

ORIGINAL COPY

BYLAWS OF
CAROLINA POINTE I OWNERS' ASSOCIATION, INC.

COPY

ARTICLE I

The name of the corporation is CAROLINA POINTE I OWNERS' ASSOCIATION, INC. hereinafter referred to as the "Association." The principal office of the Corporation shall be located at 312 Cloister Court, Chapel Hill, N.C. 27514, Orange County, North Carolina 27514, but meetings of members and directors may be held at such places within the State of North Carolina, Orange or Durham County, as may be designated by the Executive Board.

ARTICLE II

Section 1. "Allocated Interests" means the undivided interest in the Common Elements and Common Expense liability and votes in the Association, allocated to Units in the Condominium. The Allocated Interests are described in Article 7 of the Declaration.

Section 2. "Association" means the CAROLINA POINTE I OWNERS' ASSOCIATION, INC., a nonprofit corporation organized under Chapter 55A of the General Statutes of North Carolina. It is the Association of the Unit Owners pursuant to Section 47C-3-101 of the Condominium Act.

Section 3. "Bylaws" means the Bylaws of the Association, as they may be amended from time to time.

Section 4. "Common Elements" means all portions of the Condominium other than the Units, including but not limited to, that certain Stormwater Facility more particularly described in Section 25.

Section 5. "Common Expenses" means the expenses or financial liabilities for the operation of the Condominium. These include:

(i) expenses of administration, maintenance, repair or replacement of the Common Elements, including utility charges attributable to Common Elements;

(ii) expenses declared to be Common Expenses by the Condominium Documents or by the Condominium Act;

(iii) expenses agreed upon as Common Expenses by the Association; and

(iv) such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

Section 6. "Condominium" means Carolina Pointe 1 Condominium, as created by the Declaration (defined below).

Section 7. "Condominium Documents" means the Declaration, the Plats and Plans recorded and filed pursuant to the provisions of the Condominium Act, these Bylaws, and the Rules and Regulations as they may be amended from time to time. Any exhibit, schedule, or certification accompanying a Condominium Document is a part of that Condominium Document.

Section 8. "Declarant" means C.A.I. GROUP III, LLC , or its successor as defined in Section 47C-1-103(9) of the Condominium Act.

Section 9. "Declaration" means that Declaration of Carolina Pointe I Condominium of record at Book ____ Page ____, Durham County Registry, as the same may be amended from time to time.

Section 10. "Development Rights" means the rights reserved by the Declarant under Article 6 of the Declaration to create Units, Common Elements, and Limited

Common Elements within the Condominium and to add real estate to the Condominium.

Section 11. "Declarant Control Period" means the period prior to the earlier of: (1) one hundred twenty (120) days after conveyance of seventy-five percent (75%) of the Units (including Units which may be created pursuant to special Declarant rights) to Unit Owners other than the Declarant; (2) two years after the Declarant has ceased to offer Units for sale in the ordinary course of business; or (3) two years after any development to add new units was last exercised, , per the provisions of N.C.G.S. Sec. 47C-3-103.

Section 12. "Director" means a member of the Executive Board.

Section 13. "Executive Board" means the board of directors of the Association.

Section 14. "Improvements" means any construction, structure, fixture or facilities existing or to be constructed on the land included in the Condominium, including but not limited to, buildings, trees and shrubbery planted by the Declarant or the Association, paving, utility lines, pipes, and light poles.

Section 15. "Limited Common Elements" means the portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units by the Declaration or by operation of Section 47C-2-102(2) and (4) of the Condominium Act. The Limited Common Elements in the Condominium are described in Article 3 of the Declaration.

Section 16. "Majority or Majority of Unit Owners" means the owners of a minimum of Fifty-One Percent (51%) of the votes in the Association.

Section 17. "Manager" means a person, firm or corporation employed or engaged to perform management services for the Condominium and the Association.

Section 18. "Member" means any person who is a record owner of a fee or undivided fee interest in any of the Units of Carolina Pointe 1 Condominium. Ownership of such interest shall be the sole qualification for membership in the Association, and membership shall be appurtenant to and shall not be separated from such ownership.

Section 19. "Notice and Hearing" means the right of a Unit Owner to receive notice of an action proposed to be taken by the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Section 21.1 of Article 21 of the Declaration.

Section 20. "Person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

Section 21. "Plats and Plans" means the Plats and Plans recorded simultaneously with this Declaration in Condo Book _____, Page _____, Durham County Registry, and constituting a part hereof, as the same may be amended from time to time.

Section 22. "Property" means the land, all improvements, easements, rights and appurtenances, which have been submitted to the provisions of the Condominium Act by the Declaration.

Section 23. "Public Offering Statement" means the current document prepared pursuant to Section 47C-4-103 of the Condominium Act as it may be amended from time to time, and provided to purchasers prior to the time of execution of a purchase agreement.

Section 24. "Rules and Regulations" means Rules and Regulations for the use of Units and Common Elements and for the conduct of persons within the Condominium, adopted by the Executive Board pursuant to the Declaration.

Section 25. "Security Interest" means an interest in real estate or personal property, created by contract or conveyance which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an Association, and any other consensual lien or title retention contract intended as security for an obligation.

Section 26. "Special Declarant Rights" means the rights reserved for the benefit

of a Declarant to:

- (i) complete improvements indicated on the Plats and Plans filed with the Declaration;
- (ii) exercise any Development Rights;
- (iii) maintain sales offices, management offices, signs advertising the Condominium, and models;
- (iv) use easements through the Common Elements for the purpose of making improvements within the Condominium or within real estate that may be added to the Condominium; or
- (v) appoint or remove any officer of the Association or any Executive Board member during the Declarant Control Period.

Section 27. "Stormwater Facility" means that certain privately-owned on-site engineered stormwater control facility that satisfies the requirements of the City of Durham's ordinances and regulations for such facilities, as more particularly described in Article 25 of the Declaration.

Section 28. "Trustee" means the entity which may be designated by the Executive Board as the Trustee for the receipt, administration, and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses, and other like sources as defined in the Bylaws. If no Trustee has been designated, the Trustee will be the Executive Board from time to time constituted, acting by majority vote, as executed by the president and attested by the secretary.

Section 29. "Unit" means a physical portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described in Section 2.2 of Article 2 of the Declaration.

Section 30. "Unit Owner" means the Declarant or other Person who owns a Unit. Unit Owner does not include a Person having an interest in a Unit solely as

security for an obligation. The Declarant is the initial owner of any Unit created by the Declaration.

ARTICLE III

Section 1. Annual Meetings: The first annual meeting of the Members shall be held at a place to be designated by the Board within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter. If the day for the annual meeting of the Members is a legal holiday or weekend, the meeting will be held at the same hour on the first day of the following week which is not a legal holiday or weekend.

Section 2. Special Meetings: Special meetings of the Members may be called at any time by the President or by the Board or upon written request of the Members who are entitled to vote Fifty Percent (50%) of all votes of the Members. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in said notice.

Section 3. Notice of Meetings: Written notice of each meeting of the Members shall be given by or at the direction of, the Declarant, the President or the Secretary of the Association, or person authorized to call the meeting, by hand carrying or mailing a copy of such notice, postage prepaid, at least fourteen (14) days before, but not more than thirty (30) 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. Notice by either method shall be deemed given when said notice is deposited in the United States mail, addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid, or delivered by hand to such address. Attendance by a Member at any meeting of Members shall be a waiver of notice to him as to the time and place and purpose thereof. Attendance at a meeting or a waiver of notice signed by one Owner in the event

of multiple ownership of a Unit shall be considered a waiver of notice as to the Owners of that Unit. Notice to one of two or more co-owners of a Unit shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Association in writing of any change in address and it shall be the responsibility of any new Member to immediately notify the Association of the fact of the transfer of ownership.

Section 4. Quorum: The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, Fifty-One Percent (51%) 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 Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting. Another meeting may be called subject to the notice requirement set forth above. The required quorum at such subsequent meeting shall be Fifty-One Percent (51%) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than twenty (20) days following the preceding meeting.

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 Unit or upon written notice of revocation filed with the Secretary or upon the lapse of eleven (11) months from the date of execution unless otherwise provided in the proxy.

Section 6. Voting: At every meeting of Members, each Member shall have the right to cast on each question the votes allocated in the Declaration for the Units owned by such member. Fifty-One Percent (51%) of the eligible votes entitled to be cast by Members present at the meeting, in person or by proxy, shall be a majority unless the question is one upon which, by express provision of Statute or of the Articles of Incorporation of the Association, or of the Declaration or of these Bylaws, a different vote is required, in which case such express provision shall govern. If more than one person or entity is an Owner of any Unit, then the Association membership voting right appurtenant to such Unit Shall be exercised as such Owners among themselves shall determine. In the event and so long as such co-owners of a Unit are unable to agree on

the manner in which the vote appurtenant to such Unit shall be cast, then such vote shall not be regarded and shall not be counted. The vote of any Owner who is a corporation, trust or partnership may be cast by any officer, trustee, or partner, as the case may be, and unless objection by any other such officer, trustee or partner of such Owner is noted at the meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote.

Section 7. Loss of Right to Vote: The vote of any Member who is shown on the books or records of the Association to be more than thirty (30) days delinquent in any payment due the Association shall not be an eligible vote and shall not be counted for purposes of deciding any question so long as such delinquency is not cured, nor shall such Member be eligible to be elected to the Executive Board.

Section 8. Action Without a Meeting: Any action required to be taken at a meeting of 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 Members entitled to vote with respect to the subject matter thereof and filed with the Secretary of the Association as part of the corporate records, whether done before or after the action so taken.

ARTICLE IV

EXECUTIVE BOARD - SELECTION - TERM OF OFFICE

Section 1. Number: The affairs of the Association shall be managed by a Board of no less than three (3) and no more than seven (7) directors, who need not be Members of the Association. The initial Executive Board shall consist of three (3) directors. At each annual meeting of the Association, the Members shall determine by resolution the number of directors to serve on the Executive Board until the next Annual Meeting. The initial three (3) Directors shall be selected by the Declarant and need not be Members. The names of the Directors who shall act as such until the next Annual Meeting are Louis P. Gonzales, Christopher R. Howlett, and Richard B. Williams. Vacancies on the Board not filled by the Members shall be treated as vacancies to be filled by and in the discretion of the Board.

Section 2. Term of Office: Directors elected at an Annual Meeting or appointed

by the Declarant shall serve until resignation, removal or death.

Section 3. Removal: Until the end of the Declarant Control Period, but in no event for a period of less than Three (3) years from the effective date hereof, any director may be removed from the Board with or without cause, by Declarant subject to N.C.G.S. Sec. 47c-3-103. After the termination of the Declarant Control Period, but in no event earlier than one (1) year from the effective date hereof, any director may be removed, with or without cause, by a majority vote of the Membership.

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

Section 5. Action Taken Without A Meeting: The directors or a committee thereof 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 or Members of the committee. Any action so approved shall have the same effect as though taken at a meeting of the directors or the committee.

Section 6. Participation in Meetings by Means of Conference Telephone: Members of the Executive Board, or any committee of the Board, may participate in a meeting of the Board or any committee of the Board by means of a conference telephone or similar communications device by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

Section 7. Vacancies: Any vacancies occurring on the Executive Board and any directorship to be filled by reason of any increase in the number of directors, not otherwise filled by the Members, shall be filled by the Executive Board.

Section 8. Right of Declarant to Representation on the Executive Board of the Association: Notwithstanding anything contained herein to the contrary but subject to N.C.G.S. Sec. 47c-3-103, during the Declarant Control Period, but in no event for a period of less than Three (3) years from the effective date hereof, Declarant shall have the right to appoint all of the Directors of the Association. Declarant shall have the right

to remove any person or persons selected by it to act and serve on said Executive Board and replace such person or persons with another person or other persons to act and serve in the place of any director or directors so removed. Any director designated and selected by Declarant serving on the Executive Board of the Association shall not be required to disqualify himself from any vote upon any contract or matter between Declarant and the Association where Declarant may have pecuniary interest or other interest.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination: Nomination for election to the Executive Board 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 Executive Board, and one (1) other person who is either a member of the Board or a member of the Association. The Nominating Committee shall be appointed by the Executive Board 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 elections to the Executive Board 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 non-Members.

Section 2. Election: Election to the Executive Board shall be by secret written ballot if request is made by Fifty-One Percent (51%) of the Members. At the direction of the Board, such election may be conducted by mail. 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

MEETING OF DIRECTORS

Section 1. Regular Meetings: Regular meetings of the Board shall be held at least semi-annually 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 or weekend, then that meeting shall be held at the same time on the next day which is not a legal holiday or weekend.

Section 2. Special Meetings: Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) directors, after not less than ten (10) days' notice to each director.

Section 3. Quorum: A majority of the number of directors, fixed by the Articles of Incorporation or the Bylaws 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, unless a greater number is required by law, the Articles of Incorporation or the Bylaws of the Association. If at any meeting of the Executive Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting any resumption of business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 4. Notice: Neither the business to be transacted at, nor the purpose of, any regular or special meetings of the Board need be specified in the notice or written notice or waiver of such meeting.

ARTICLE VII

POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 1. Powers: The Executive Board shall have the power to:

(a) 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) Suspend the voting rights of a Member 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 thirty (30) 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 Bylaws, the Articles of Incorporation, or the Declaration.

(d) Declare the office of a Director of the Executive Board to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Executive Board.

(e) Employ or engage a manager, an independent contractor, attorney or accountant or Such other employees and agents as they deem necessary, and to prescribe to them their duties.

(f) Adopt and publish rules and regulations regarding the use of Common Elements and parking spaces.

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

(a) Cause to be kept a complete record of all its acts and corporate affairs and 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 thirty-three and one-third percent (33 & 1/3 %) of the Members who are entitled to vote.

(b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

(c) As more fully provided in the Declaration to:

(i) adopt a proposed budget sixty (60) days in advance of each annual or special assessment period, provided that during the first year of operation or part thereof, the Board may fix the annual assessment for a prorata part of an assessment period, and to notify the membership of the proposed budget prior to the annual meeting of members, as required by the Declaration;

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

(iii) foreclose the lien against any property for which assessments are not paid within sixty (60) days after the due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) Issue, or 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 adequate liability and hazard insurance on property owned by the Association.

(f) Cause the Common Elements to be maintained in a manner consistent with the provisions of these Bylaws and the Declaration.

(g) Prepare and have available to each Member an annual report which shall include the annual financial statement which shall summarize the operation and actions of the Association and its income, expenditures and reserves.

(h) Pay any licenses or governmental charges levied or imposed against the property of the Association.

Section 3. Common or Interested Directors: The Directors shall exercise their powers in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and any corporation, firm or association, including the Declarant, in which one or more of the Directors of this Association is pecuniarily or otherwise interested, is neither void nor voidable because such Director is present at the meeting of the Board or any committee thereof which authorizes or approves, the contract or transaction, or because his vote is counted for such purpose, so long as any of the conditions specific in any of the following subparagraphs exists:

(a) the fact of the common directorate or interest is disclosed or known to the Executive Board or a majority hereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or,

(b) the fact of the common directorate or interest is disclosed or known to Members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or,

(c) the contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

A common or interested Director may be counted in determining the presence of a quorum at any meeting of the Executive Board or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers: The officers of this Association shall be a President and Vice President, who shall at all times be Members of the Board, a Secretary, and a Treasurer, and such other officers and assistant 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 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 be disqualified to serve.

Section 4. Special Appointment: 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, provided that such action shall be without prejudice to the contract rights, if any, of the officer so removed. Election or appointment of an officer or agent shall not of itself create contract rights. 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 any later time 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:

(a) **PRESIDENT:** The President shall preside at all meetings of the Executive Board; shall see orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and other written instruments and agreements and shall co-sign checks and promissory notes.

(b) **VICE PRESIDENT:** 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.

(c) **SECRETARY - ASSISTANT SECRETARY:** The Secretary or Assistant 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.

(d) **TREASURER:** 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 Executive Board; shall sign all checks and promissory notes of the Association; keep proper books of accounts; cause an annual audit of the Association's 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 IX

COMMITTEES

The Nominating Committee shall be appointed as provided in these Bylaws. The Executive Board, by resolution adopted by majority of the number of directors then in office, may designate one or more other committees, each consisting of two (2) or more directors, and each of which, to the extent provided in the resolution, shall have and may exercise all of the authority of the Executive Board in the management of the Association, except no such committee shall have authority as to the following matters:

- (a) The dissolution, merger or consolidation of the Association; the amendment to the charter of the Association; or the sale, lease or exchange of all or substantially all of the property of the Association.
- (b) The designation of any such committee or the filling of vacancies in the Executive Board or in any such committee.
- (c) The amendment or repeal of the Bylaws or adoption of new Bylaws.
- (d) The amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable.

Other Committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Any such committee, or any member thereof, may be discharged or removed by action of the majority of the Board. Any resolutions adopted or other action taken by any such committee within the scope of authority delegated to it by the Board shall be deemed for all purposes to be adopted or taken by the Board. These committees shall create their own governing rules subject to approval by the Board.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times by appointment, during reasonable business hours, be subject to inspection by any Member, or his agent or attorney, for any proper purpose. 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 a reasonable price.

ARTICLE XI

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 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 rate of eighteen percent (18%) per annum (or if unlawful, the highest rate of interest permitted by law), and the Association may bring an action at law against the property, and interest, 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 Common Area or abandonment of his Unit. Assessments begin at the time of recordation of the original plat, and particular responsibility transfers on the date of conveyance of the piece(s) of property.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in a circular form having within its circumference the words "CAROLINA POINTE I OWNERS' ASSOCIATION, INC., Corporate Seal, North Carolina 2002.

ARTICLE XIII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by vote of Fifty-one Percent (51%) of the Members present in person or by proxy. The notice of the meeting shall set forth the proposed amendment or a summary of the changes to be effected thereby.

Section 2. In 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 XIV

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. Contracts: The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instance.

Section 2. Checks, Drafts, Etc.: All checks, drafts or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the association, in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instrument shall be signed by any two (2) of the following three (3) officers: the Treasurer, the President and the Vice-President of the Association.

Section 3. Deposits: All funds of the Association shall be deposited from time

to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

Section 4. Gifts: The Board may accept, on behalf of the Association, any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

Section 5. Loans to Directors and Officers. No loans shall be made by the Association to any of its directors or officers.

Section 6. Limitation on Distributions. No part of the net earnings of the Association shall inure to the benefit of its members, directors, officers, or any other person, except that the Association is authorized and empowered to pay reasonable compensation for services rendered and make payments and distributions in furtherance of the exempt purposes of the Association.

ARTICLE XV

MISCELLANEOUS

Section 1. Indemnity: Each person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Association to the maximum extent permitted under North Carolina law against any and all claims and liabilities to which he has or shall become subject by reason of serving or having served as such director, officer, employee or agent or by reason of any action alleged, and the Association shall reimburse each such person for all expenses, including attorneys' fees reasonably incurred by him, to the maximum extent permitted under North Carolina law in connection with any such claim or liability.

The right of indemnification hereinabove provided for shall not be exclusive of any rights to which any such director, officer, employee or agent may be entitled by law, agreement vote of the Executive Board or Members or otherwise with respect to any liability or litigation expenses arising out of his activities in such capacity. The Association shall have the power to purchase and maintain insurance on behalf of any

person who is or was a director, officer, employee or agent of the Association, or who is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

Section 2. 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 for the first fiscal year of the Association which shall begin on the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Executive Board should corporate practice subsequently dictate.

Section 3. Construction and Definitions: Unless the context requires otherwise, the general provisions, rules of construction, and definitions in Chapter 47C and/or 55A of the North Carolina General Statutes shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person. The rules contained in the current edition of Roberts' Rules of Order govern the Association in all cases in which they are applicable, and in which they are not inconsistent with these Bylaws, the Articles of Incorporation, the Declaration, or any existing law.

Section 4. Registered Agent and Office: The Association shall have and maintain in the State of North Carolina a registered office, and a registered agent whose business address is identical with such registered office. The registered office may be, but need not be, identical with the principal office in the State of North Carolina, and the address of the registered office may be changed from time to time by the Executive Board.

Section 5. Political Expenses: No funds shall be expended to support or oppose any candidate for public office.

Section 6. Waiver of Notice: Whenever any notice is required to be given under the provisions of Chapter 47C and/or 55A of the North Carolina General Statutes,

or under the provisions of the Articles of Incorporation, the Bylaws of the Association, or the Declaration, 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 deemed the equivalent of the giving of such notice.

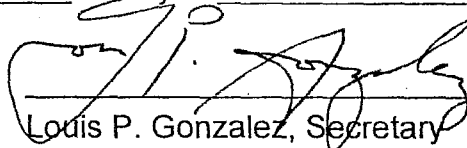
Section 7. Distribution of Assets upon Dissolution: Upon dissolution of the Corporation, the assets thereof shall be first distributed in accordance with the provisions of North Carolina Statutes 55A-45(1) through (3). Any remaining assets shall be distributed as provided for in the Articles of Incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

- (a) That I am the duly elected and acting Secretary of CAROLINA POINTE I OWNERS' ASSOCIATION, INC., a North Carolina non-profit corporation.
- (b) That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by written consent of all directors of the Association, effective as of the date hereof.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of the Association this 17TH day of JUNE, 2004.



Louis P. Gonzalez, Secretary

Carolina Pointe I Owner's Association, Inc.

NORTH CAROLINA
COUNTY OF DURHAM

I, David C. Franklin, a Notary Public for said County and

State, do hereby certify that Louis P. Gonzalez did personally appear before me this day and acknowledge the due execution of the foregoing instrument.

WITNESS my hand and official seal this the 17th day of June, 2004.

David C. Franklin

Notary Public

My Commission Expires: 6-17-09

