

BYLAWS OF
THE TOWNHOMES AT GLENRIDGE
HOMEOWNERS ASSOCIATION, INC.

SECTION 1
Definitions

The words, phrases and terms used in these Bylaws shall have the meanings as set forth in the Supplemental Declaration of Covenants, Conditions and Restrictions for Glenridge Subdivision, recorded in the Office of the Register of Deeds for Mecklenburg County, North Carolina, to which a copy of these Bylaws is attached as an exhibit.

SECTION 2
Administration of Townhome Lots

Section 2.1 **Authority and Responsibility.** Except as otherwise specifically provided in the Governing Documents, the Townhomes at Glenridge Homeowners Association, Inc. (the "Townhomes Association") shall be responsible for administering operating and managing the townhome lots ("Townhome Lots") and the Common Areas.

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

SECTION 3
Offices — Seal — Fiscal Year

Section 3.1 **Principal Office and Registered Office.** The initial principal office and registered office of the Townhomes Association shall be located at 1411-E Plaza West Road, Winston-Salem, Forsyth County, North Carolina, 27103.

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

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

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

SECTION 4 **Membership**

Section 4.1 Qualification. Membership in the Townhomes Association shall be limited to the Owners, and every Owner of a Townhome Lot shall automatically be a Member of the Townhomes Association. Membership in the Townhomes Association shall be appurtenant to, and may not be separated from, Townhome Lot ownership.

Membership in the Townhomes Association shall inure automatically to Owners upon acquisition of the fee simple title (whether encumbered or not) to any one or more Townhome Lots. The date of recordation in the Office of the Register of Deeds of Mecklenburg County of the conveyance of the Townhome Lot in question shall govern the date of ownership of each particular Townhome Lot. However, in the case of death, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.

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

Section 4.3 Annual Meetings. A meeting of the Townhomes Association shall be held at least once each year. The first Annual Meeting of the Townhomes Association shall be held on the date and hour designated by Declarant. Thereafter, the Annual Meeting of the Townhomes Association shall be held on the second Monday in February of each year at **8:00 PM**, Eastern Standard Time. If the second Monday in February shall be a legal holiday, the Annual Meeting shall be held at the same hour on the first day following which is not a legal holiday. At such meetings, the Board shall be elected in accordance with Section 5 of these Bylaws, and the Members shall transact such other business as may properly come before them.

Section 4.4 Substitute Annual Meetings. If an Annual Meeting shall not be held on the day designated by these Bylaws, a Substitute Annual Meeting may be called in accordance with the provisions of Sections 4.5 and 4.6. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

Section 4.5 Special Meetings. After the first Annual meeting of the Members, Special Meetings of the Members may be called at any time by the President, by not less than twenty percent (20%) of all Owners, or by not less than fifty-one percent (51%) of the Board members. Business to be acted upon at all Special Meetings shall be confined to the subjects stated in the notice of such meeting.

Section 4.6 Notices of Meetings. Written or printed notice stating the time and place of a membership meeting, including Annual Meetings, and the items on the

agenda, including the specific nature of any proposed amendment to the Supplemental Declaration, the Articles of Incorporation or these Bylaws, any budget changes and any proposal to remove a Director or Officer, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any such membership meeting, either personally or by mail, by or at the discretion of the President or the Secretary, to the address of each Townhome Lot. Notice shall be deemed given upon deposit in the mail depository of each Townhome Lot.

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

The notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 4.7 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members entitled to cast fifty-one percent (51%) of the votes which may be cast for election of the Board shall constitute a quorum at all meetings of the Members. If a quorum is not 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 the announcement at the meeting, until a quorum is present or is represented. The Members at any meeting at which a quorum is present, or where a quorum is not present, but is not required by the Governing Documents, may do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4.8 Voting Rights. The total number of votes of the Townhomes Association membership shall be equal to the number of Townhome Lots contained within The Townhomes at Glenridge from time to time, and each Owner/Member shall be entitled to one (1) vote per Townhome Lot. If fee simple title to a Townhome Lot is owned of record by more than one person or entity, all such persons or entities shall be Members of the Townhomes Association, but the vote with respect to any such jointly owned Townhome Lot shall be cast as hereinafter provided.

If the fee simple title to any Townhome Lot is owned of record by two or more persons or entities (whether individually or in a fiduciary capacity), the vote with respect to any such jointly owned Townhome Lot may be cast by any one of the joint Owners in person or by proxy, except that the holder or holders of a life estate in a Townhome Lot shall have the sole right to cast the votes allocated to the Townhome Lot. If more than one of the joint Owners votes or more than one life estate holder in a Townhome Lot votes, the unanimous written and signed vote of all joint Owners or joint life estate holders voting shall be necessary to effectively cast the vote allocated to the particular Townhome Lot.

Such unanimous action shall be conclusively presumed if any one of such multiple Owners casts the votes allocated to that Townhome Lot without protest being

made promptly to the person presiding over the meeting by any of the other of such joint Owners.

In no event may the vote which may cast with respect to any Townhome Lot be divided among joint Owners of the Townhome Lot or cast in any manner other than as a whole, it being the intention of this Section 4.8 that there can be no "splitting" of votes that may be cast by any Member or Members.

Section 4.9 Proxies. Members may vote either in person or by agents duly authorized by written proxy executed by the subject Member or by his duly authorized attorney-in-fact. A proxy is not valid after the earlier of the term stated therein or the expiration of twelve (12) months from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. A Member may not revoke a proxy given pursuant to this Section 4.9 except by written notice of revocation delivered to the person presiding over a meeting of the Townhomes Association.

All of the above provisions concerning voting by joint Owners shall apply to the vote cast for any one Townhome Lot by two or more proxy holders.

Section 4.10 Majority Vote. The casting of a majority of the votes represented at a meeting at which a quorum is present or not necessary, in person or by proxy, shall be binding for all purposes except where a different percentage vote is stipulated by these Bylaws, the Supplemental Declaration, the Articles of Incorporation of the Townhomes Association, the North Carolina Planned Community Act or the Governing Documents.

Section 4.11 Actions Without Meeting. Any action which may be taken at a meeting of the membership may be taken without a meeting if consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and such consent is filed with the Secretary of the Townhomes Association and inserted in the minute book of the Townhomes Association.

SECTION 5 **Board of Directors**

Section 5.1 General Powers. The business and affairs of the Townhomes Association shall be managed by the Board of Directors ("Board") or by such committees as the Board may establish pursuant to Section 6 of these Bylaws. Provided, however, the Board may not act on behalf of the Townhomes Association to elect members of the Board or to determine the qualifications, powers and duties or terms of office of Board members. The Board may, however, fill vacancies in its membership for the unexpired portion of any Board member's term and appoint a member to the Master Association Board.

Section 5.2 Number, Term and Qualification. The initial Board shall consist of the three (3) individuals appointed by Declarant whose names are set forth in the Articles of Incorporation of the Townhomes Association. During the Declarant Control Period, the Board shall have at least three (3) members, and Declarant may appoint and remove members of the Board, subject, however, to the limitations contained in the Supplemental Declaration and other Governing Documents. Sometime prior to the expiration of the Declarant Control Period, the Members shall elect five (5) Board members, each to serve for a term of one (1) year, and thereafter, the Board shall have five (5) members. Board members may succeed themselves in office. If the Board is increased to five (5) members during the Declarant Control Period, then the Declarant may appoint such additional Board members.

Section 5.3 Election of Board Members. The election of all Board members shall be by ballot. Persons receiving the highest number of votes (see Section 4.8) shall be elected. Cumulative voting is not permitted.

Section 5.4 Removal. Any Board member, other than a member appointed by Declarant, may be removed from the Board, with or without cause, by a vote of at least sixty percent (60%) of the votes entitled to be cast by all Members present in person or by proxy and entitled to vote at any meeting of the membership at which a quorum is present. Provided, the notice of the meeting must state that the question of such removal will be acted upon at the subject meeting. If any Board members are so removed, their successors as Board members may be elected by the membership at the same meeting to fill the unexpired term(s) of the Board member(s) so removed.

Section 5.5 Vacancies. A vacancy occurring in the Board during a Board member's term may only be filled by a majority vote of the remaining Board members.

Section 5.6 Chairman. A member of the Board shall be elected as Chairman of the Board by the Board members at the first meeting of the Board. The Chairman shall preside at all meetings of the Board and perform such other duties as may be directed by the Board. Prior to election of a Chairman and/or in the event that the Chairman is not present at any meeting of the Board, the President shall preside.

Section 5.7 Compensation. No member of the Board shall receive any compensation from the Townhomes Association for acting as such. Provided, however, each Board member shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Townhomes Association, and nothing herein shall prohibit the Board from compensating a Board member for unusual and extraordinary services rendered on the basis of *quantum meruit*. Further provided, each Board member, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon *quantum meruit*.

Section 5.8 Loans to Board Members and Officers. No loans shall be made by the Townhomes Association to its Board members or Officers. The Board members who, in violation hereof, vote for or assent to the making of a loan to a Board member of

Officer of the Townhomes Association, and any Officer or Officers participating in the making of such loan, shall be jointly and severally liable to the Townhomes Association for the amount of such loan until the repayment thereof, along with such other damages, fees and costs as may be incurred by the Townhomes Association.

Section 5.9 Liability of Board Members. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable time each Board member is hereby indemnified by the Townhomes Association with respect to any liability and expense of litigation arising out of his activities as a Board member. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 5.10 Meetings of the Board.

A. Regular Meetings. Regular Meetings shall be held, with or without notice, at such hour and address as may be fixed from time to time by resolution of the Board. Should any such 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.

B. Special Meetings. Special Meetings shall be held when called by the President of the Townhomes Association or by any Board member, after not less than three (3) or more than thirty (30) days written notice to each Board member.

C. Notices of Special Meetings. The notice provided for herein may be waived by written instrument signed by those Board members who do not receive said notice. Except to the extent otherwise required by law, the purpose of a Board members' Special Meeting need not be stated in the notice. Notices shall be deemed received upon the happening of any one of the following events: (a) one day following deposit of same in the Loted States mail with proper postage paid and addressed to the Board member at his last known address on file with the Townhomes Association; (2) deposit of same in his Townhome Lot mail box; (3) delivery to the Board member. Attendance by a Board member at a meeting shall constitute a waiver of notice of such meeting unless the subject Board member gives a written statement at the meeting to the person presiding, objecting to the transaction of any business because the meeting is not lawfully called and gives such notice prior to the vote on any resolution.

D. Approved Meeting Place. Board meetings shall be held at such locations as directed by the Board in Mecklenburg County, North Carolina.

E. Quorum. A majority of the Board members then holding office shall constitute a quorum for the transaction of business and every act or decision done or made by a majority of the Board members present at a duly held meeting at which a quorum is present shall be regarded as the act or decision of the Board.

Section 5.11 Action Without Meeting. The Board members shall have the right to take any action in the absence of a meeting which they could take at a meeting by

obtaining the written approval of all the Board members. Any action so approved shall have the same effect as though taken at a meeting of the Board. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.12 Presumption of Assent. A Board member who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Townhomes Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Board member who voted in favor of such action.

Section 5.13 Powers and Duties. The Board shall have the authority to exercise all powers and duties of the Townhomes Association necessary for the administration of the affairs of the Townhomes Association except such powers and duties as by law or by the Governing Documents may not be delegated by the Owners to the Board. The powers and duties to be exercised by the Board shall include, but shall not be limited to, the following:

- A. Operation, care, upkeep and maintenance of the Common Areas to the extent such operation, care, upkeep and maintenance is not the obligation of the Owners;
- B. Determination of the funds required for operation, administration maintenance and other affairs of The Townhomes at Glenridge and collection of the dues and assessments from the Owners as provided by law or the Governing Documents;
- C. Employment and dismissal of personnel (including without limitation any Independent Manager) necessary for the efficient operation, maintenance, repair and replacement of the Common Areas;
- D. Adoption of rules and regulations covering the details of the operation, maintenance, repair, replacement use and modification of the Common Areas;
- E. Opening of bank accounts on behalf of the Townhomes Association and designating the signatories required therefor;
- F. Obtaining insurance as required or permitted under the terms of the applicable provisions of the Supplemental Declaration;
- G. Keeping detailed, accurate records of the receipts and expenditures of the Townhomes Association; obtaining annual audits of the financial records of the Townhomes Association from the Townhomes Association's public accountant; furnishing the annual reports, and furnishing current budgets. All books and records shall be kept in accordance with good and accepted accounting practices and the same shall be

available for examination by all Owners or their duly authorized agents or attorneys at convenient hours on working days;

H. Keeping a record, in the corporate minute book, of the minutes of all meetings of the Board and membership, in which minute book shall be inserted actions taken by the Board and/or Members by consent without meetings;

I. Supervising all Officers, agents and employees of the Townhomes Association and assuring that their duties are properly performed;

J. Enforcing, on behalf of the Townhomes Association the obligations and assessments provided in the Supplemental Declaration, including, but not limited to, the institution of civil actions to enforce payment of the assessments as provided in the Supplemental Declaration, the institution of actions to foreclose liens for such assessments in accordance with the terms of N.C.G.S. §47C-3-116, the imposition of charges for late payment of assessments, and after notice and an opportunity to be heard, levying reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00) for violations of the Governing Documents and rules and regulations of the Townhomes Association;

K. Making of repairs, additions and improvements to or alterations or restoration of the Common Areas in accordance with the other provisions of these Bylaws and the Supplemental Declaration, after damage or destruction by fire or other casualty, or as a result of a condemnation or eminent domain proceeding;

L. Enforcing by any legal means or proceeding the provisions of the Articles of Incorporation of the Townhomes Association, these Bylaws, the Supplemental Declaration or the rules and regulations hereinafter promulgated governing use of the Common Areas;

M. Paying all taxes and assessments which are or may become liens against any part of The Townhomes at Glenridge, other than the Townhome Lots, and to assess the same against the Owners in the manner herein provided;

N. Hiring attorneys and other professionals;

O. Maintaining and repairing any Townhome Lot, if such maintenance or repair is required by the Supplemental Declaration or is necessary in the discretion of the Board to protect the Common Areas or any other Lot or if the Owner of such Lot has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Owner, provided that the Board shall levy a Special Assessment against such Owner for the costs of said maintenance or repair;

P. Entering any Lot when necessary in connection with any maintenance or construction for which the Board is responsible, provided such entry shall be made during

reasonable hours with as little inconvenience to the Owner as practicable, and any expenses for any damage that may be caused thereby shall be repaired by the Board, any of which such expenses shall be treated as an expense of the Townhomes Association, and entering any Lot for the purpose of correcting or abating any condition or situation deemed by the Board to be an emergency;

Q. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by either the Treasurer or the Assistant Treasurer of the Townhomes Association and countersigned by any Board member;

R. Furnishing certificates setting forth the amounts of unpaid assessments that have been levied upon a Lot to the Owner or mortgagee of such Lot, or a proposed purchaser or mortgagee of such Lot, and imposing and collecting reasonable charges therefor; and

S. Exercising any other powers and duties reserved to the Townhomes Association exercisable by the Board in the governing Documents or pursuant to the North Carolina General Statutes.

Section 5.14 Independent Manager. The Board may employ or enter into a management contract with any individual, firm or entity it deems appropriate and in the best interest of the Townhomes Association concerning the routine management of the Townhomes Association, and the Board may delegate to such person, firm or entity (referred to in these Bylaws as "Independent Manager") such duties and responsibilities in the management of The Townhomes at Glenridge as the Board deems appropriate. Provided, the Board may not delegate to the Independent Manager the complete and total responsibilities and duties of the Townhomes Association in violation of the Nonprofit Corporation Act of North Carolina or the North Carolina General Statutes. The Independent Manager's contract shall be for a term not to exceed one (1) year, renewable by agreement between the Board and such Independent Manager for successive one-year terms; provided, however, that any such contract shall provide that it is terminable by the Townhomes Association, with or without cause, upon not more than ninety (90) days' prior written notice and without payment of any penalty, and any such contract entered into during the Declarant Control Period also shall be terminable as required by applicable law. The Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Board and subject to its direction.

SECTION 6

Committees

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

Section 6.2 Vacancy. Any vacancy occurring on a committee shall be filled by a majority vote of the number of Board members then holding office.

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

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

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

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

SECTION 7 **Officers**

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

Section 7.2 Election and Term. The Officers of the Townhomes Association shall be elected annually by the Board. Such elections shall be held at the first meeting of the Board next following the Annual or Substitute Annual Meeting of the Members. Each Officer shall hold office until his death, resignation, removal or until his successor is elected and qualified.

Section 7.3 Removal. Any Officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Townhomes Association will be served thereby.

Section 7.4 Vacancy. A vacancy in any office may be filled by the election by the Board of a successor to such office. Such election may be held at any meeting of the Board. The Officer elected to such vacancy shall serve for the remaining term of the Officer he replaces.

Section 7.5 Multiple Offices. The person holding the office of President shall not also hold the office of Secretary or Treasurer at the same time. Any other offices may be simultaneously held by one person. Any Officer may also be a member of the Board.

Section 7.6 President. The President shall be the chief executive Officer of the Townhomes Association and shall preside at all meetings of the Members. In the absence of the Chairman, he shall also preside at all meetings of the Board. He shall see that the orders and resolutions of the Board are carried out, he shall sign all written instruments regarding the Common Areas and co-sign all promissory notes of the Townhomes Association, if any, and he shall have all of the general powers and duties which are incident to the office of President of a corporation organized under Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Townhomes Association in accordance with these Bylaws.

Section 7.7 Vice Presidents. **The** Vice Presidents in the order of their election, unless otherwise determined by the Board, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Board shall prescribe.

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

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

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

Section 7.11 Compensation. Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Townhomes Association incident to the offices held by such Officers. The Board may, however, compensate any Officer or Officers who render unusual and extraordinary services to the Townhomes Association beyond that called for to be rendered by such person or persons on a regular basis. Each Officer, by assuming office, waives his right to institute suit against or make claim upon the Townhomes Association for compensation based upon *quantum meruit*.

Section 7.12 Indemnification. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable times, each Officer is hereby indemnified by the Townhomes Association with respect to any liability and expense of litigation arising out of his activities as an Officer. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

SECTION 8

Operation of the Townhomes Association

Section 8.1 Determination and Fixing of the Dues and Assessments. The Board shall from time to time, and at least annually, prepare and adopt a proposed budget for the Townhomes Association, determine the amount of the dues and assessments ("Dues and Assessments") payable by the Owners to meet the proposed budget of the Townhomes Association and allocate and assess such proposed Dues and Assessments among the Owners in equal shares (based upon the total number of Lots), all in accordance with the procedure set forth in this Section 8, but subject to the limitations set forth in the Governing Documents. The Dues and Assessments shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board pursuant to the provisions of the Supplemental Declaration. The Dues and Assessments shall also include such amounts as the Board deems necessary for the operation and maintenance of the Townhomes Association, including without limitation an amount for working capital of the Townhomes Association, an amount for a general operating reserve, an amount for a reserve fund for losses due to insurance deductibles, an amount for a reserve fund for repair and replacement of the Common Areas, and such amounts as may be necessary to make up any deficit in the Common Areas for any prior year. Within thirty (30) days after adoption of any proposed budget for the Townhomes Association, the Board shall provide a summary of the budget to all the Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget no less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Notwithstanding any other provisions of these Bylaws, there shall be no requirement that a quorum be present at such meeting. Notwithstanding any other provision of these Bylaws, the proposed budget shall be deemed ratified, unless at that meeting a majority of all the Owners present and entitled to cast a vote reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

The Townhomes Association, acting through the Board, may levy a special assessment during any calendar year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement comprising or to comprise a portion of the Common Areas, including fixtures and personal property, provided, however, that any such special assessment must be approved by a vote of the members of the Board, at a meeting duly held in accordance with the provisions of these Bylaws, at which at least eighty percent (80%) of the votes in the Board are cast in person or by proxy in favor of such assessment.

The Declarant, as the agent of the Townhomes Association, shall collect from each initial purchaser of a Lot, at the time of closing, an "initial capital assessment" equal to twice the estimated amount of the monthly Dues and Assessments. Such funds shall not be considered advance payments of Dues and Assessments. The Declarant will deliver the funds so collected to the Townhomes Association to provide the necessary working capital for the Townhomes Association. In addition, upon the expiration of the Declarant Control Period, the Declarant shall forward to the Townhomes Association a contribution to the working capital fund, in the amount specified above, for each unsold Lot held by Declarant, and in that event, Declarant shall be entitled to retain as a reimbursement the working capital contributions ultimately made by the initial purchasers of such Lots. Such funds may be used for certain prepaid items, initial equipment and supplies, organizational expenses and other start-up costs, and for such other purposes as the Board may determine. Except for the permitted reimbursement of prepaid contributions referred to above, the Declarant may not use the working capital fund to defray any of the Declarant's expenses, reserve contributions, or construction costs, or to make up any budget deficits of the Townhomes Association during the Declarant Control Period.

Section 8.2 Payment of Dues and Assessments. All Owners shall be obligated to pay the Dues and Assessments assessed by the Board pursuant to the provisions of Section 8.1 hereof at such time or times as the Board shall determine.

No Owner shall be liable for the payment of any part of the Dues and Assessments assessed against his Lot subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Supplemental Declaration and applicable restrictions of record) of such Lot. A purchaser of a Lot shall be jointly and severally liable with the seller for the payment of Dues and Assessments assessed against such Lot prior to the acquisition by the purchaser of such Lot without prejudice to the purchaser's rights to recover from the seller the amounts paid by the purchaser therefor.

Section 8.3 Collection of Dues and Assessments. The Board shall assess Dues and Assessments against the Lots from time to time and at least monthly in accordance with the allocations set forth in the Supplemental Declaration. The Board shall take prompt action to collect any Dues and Assessments which remain unpaid for more than thirty (30) days from the due date for payment thereof.

The Board shall notify the holder of the mortgage on any Lot (of which it has notice) for which any Dues and Assessments assessed pursuant to these Bylaws remain unpaid for more than thirty (30) days from the due date for payment thereof, and in any other case where the Owner of such Lot is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 8.4 Default in Payment of Dues and Assessments; Remedies. In the event of default by any Owner in paying to the Board the Dues and Assessments as determined by the Board, such Owner shall be obligated to pay interest on such Dues and Assessments from the due date thereof at the rate of eighteen percent (18%) per annum, together with all expenses, including reasonable attorneys' fees (if permitted by law), incurred by the Board in any proceeding brought to collect such unpaid Dues and Assessments. In addition, the Board shall have the authority to levy a late charge on any assessment not paid within fifteen (15) days after its due date, in the amount of four percent (4%) of the overdue assessment.

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

In the event of the failure of an Owner to pay any assessment imposed hereunder, or any installment thereof, for more than sixty (60) days after such assessment or installment thereof shall become due, in addition to the other remedies available under the Governing Documents and the North Carolina General Statutes, the Board shall have the right to declare all other Dues and Assessments and installments thereof, with respect to such Owner's Lot that are to fall due during the then current fiscal year of the Townhomes Association to be immediately due and payable.

Section 8.5 Lien and Personal Obligations. All Dues and Assessments provided for in this Article, together with the interest and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and a continuing lien upon the Lot against which the assessment is made, which such lien shall be a prior to all other liens, excepting only: (i) assessments, liens and charges for ad valorem real property taxes due and unpaid on the Lot; and (ii) all sums unpaid on mortgages and other liens and encumbrances duly recorded against the Lot prior to the docketing of such lien. Such lien shall become effective when a notice thereof has been filed in the office of the Clerk of Superior Court for Mecklenburg County, North Carolina, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such notice of lien shall also secure all assessments against the Lot becoming due thereafter until the lien has been satisfied.

The lien for unpaid assessments shall not be affected by the sale or transfer of the Lot, except in the case of a foreclosure of a mortgage, in which event the purchaser at foreclosure shall not be liable for any assessments against such Lot that became due prior to the date of acquisition of title by such purchaser. Such unpaid assessments shall be deemed Dues and Assessments collectible from all Owners of Lots, including the purchaser at foreclosure. In addition, each Owner shall be personally liable for any assessment against his Lot. No Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Areas or by the abandonment or sale of his Lot.

Section 8.6 Foreclosure of Liens for Unpaid Dues and Assessments. In any action brought by the Board to foreclose on a Lot because of unpaid Dues and Assessments, the Owner shall be required to pay a reasonable rental for the use of his Lot, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

Section 8.7 Abatement and Enjoyment of Violations by Owners. The violation of any rule or regulation adopted by the Board, or the breach of any Bylaw contained herein or the breach of any provision of the Governing Documents and/or the Supplemental Declaration, shall give the Board the right, in addition to any other rights set forth in the Supplemental Declaration, these Bylaws or at law or in equity: (i) to enter the Lot in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the board shall not thereby be deemed guilty in any manner of trespass; provided, however, that the Board shall be obligated to institute judicial proceedings before any item of construction can be altered or demolished; (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Owner; and/or (iii) after notice and opportunity to be heard, to levy reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00).

Section 8.8 Maintenance and Repair.

A. Except as is specifically provided in the Governing Documents, all maintenance and any repairs to any Lot and the Limited Common Area allocated thereto, whether ordinary or extraordinary, shall be made by the Townhomes Association. Each Owner shall be responsible for all damages to any and all other Lots and/or to the Common Areas that his failure to do so may engender. See Section 6.1 of the Supplemental Declaration for a more detailed explanation.

B. Except as is specifically provided in the Supplemental Declaration, all maintenance, repairs and replacements to the Common Areas (unless necessitated by the negligence, misuse or neglect of an Owner, in which case such expense shall be charged to and paid by such Owner), shall be made by the Board; provided, however, there is excluded from the provisions contained in this Section any repairs necessitated by

casualty insured against by the Board, to the extent the Board receives insurance proceeds for such repairs.

Section 8.9 Additions, Alterations or Improvements by Owners. No Owner shall make any structural addition, alteration or improvement in or to his Lot or to any Limited Common Area, or any change in the exterior appearance thereof, except in accordance with law and in accordance with the terms of the Governing Documents.

Section 8.10 Use of Common Areas. An Owner shall not interfere with the use of the Common Areas by the remaining Owners and their employees and invitees.

Section 8.11 Right of Access. An Owner shall be deemed to have granted a right of access to his Lot and the Limited Common Area appurtenant thereto to the Independent Manager and/or any other person authorized by the Board or the Independent Manager for the purpose of making inspections, or for the purpose of correcting any condition originating in his Lot and threatening another Lot of the Common Areas, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Areas, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Areas in or adjoining his Lot; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the Owner. In the case of an emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

Section 8.12 Rules of Conduct. Rules and regulations concerning the use of the Lots and the Common Areas shall be promulgated and amended by the Board. Copies of such rules and regulations shall be furnished by the Board to each Owner prior to the time when the same shall become effective.

Section 8.13 Dues and Assessments for Utilities. Any utilities which may be provided to the Lots through a single or common meter or facility and utilities furnished to any portion of the Common Areas shall be paid by each Owner as and when billed according to the extent of such Owner's use or, at the option of the Board, such may be paid by the Board and assessed against the Lots as Dues and Assessments.

Section 8.14 Leases of Townhome Lots. Any lease of a Townhome Lot or portion thereof shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Governing Documents and that any failure by the lessee to comply with all of the terms of such Governing Documents shall constitute a default under the lease. No Townhome Lot may be leased for a period shorter than One Hundred Eighty (180) days.

Section 8.15 No Timeshares. No interest in any Townhome Lot may be subjected to a timeshare program, as that term is defined in N.C.G.S. §93A-41(10).

SECTION 9
Amendments

These Bylaws may be amended at any time only by an instrument signed and acknowledged by an affirmative vote of at least sixty-seven percent (67%) of the members of the Townhomes Association Board of Directors, which instrument shall be effective only upon recordation in the Office of the Register of Deeds of Mecklenburg County, North Carolina. All persons or entities who own or hereafter acquire any interest in a Townhome Lot shall be bound to abide by any amendment to these Bylaws which is duly passed, signed, acknowledged and recorded as provided herein. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights and priorities of any mortgagee without the consent of such mortgagee. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights of Declarant provided for in the Governing Documents, without the consent of Declarant.

SECTION 10
Miscellaneous

Section 10.1 Nonprofit Corporation. No part of the Townhome Association's assets or net income shall inure to the benefit of any of the Members, the Officers of the Townhomes Association, or the members of the Board, or any other private individual either during its existence or upon dissolution except as reasonable compensation paid or distributions made in carrying out its declared nonprofit purposes as set forth in the Articles of Incorporation of the Townhomes Association and these Bylaws.

Section 10.2 Supremacy of Master Association. It is recognized that The Townhomes at Glenridge, which include the Townhome Lots, is a part of the larger Glenridge Subdivision. In addition to all the rights and obligations which have been conferred or imposed upon the Townhomes Association pursuant to the Governing Documents, the Townhomes Association shall be, to the exclusion of any other subordinate association, entitled to exercise all rights conferred upon it, including all the obligations imposed upon it in the Supplemental Declaration or any other supplemental declaration. The Townhomes Association shall be subordinate and inferior in all respects to the Glenridge Homeowners Association of N.C., Inc. (the "Master Association"), and the Master Association shall have superior rights and powers which have been conferred upon the Master Association pursuant to its initial Declaration, Bylaws and any other declarations, including the Supplemental Declaration. The Master Association shall be and is hereby granted irrevocably the absolute right, but not the duty or obligation, to amend, change or veto any decision or action of the Townhomes Association, which said right shall not be capriciously exercised by the Master Association.

Section 10.3 Representation Upon Master Association Board of Directors. One (1) member to serve upon the Master Association Board of Directors shall be selected by the Townhomes Association Board of Directors, and said Master Association Board member shall be a full and empowered member of said Master Association Board

of Directors in all respects. It is hereby acknowledged that the existing Master Association Board of Directors shall have five (5) members, and the Townhomes Association Board member of the Master Association Board of Directors shall therefore constitute one-fifth (1/5) of the membership of the Master Association Board of Directors. The Master Association Board of Directors has agreed that it will not increase the size of its Board in any manner so as to dilute the voting power of the Townhomes Association Board member on the Master Association Board of Directors.

Section 10.4 Severability. Invalidation of any covenant, condition, restriction or other provisions of the Supplemental Declaration or these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 10.5 Successors Bound. The rights, privileges, duties and responsibilities set forth in the Governing Documents, as amended from time to time, shall run with the ownership of the Townhome Lots and shall be binding upon all persons who own or hereafter acquire any interest in the Townhome Lots.

Section 10.6 Gender, Singular, Plural. Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

Section 10.7 Law Controlling. These Bylaws and the Governing Documents shall be construed and controlled by and under the laws of the State of North Carolina.

Section 10.8 Liberal Construction. The provisions of these Bylaws shall be liberally construed to effectuate their purpose of creating a uniform plan of Townhome Lot ownership as provided in the North Carolina Planned Community Act.

_____, as Secretary of The Townhomes at Glenridge Homeowners Association, Inc., hereby certify that the foregoing constitute the Bylaws of this nonprofit corporation as adopted and in full force and effect on this _____ day of _____, 2001.

Secretary