

**BY-LAWS
OF
BROAD STREET TRAILS HOMEOWNERS ASSOCIATION**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is BROAD STREET TRAILS HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal office of the corporation shall be located in Pinehurst, Moore County, North Carolina, but meetings of members of directors may be held at such places within the State of North Carolina, County of Moore, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

The following words when used in these by-laws or amendment hereto (unless the context shall prohibit) shall have the following meanings:

(a) "Association" shall mean and refer to Broad Street Trails Homeowners Association, a North Carolina nonprofit corporation, its successors and assigns.

(b) "Community Common Property" or "Common Area" or "Common Property" shall mean and refer singularly or collectively, as applicable, to all real property and improvements thereon or associated therewith, which is/are owned or leased by, or located in an easement granted to or reserved by, the Association and which has/have been designated by Declarant or the Association as "Community Common Property", "Common Area", "Open Space", "Riparian Buffer", or some other, similarly descriptive term, on a recorded plat, in a Supplemental Declaration, or in a deed or other written instrument, and also shall refer to all personal property owned or leased by the Association and designated as Common Property by the Declarant or the Association. All Common Area or Community Common Property shall be subject to the terms and conditions of the Declaration and the ordinances of Moore County.

(c) "Declarant" shall mean and refer to PINNACLE DEVELOPMENT CORPORATION, INC., a North Carolina Corporation, its successors and assigns, to whom the rights of Declarant are expressly transferred in whole or in part, and subject to such conditions as Declarant may impose, if such successors or assigns should acquire more than one

undeveloped Lot location for the purpose of development. The development of a Lot site shall mean and refer to the construction of a residence thereon.

(d) "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties, and amendments thereto which are recorded in the Office of the Register of Deeds, Moore County, North Carolina.

(e) "Lot" shall mean and refer to any numbered or lettered plot of land shown on any plot including exact metes and bounds descriptions and recorded in the Office of the Register of Deeds, Moore County, North Carolina, which is made subject to the Declaration as it may be amended.

(f) "Member" shall mean and refer to an "Owner" subject to assessment as provided in the Declaration.

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

(h) "Properties" shall mean and refer to that certain real property described in Exhibit A to the Declaration, and any annexation thereto.

ARTICLE III **MEETINGS**

Section 1. Annual Meetings. The first annual meeting of the members shall be held within eighteen months after the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held in the same month of each year thereafter, on the day and at the hour specified in the notice to members of the meeting.

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 either the Class A or Class B membership.

Section 3. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Declaration or these By-laws, 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 30 days before such meeting to each

member entitled to vote there-at, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have 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 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 transfer or conveyance by the member of his Lot.

ARTICLE IV **BOARD OF DIRECTORS; SERVICE; TERM OF OFFICE**

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than five (5) directors, who shall be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect one (1) director for a term of one year, one (1) director for a term of two years, and one (1) director for a term of three years, and at each annual meeting thereafter the members shall elect directors for the terms expiring that year for a term of three (3) years.

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

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

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

ARTICLE V
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 Nomination 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.

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

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly 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 (3) 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

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment the Community Common Properties. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in the Declaration. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association and/or the Declarant for all damages and costs, including attorney's fees.

(b) suspend the voting rights and the right to use of the Community Common Areas of a member and his guest 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 a period not to exceed sixty (60) days for infraction of published rules and regulations;

(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, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(f) provide one or more central television antennas and supply cablevision for the convenience of the members, the cost of which may be included in annual or special assessments, and regulate or prohibit the erection of television antennas or dishes on individual Lots;

(g) contract with the owners of recreational facilities for the use of such facilities by the members, or furnish such facilities.

Section 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 the members who are entitled to vote.

(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, to:

(1) fix the amount of any annual assessment against each member at least thirty (30) days in advance in each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date and/or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer 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;

(e) procure and maintain fidelity bond coverage, and liability and hazard insurance on property owned by the Association in conformance with the FMNA Lending Guide, Chapter 3, Part 5, Insurance Requirements and the Declaration.

(f) cause all officers or employees having fiscal responsibilities to be bonded in an amount equal to a minimum of three (3) months operating expenses plus the amount of the reserve account.

- (g) cause the Community Common Area to be maintained;
- (h) pay all ad valorem taxes and public assessments relating to the Community Common Area Space and;
- (i) all contracts entered into by the Association prior to transfer of control shall provide for the right of termination by the Association upon no less than ninety (90) days notice without penalty.

ARTICLE VIII 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 (1) 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 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 appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

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; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

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; at the discretion of the Board, cause an annual audit of the Association books to be made by an independent accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX
COMMITTEES

The Association shall appoint an Architectural Committee and a Nominating Committee, as provided in these By-Laws. The Board of Directors, in its discretion, may serve as the Architectural Committee and perform the functions of the Architectural Committee as set forth in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X
BOOKS AND RECORDS

The books, records, financial statements and papers of the Association shall be available upon request within five (5) business days upon write request, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws 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. Such documents shall also be made available to lenders, holders, insurers, guarantors of any first mortgages or deed of trust on the lot(s) and the City of Southern Pines.

ARTICLE XI
ASSESSMENTS

(a) The Board of Directors shall determine from time to time the amount of any initiation fee, if any, and any annual assessments as are necessary to care for and maintain any Community Common Area, and provide for the best interest and welfare of the Association, and shall give appropriate notice to the members thereof. The Board of Directors may direct that annual assessments be collected in advance or by installments with such frequency as may be determined appropriate by the Board of Directors. Each member is obligated to pay to the Association such annual assessments as are adopted by the Board of Directors. Assessments of a new member shall be prorated from the first day of the month in which such new member is accepted for membership.

(b) 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 property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate then permitted by North Carolina law, and the Association may bring an action at law against the owner personally obligated to pay the same and/or foreclose the lien against the property, and interest, late fees, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Community Common Property or abandonment of his Lot.

ARTICLE XII
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: BROAD STREET TRAILS HOMEOWNERS ASSOCIATION

ARTICLE XIII
AMENDMENTS AND CONFLICTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of each class of members present in person or by proxy.

Section 2. In the case of a 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 XIV
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.

IN WITNESS WHEREOF, we, being all of the directors of BROAD STREET TRAILS HOMEOWNERS ASSOCIATION, have hereunto set our hands this _____ day of _____, 2004.

_____(SEAL)

_____(SEAL)

_____(SEAL)

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of BROAD STREET TRAILS HOMEOWNERS ASSOCIATION, a North Carolina nonprofit corporation: and

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 2004.

(CORPORATE SEAL)

_____(SEAL)
SECRETARY

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment the Community Common Property. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association and/or the Declarant for all damages and costs, including attorney's fees. No rule or action by the Association or Board shall unreasonably impede the Declarant's right to develop the Properties.

Section 2. Use of Properties. No portion of the Properties (except for the temporary offices of the Declarant and other builders' and/or model units used by the Declarant and other builders and construction materials, storage, equipment, signs and parking of Declarant and other builders) shall be used, except for residential purposes and for purposes incidental or accessory thereto.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and are controlled in accordance with applicable governmental ordinances.

Section 5. Obstructions, etc. There shall be no obstruction of the Common Area, nor shall anything be kept, stored, altered, constructed or planted in or on the Common Area, or removed therefrom, without the prior consent of Declarant or the Association. *Provided, however,* Declarant and the Association shall have the right to install, place, repair, replace and maintain signs in the Common Area and to install, maintain, repair and replace in the Common Area such materials, equipment and other apparatus as may be necessary to enable the Association to carry out its powers and duties under this Declaration.

Section 6. Signs. No sign of any kind shall be displayed to the public view on any Lot except for signs that are allowed by law and are approved by Declarant, and which are for one or more of the following purposes: (i) advertising the Lot for sale or rent, (ii) advertising the building contractor constructing improvements on the Lot during the initial construction and sales period, (iii) identifying the rental or sales office and/or model home of a building contractor who owns the Lot, (iv) identifying the subdivision or phase name and/or identifying the Lot number of a Lot; and (v) any other purpose approved by the Declarant (or by the Architectural Control Committee after the Class B membership terminates); provided however, the foregoing limitations shall not act to restrict or prohibit Declarant or the Association or any applicable governmental entity from erecting, maintaining, repairing and replacing (and Declarant hereby reserves for itself, the Association and such governmental entities the right to erect, maintain, repair and replace) on a Lot or on the Common Area, landscaped rights-of-way, roadway medians and in any easements reserved or granted for such purposes, signs and billboards advertising the Properties or portions of the Properties, or signs identifying various subdivisions or phases of the project, or regulatory, street and directional signs. Notwithstanding the foregoing, all signs erected and maintained on any Lot must conform to all applicable governmental requirements.

Section 7. TV Antennas and Dishes. No satellite dishes of greater than one (1) meter in diameter shall be installed or permitted to remain on any of the Properties without the prior written approval of the Declarant, Board of Directors or Architectural Committee.

Section 8. Parking. No owner or his family, lessee or sublessee or guest of an Owner shall park or store any commercial vehicle, boat, trailer, camper or camper top, recreational vehicle, or any other similar object on any private street within or adjoining the Properties, or on any Lot. Notwithstanding the foregoing, guests and invitees of any Owner or lessee may park a private passenger vehicle on the driveway or other portion of the Properties paved for parking of the vehicles for a period not to exceed seven (7) days. Furthermore, nothing herein shall be deemed to prohibit temporary parking of vehicles involved in deliveries to a Lot.

ARCHITECTURAL CONTROL AND INSPECTION

Section 1. General Provisions. No erection, or installation of any improvements, including, but not limited to, residences, buildings, outbuildings, fences, walls and other structures, shall be undertaken upon the Properties, unless plans and specifications therefore, showing the nature, submitted to Declarant and expressly approved in writing by it.

This Article shall not apply to the activities of the Declarant, or to the improvements to the Common Property by or on behalf of the Association. This Article may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

No subsequent alteration or modification of improvements may be undertaken on any of the Properties which shall not be subject to the foregoing requirement; without prior review and express written approval by the Declarant, or the Board of Directors of the Association (after such approval rights have been assigned to the Association; the Declarant reserves the right to assign all or any portion of its approval rights to the Association at any time), or by an "Architectural Committee" composed of three (3) or more representatives appointed by the Board.

Refusal or approval of plans, location, exterior color or finish, or specifications may be based by Declarant, Board of Directors or Architectural Committee, as the case may be, upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant, Board of Directors or Architectural Committee, as the case may be, shall seem sufficient.

In the event that the Declarant, or the Board of Directors or Architectural Committee, as the case may be, fails to approve or disapprove the site or design of any proposed improvements within thirty (30) days after plans and specifications therefore have been submitted and received, approval of the submitted items will be deemed granted, and the requirements of this Article will be deemed to have been fully met; provided, however, that the plans and specifications required to be submitted shall not be deemed to have been received by the Declarant, Association, or Architectural Committee, as the case may be, if they contain inaccurate or erroneous information

or fail to present adequate information upon which the Declarant or the Board of Directors or Architectural Committee, as the case may be, can arrive at a decision The Delcarant shall have the right, at its election, but shall not be required to , enter Upon any of the Properties during site preparation or construction, erection or installation of improvements to inspect the work being undertaken, and to determine that such work is being performed in conformity with the approved plans and specifications, and in a good and workmanship manner, utilizing approved methods and good quality materials.

Association is responsible for exterior maintenance upon each Lot which is subject to assessment hereunder, as follows:

Paint, repair, replace and care for roof, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, mailboxes, fences installed by Developer or the Association, exterior post lights (excluding electricity therefore), and other exterior improvements made by Association or Developer.

Such exterior maintenance shall NOT include the following:

Glass surfaces (windows and storm doors), screens, awnings, and if permitted, approved additions to dwellings made after completion of the initial dwelling (unless maintaining of such addition is affirmatively assumed by the Association, or the repair or reconstruction of any improvements on any Lot, the cost of which repair or reconstruction would be covered by casualty insurance, whether or not a policy of casualty insurance is in effect..

EXTERIOR LANDSCAPING ADDITIONS:

The owner of a lot may at his election plant trees, shrubs, flowers and grass in his rear yard and may also maintain portions, or all of his rear yard – provided that such maintenance by the owner does not hinder the Association in performing its maintenance of the exterior of the house and the remaining yard spaces. Owner would then be responsible for the maintenance and replacement costs of those added plants and trees. Prior to planting any tree, plant or shrub – owner must obtain prior written permission from the Developer or Board of Directors.

Prior written approval must be obtained prior to planting any vegetation in the front yard or side yard.

Enforcement:

The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, condition, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Association's Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction hereby contained shall in no event be deemed a waiver of the right to do so thereafter.