dollars (\$540.00) per lot per year, payable by January 31 of each year.

(b) The annual dues may be increased effective January 1 of each year without a vote of the membership, provided the increase is not more than five percent (5%) above the maximum assessment for the previous year.

(c) The annual dues may be increased without limitation by a vote of two-thirds (2/3) of the members who are voting in person or by proxy at a meeting called for this purpose.

(d) After consideration of the current maintenance costs and future needs of the Association, the Board of Directors may fix the annual dues at an amount not in excess of the maximums, subject to the provisions of this Article.

Section 4. Special Assessment for Capital Improvements. In addition to the annual dues authorized above, the Association may levy in any assessment year, a

special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the recreation lot, necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at the annual meeting or at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the annual or special meeting setting forth the purpose for which the special assessment will be considered. The amount of the proposed special assessment need not be stated.

Section 5. Uniform Rate of Assessment. Annual dues must be fixed at a uniform rate for all Lots except as provided in the Declaration and may be collected on a monthly basis. Special assessments shall be fixed in the same manner.

Section 6. Quorum for any Action Authorized Under Sections 3 and 4. The presence at the meeting of members or of proxies entitled to cast sixty (60%) percent of all the votes of the membership shall constitute a quorum for the purposes of action authorized under Sections 3 and 4 of this Article. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3 and 4 of this Article, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date of Commencement of Annual Dues and Assessments: Due

Dates. The annual dues and assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual dues shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual dues against each Lot at least thirty days in advance of each annual assessment period. Written notice of the annual dues and assessments shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall upon demand at any time furnish a certificate in writing, signed by an officer of the Association, setting forth whether the dues and assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Nonpayment of Dues or Assessments: Remedies of the

Association. Any dues or assessments which are not paid when due shall be delinquent. If the dues or assessment is not paid within thirty days after the due date, the dues or assessment shall bear interest from the date of delinquency at the rate of twelve (12%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, and interest, costs, late payments charges and reasonable attorney's fees of any such action shall be added to the amount of such dues and assessment. No Owner may waive or otherwise escape

liability for the dues or assessments provided for herein by non-use of the recreation lot and its facilities, or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the dues and assessments provided for herein shall be subordinate to the lien of a first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to a decree of foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such dues and assessments as to payment thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any dues or assessments thereafter due or from the lien thereof.

Section 10. Exempt Property. The following property subject to the Declaration shall be exempt from the dues and assessments created therein: (a) all properties dedicated to and accepted by a local public authority and (b) the Common Area, including the recreational lot and its facilities. However, no land or improvements devoted to dwelling use shall be exempt from said assessments, except Lots owned by the Declarant.

ARTICLE XIII

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. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for

inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "Banks Pointe Owners' Association, Inc.", and in its center the words "Corporate Seal".

ARTICLE XV

AMENDMENTS

Section 1. Any portion or all of these Bylaws may be amended from time to time by a two-thirds (2/3) vote of a quorum of the members of the Board of Directors after 30 days written notice of the proposed change except Articles I and II, Article III, Section 1, Article IV, Article V, Sections 2 and 4, Article XII and Article XIII. Except as provided in Article XII, Section 6, these Articles may be amended only by the members at a regular or special meeting of the members, by a vote of the majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

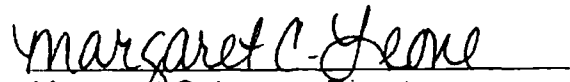
ARTICLE XVI

MISCELLANEOUS

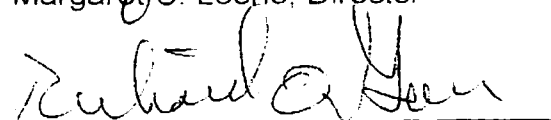
The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year shall begin on the date of incorporation. IN WITNESS WHEREOF, we, being all of the directors of the Banks Pointe Owners' Associations, Inc., have hereunto set our hands this _____ day of _____, 2005.



R. Kirk Leone, Director



Margaret C. Leone, Director



Richard O. Gamble, Director

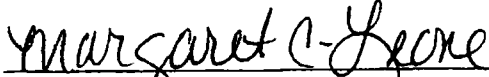
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Banks Pointe Owners' Association, Inc., a North Carolina corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 2005.


Margaret C. Leone, Secretary

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