

**BYLAWS
OF
GLENRIDGE**

Section 1: Administration of The Homeowners Association

Glenridge Homeowners Association (the "Association") was formed for the purpose of providing for the ownership, management and maintenance of street lights, landscaped entranceway and passive recreation area (the "Common Areas") of Glenridge. (the "Development").

Section 2: Offices - Seal - Fiscal Year

2.1. Principal Office - Registered Office. The initial registered office of the Association shall be located at 5723-B Country Club Road, Winston-Salem, North Carolina 27104, which shall also be the principal office of the Association. The Association may change the registered office as it deems it necessary.

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

2.3. Seal. The seal of the Association shall contain the words "Corporate Seal" and "North Carolina" and such other words and figures (including, without limitation the name of the corporation) as desired by the Board of Directors. When obtained, the seal shall be impressed in the space below:

2.4 Fiscal Year. The first fiscal year of the Association shall begin on the date of incorporation and shall end on the last day of December, 1999. Each successive fiscal year shall begin on the first day of January and end on the last day of December.

Section 3: Membership and Meetings

3.1. Qualification. Membership in the Association shall be confined to and consist of those persons who own lots in the Development. Membership shall be appurtenant to and inseparable from lot ownership.

Membership in the Association shall inure automatically to lot owners upon acquisition of the fee simple title, whether encumbered or not, to any one or more lots in the Development. The date of recordation of the conveyance in the office of the Register of Deeds of Mecklenburg County, North Carolina, of the lot in question shall govern the date of ownership of each particular lot. In the case of death, however, the transfer of ownership shall occur as provided by law.

3.2. Place of Meetings. All meetings of the membership shall be held at the registered office of the Association or at such other place as may be designated from time to time by the Board and included in the notice of meeting, provided that all meetings shall be held within Mecklenburg County, North Carolina.

3.3. Annual Meetings. The annual meetings of the members shall be held on the third Monday in May of each year, at 7:00 o'clock p.m., Eastern Standard Time. If the third Monday in May should be a legal holiday, the annual meeting shall be held at the same hour on the first weekday following which is not a legal holiday. At such meetings, the Board of Directors shall be elected and the members shall transact such other business as may properly come before them.

3.4. Substitute Annual Meetings. If the 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 3.5 and 3.7. A meeting so called shall be designated and treated for all purposes as the annual meeting.

3.5. Special Meetings. Special meetings of the members may be called at any time by the President with the written consent of at least two other officers, or by the Board of Directors of the Association, or by a petition filed with the Secretary stating the purpose of the meeting and signed by at least one-fifth of the total membership.

3.6. Quarterly Meetings. Quarterly meetings of the members may be called by the President for the purpose of advising the membership of the activities of the Board of Directors and enabling the members to bring up matters of common concern.

3.7. Notice of Meetings - Waiver. Written or printed notice stating the time and place of the meeting shall be delivered not less than fifteen (15) nor more than thirty (30) days before an annual or quarterly meeting and not less than seven (7) nor more than fifteen (15) days before a special meeting, by mail, by or at the direction of the President, the Secretary or other person calling the meeting to each member entitled to vote at such meeting. The notice shall be deemed to be properly given when deposited in the United States mail, postage prepaid and addressed to the member at his or her post office address as it appears on the records of the Association as of the date of mailing such notice.

Notice given to any one tenant-in-common or tenant by the entireties of a lot in the Development shall be deemed notice to all co-owners of such lot.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called. Business not specifically stated in the notice shall not be conducted at the special meeting unless one-half of the number of votes represented consent to the transaction of such additional business. In the case of an annual, substitute annual or quarterly meeting, the notice of meeting need not specifically state the business to be transacted thereat unless the business to be transacted is an amendment of these Bylaws or such a statement is required by the provisions of Chapter 55A of the North Carolina General Statutes.

Any member may waive the necessity of formal notice to such member by signing a written waiver either before or after the meeting. Upon execution of such a waiver, a member shall not be entitled thereafter to object, on the grounds of lack of notice, to the holding of the meeting or to matters properly before the membership for consideration and passed upon at said meeting.

3.8. Quorum. One-tenth (1/10) of the number of votes represented in person or by proxy shall constitute a quorum at any meeting. If any meeting cannot be organized because a quorum is not present, the members who are present, either in person or by proxy, may reschedule the meeting from time to time without notice other than the announcement at the meeting, until a quorum is present. At any rescheduled meeting at which a quorum is present, the only business which may be transacted is that which might have been transacted at the original meeting.

The members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, unless a higher number of votes is required.

3.9. Voting Rights. Each lot in the Development shall be entitled to cast one vote.

The vote of the owners of a lot owned by more than one person shall be cast by the one individual named in a certificate signed by all of the owners of the lot and filed with the Secretary of the Association, and such certificate shall be valid until revoked by a subsequent certificate. If a certificate is not on file, the vote of such lot shall not be considered for any purpose.

The owners of a life estate in a lot shall be entitled to cast the vote appurtenant to such lot as against the owners of a reversion or remainder interest. The above provisions concerning one voter shall also apply to those owning joint or multiple life estates in any particular home.

3.10. Proxies. Members may vote either in person or by agents duly authorized by a written proxy executed by a member or by his duly authorized attorney-in-fact. A proxy must be in writing and filed with the Secretary not later than the time the particular meeting for which it is in force is called to order. Every proxy shall be revocable and shall be automatically revoked when the person who appointed the proxy attends the

meeting or ceases to have voting privileges in the Association. A proxy is not valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specifies therein the length of time or the particular meeting(s) for which it is to continue in force, but no proxy shall be valid after ten (10) years from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to sit in his or her place.

3.11. Majority Vote. The casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be binding for all purposes except where a higher number of votes is required by the Articles of Incorporation of the Association, these Bylaws or by law.

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

3.13. Order of Business. As far as practical, the order of business at any meeting of members shall be:

- (a) calling of the role and certifying of proxies;
- (b) proof of notice of meeting or waiver of notice;
- (c) reading and disposal of all unapproved minutes;
- (d) election of Directors in the manner provided in Section 4.4 of the Bylaws;
- (e) reports of Officers;
- (f) reports of Committees;
- (g) unfinished business;
- (h) new business; and
- (i) adjournment.

3.14. Voting by Members. Voting on all matters except election of directors shall be by voice or by a show of hands unless one tenth (1/10) of the votes represented at the meeting shall, prior to the voting on any matter, demand a ballot vote.

3.15. Voting Lists. At least ten (10) days before each meeting of members, the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereto, with the address of each such member. This list shall be kept on file at the registered office of the Association for a period of ten days prior to such meeting, and shall be subject to inspection by any member at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any member during the whole time of the meeting.

Section 4: Board of Directors

4.1. General Powers. The business and affairs of the Association shall be managed by the Board of Directors.

4.2. Number, Term and Qualification. The initial Board of Directors shall consist of three (3) persons whose names are set forth in the Articles of Incorporation. The undertakings and contracts authorized by the initial Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the membership, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association. From and after the date of the first annual membership meeting there shall be five (5) directors. The initial Board shall serve until their successors are duly elected and qualified at the first annual meeting of the membership. Each director shall hold office for a period of two years. Directors shall be at least eighteen years of age. Directors need not be Owners of a Lot or a member of the Association.

4.3. Nominations. Nominations for election to the Board of Directors (other than for filling of vacancies as provided in Section 4.5) shall be made by a Nominating Committee consisting of a Chairman, who shall be a member of the Board of Directors, and two or more other persons who are members of the Association. The Nominating Committee shall be appointed by the Board prior to the annual meeting of the members at which the Board of Directors shall be elected, to serve for a period of two years. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine to be appropriate, but not less than the number of vacancies that are to be filled. Nominations may also be made from the floor at the annual or special meeting by motion properly made and seconded or by a petition signed by members representing at least ten votes and filed with the Secretary not later than the day prior to the meeting.

4.4. Election of Directors. Election of directors shall be by secret written ballot. The ballots shall be prepared by the Secretary. Cumulative voting shall not be allowed (that is, a voter who refrains from voting with respect to one or more vacancies may not cast any extra vote or votes with respect to another vacancy). Persons receiving the highest number of votes shall be elected.

4.5. Vacancies and Removal. A vacancy occurring in the Board of Directors by reason of death, resignation or removal shall be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director. A director elected to fill a vacancy shall serve for the unexpired term of his predecessor. Any director may be removed from the Board, for cause, by a majority of the votes represented at any annual or quarterly meeting or any special meeting called for such purpose, provided that the director to be removed has been given an opportunity to be heard at such meeting.

4.6. Chairman. The Board of Directors shall elect a Chairman from their number at the first regular meeting of the Board which follows the annual meeting of the membership. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board. In the absence of the Chairman, the President shall preside at all meetings of the Board of Directors.

4.7. Compensation. No compensation shall be paid to the directors for their services. A director may be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association, as long as such expenses receive the prior approval of the Board and are within the approved Association budget. Each director, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum merit.

4.8. Loans to Directors and Officers. No loans shall be made by the Association to its directors or officers. The directors of the Association who vote for or assent to the making of a loan to a director or officer of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

4.9. Meetings of Directors.

(a) Organizational Meetings. Immediately after each annual meeting of the members of the Association, the newly elected (or selected) directors shall hold an organizational meeting for the purpose of electing officers and transacting other business. Notice of such meetings need not be given.

(b) Regular Meetings. Regular meetings may be held at least monthly, at such hour and place as may be fixed from time to time by resolution of the Board. Written notice stating the time and place of the regular meetings shall be mailed to each director not less than seven (7) days before the meeting. Should such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next weekday which is not a legal holiday.

(c) Special Meetings. Special meetings shall be held when called by the President of the Association, the Chairman of the Board, or by any two directors, after not less than three days' written notice is mailed to each director.

(d) Notices of Regular and Special Meetings. The notice provided for in this Section 4.9 may be waived by written instrument signed by those directors who do not receive said notice. Notices shall be deemed properly given when deposited in the United States mail with proper postage paid and addressed to the director at his last known address on file with the Association. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting unless the director gives a written statement at the meeting to the person presiding in which

he objects to the transaction of any business because the meeting is not lawfully called.

(e) Quorum. A majority of the directors 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 directors present at a duly held meeting at which a quorum is present shall be regarded as the act or decision of the Board. A majority of the Directors present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned for lack of a quorum or without completing the business scheduled to come before the meeting, notice of the time and place to which such meeting is adjourned need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. At each meeting of the Board at which a quorum is present, all questions and business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Articles of Incorporation or these Bylaws.

4.10. Action without Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

4.11. Presumption of Assent. A director of the Association who is present at a meeting of the Board of Directors, at which action on any Association matter 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 of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

4.12. Powers and Duties. The Board of Directors shall have all powers, duties and authority necessary for the administration of the affairs and to carry out the purposes of the Association, except for such powers and duties as by law or by the Articles of Incorporation or by these Bylaws may not be delegated by the Members to the Board.

The powers and duties to be exercised by the Board shall include, but shall not be limited to the following:

(a) adoption and publication of such rules and regulations as are appropriate in the exercise of its powers and duties, including, but not limited to, rules and regulations governing the amount and payment of dues, use of Association Property and the conduct of the members and their guests thereon, and the establishment of penalties for violation of such rules and regulations;

(b) appointing or designating officers, agents, and employees, and making such delegations of authority as in its judgment are in the best interest of the Association; except for such powers and duties as by law or by the Articles of Incorporation or by these Bylaws may not be delegated by the Board, the Board may delegate any of its powers, duties or authority to the Executive Committee, the Officers, or a designated managing agent;

(c) declaring the office of a member of the Board of Directors to be vacant in the event such director has been absent from at least three consecutive regular meetings of the Board of Directors;

(d) keeping a complete record of the minutes of all meetings of the directors and membership, in which minute book shall be inserted action taken by the directors or members by consent without meeting;

(e) causing to be prepared an annual audit of the Association books and records to be made at the completion of each fiscal year;

(f) supervising all officers, agents and employees of the association, and insuring that their duties are properly performed;

(g) obtaining adequate liability and hazard insurance for the property owned by the Association;

(h) causing the officers and employees having fiscal responsibilities to be bonded as the Board may deem appropriate;

(i) authorizing the execution and delivery by officers of the Association of contracts, agreements and other documents in furtherance of these Bylaws; and

(j) keeping detailed, accurate records in chronological order of the receipts and expenditures affecting the common areas and facilities, specifying and identifying the maintenance and repair expenses of the Association Property and any other expense incurred. Both said records and the vouchers accrediting the entries thereupon shall be available for examination by all members or their duly authorized agents or attorneys at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good and generally accepted accounting practices.

Section 5: Officers

5.1 Enumeration of Officers. The officers of the Association shall consist of a President, a Vice President, a Secretary, a Treasurer and such other officers as the Board of Directors may from time to time elect. Officers may be elected from members of the Board of Directors.

5.2. Election and Term. The officers of the Association shall be elected biennially (i.e., every two years) by the Board of Directors. 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 for two years unless they shall resign, be removed, or otherwise disqualified to serve; provided, however, that special officers shall hold office for such period as the Board may determine.

5.3 Removal and Resignation. Any officer elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interest of the Association will be served thereby. Any officer may resign at any time by giving written notice to the Board of Directors, the President or Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein; and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

5.4 Vacancy. A vacancy in any office may be filled by the election by the Board of Directors 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 remainder of the term of the officer he replaces.

5.5. Multiple Offices. No person shall simultaneously hold more than one of the offices required by these Bylaws. A person may hold any other office created by the Board of Directors in addition to the ones required by these Bylaws.

5.6 President. The President shall be a member of the Board of Directors and shall be the chief executive officer of the Association and shall preside at all meetings of the members. In the absence of another elected chairman, the President shall also preside at all meetings of the Board of Directors. The President shall see that the orders and resolutions of the Board of Directors are carried out; the President shall sign all written instruments regarding the Development, and shall co-sign all checks and promissory notes, if any. The President shall be the officer designated to prepare, execute, certify and record any and all duly adopted amendments to the Declaration on behalf of the Association. The President 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 Association in accordance with these Bylaws.

5.7. Vice President. The Vice President, unless otherwise determined by the Board of Directors, shall in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, the Vice President shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

5.8. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the members and of the Board of Directors; the Secretary shall have charge of such books and papers as the Board of Directors may direct; the Secretary 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.

5.9. Treasurer. The Treasurer shall have the responsibility for the Association funds and securities and shall be responsible for keeping full and accurate financial records in books or accounts showing all receipts and disbursements, and for the preparation of all required financial statements. The Treasurer shall co-sign all checks and promissory notes of the Association, shall cause an annual year-end audit of the Association books to be made by a public accountant; shall prepare a statement of income and expenditures which shall be approved by the Board before presentation to the membership at its annual meeting; and shall deliver a copy of the audit, the budget and the operating statement to the members. The Treasurer shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the North Carolina General Statutes.

5.10. Special Officers. Special officers shall have such authority and perform such duties as the Board of Directors may determine.

5.11. Loans to Officers. The Association shall not make any loans, either directly or indirectly, to any Officer of the Association. Any Officer or Officers participating in the making of any such loan shall be jointly and severally liable to the Association for the amount thereof until the loan is repaid in full.

5.12. Compensation. Officers may not be compensated except as may be determined by the Board of Directors in accordance with the approved Association budget. Each Officer shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association, as long as such expenses receive approval of the Board of Directors and are within the approved Association budget.

Section 6: Committees

6.1. Executive Committee. The Board of Directors, by resolution adopted by a majority of the number of Directors then in office, may designate two or more Directors to constitute an Executive Committee, which shall have and may exercise the authority of the Board in the management of the business and affairs of the Association during intervals between meetings, except that the Executive Committee shall not have the authority as to the following matters:

(a) The dissolution, merger or consolidation of the Association; or the sale, lease or exchange of all or substantially all of the property of the Association.

(b) The designation of an Executive Committee or any other committee or directors having power to exercise any of the Authority of the Board in the management of the Association or the filling of vacancies in the Board of Directors or in any such committee.

(c) The amendment or repeal of the Bylaws or the 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.

Vacancies in the membership of the Executive Committee shall be filled by a majority of the whole Board of Directors at a regular meeting or at a special meeting called for that purpose. The Executive Committee shall keep minutes of its proceedings and shall report to the Board of Directors on action taken. Minutes of meetings of the Executive Committee shall be prepared and kept with the records of the Association.

6.2. Standing or Other Committees. Standing or other committees not having and exercising the authority of the Board of Directors 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. Vacancies in the membership of such committees shall be filled by appointment made in the same manner as provided in the case of the original appointment.

At its first organizational meeting, the Board of Directors shall establish the following committees:

(a) a Rules Committee which shall present to the Board policies for operation and management and, where appropriate, assist the Board in establishing Association rules and regulations in that respect;

(b) a Nominating Committee which shall be selected as provided in Section 4.3 of these Bylaws.

6.3. Committee Chairman and Members. The Chairman of all committees, except the Nominating Committee, shall be appointed by and serve at the pleasure of the Chairman of the Board of Directors. The number, term and selection of committee members shall be determined by the Board of Directors.

6.4. Committee Reports. The Chairman of each committee shall submit, prior to each regular meeting of the Board of Directors, a written report to the Chairman of the Board and the President summarizing the committee meetings and activities.

Section 7: Amendments. Amendments to these Bylaws may be introduced and discussed at any annual or special meeting of the membership called for this purpose,

provided that copies of any proposed amendment shall be mailed to all the members with the notice of the meeting at which such amendment will be introduced. Amendments shall be adopted by a majority of the votes represented at the meeting of which a quorum is present.

Section 8: Suspension of Rights. The Board may suspend the voting rights and the rights to use the recreational facilities (if any) of a member and his family and guests during any period in which the member shall be in default in the payment of any dues or assessments imposed by the Association. Such rights may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days, for a non-continuing violation of the Association's rules and regulations; provided, however, that these rights may be suspended indefinitely for continuing or repeated violations of the Association's rules and regulations.

Section 9: Indemnification of Officers and Directors

9.1. Indemnification Provisions. Any person who at any time serves or has served as a director or officer of the Association (a "Claimant"), against whom a claim shall be made in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, including all appeals therefrom (a "proceeding"), seeking to hold the Claimant liable by reason of the fact that he is or was serving in such capacity (whether the basis of such proceeding is alleged action in such official capacity or in any other capacity while serving in such official capacity), shall have a right to be indemnified and held harmless by the Association against all liabilities and litigation expenses (as hereinafter defined); provided that such indemnification shall not be effective with respect to (a) that portion of any liabilities or litigation expenses with respect to which the Claimant is entitled to receive payment under any insurance policy or (b) any liabilities or litigation expenses in relation to matters as to which he shall be adjudged in such proceeding or otherwise determined by one of the means set forth in Subsection 9.1 of this Section 9 to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of duty.

9.2. Definitions. As used in this Section 9, (a) "liabilities" shall include, without limitation, (1) payments in satisfaction of any judgment, money decree, excise tax, fine or penalty for which Claimant had become liable in any proceeding and (2) payments in settlement of any such proceeding subject, however, to Subsection 9.4 hereof; (b) "litigation expenses" shall include, without limitation, (1) reasonable costs and expenses and attorneys' fees and expenses actually and necessarily incurred by the Claimant in connection with any proceeding and (2) reasonable costs and expenses and attorneys' fees and expenses in connection with the enforcement of rights to the indemnification granted hereby or by applicable law, if such enforcement is successful in whole or in part; and (c) "disinterested directors" shall mean directors who are not party to the proceeding in question.

9.3. Litigation Expense Advances. (a) Any litigation expenses shall be advanced to any Claimant within thirty days of receipt by the Secretary of the Association of his demand therefor, together with his undertaking to repay to the Association such amount unless it is ultimately determined that Claimant is entitled to be indemnified by the Association against such expenses. The Secretary shall forward notice of such demand and undertaking immediately to all directors of the Association. Any disinterested director may then, if desired, call a meeting of a committee which shall include all disinterested directors. No such advance shall be made if a majority of the disinterested directors shall have determined that the litigation expenses are or have been incurred in relation to matters as to which the Claimant acted in bad faith or engaged in willful misconduct in the performance of duty.

(b) No such advance of any particular items or litigation expenses shall be made if a majority of the disinterested directors affirmatively determines that such particular items are unreasonable. In any such case, such directors must determine the amount by which such items or expense were unreasonable, and the Association shall withhold advances or expenses only in such amount.

9.4. Settlements. The Association shall not be liable to indemnify the Claimant for any amounts paid in settlement of any proceeding effected without the Association's written consent. The Association will not unreasonably withhold its consent to any proposed settlement.

9.5. Approval of Indemnification Payments. Except as may be determined in an action brought pursuant to Subsection 9.6 below, indemnification payments by the Association for liabilities and litigation expenses (or a termination of the undertaking required under Subsection 9.3 above with respect to advanced expenses) may be made only following a determination that the Claimant did not act in bad faith or engage in willful misconduct in the performance of duty with respect to the matters in question. If the proceeding shall result in an adjudication that the Claimant acted in bad faith or was liable or guilty by reason of willful misconduct in the performance of duty, such adjudication shall be conclusive. If there shall be no such adjudication, the determination shall be made (a) by a majority of the disinterested directors (if there are at least two such directors), (b) if there are not two such directors, or if a majority of the disinterested directors so directs, by independent legal counsel in a written opinion, or (c) in accordance with any other reasonable procedures prescribed by the Board of Directors prior to the assertion of the claim for which indemnification is sought. The reasonableness of amounts of settlements and litigation expenses may be approved by a majority of the Board of Directors.

9.6. Right of Claimant to Bring Suit. If a claim under Subsection 9.1 is not paid in full by the Association within thirty days after a written claim has been received by the Association, or a demand for advances is not paid within thirty days of receipt by the Association thereof with an undertaking as described in Subsection 9.3, the Claimant may

at any time thereafter bring suit against the Association to recover the unpaid amount of the claim or demand and, if successful in whole or in part, the Claimant shall be entitled to be paid also the expense of prosecuting such claim or demand. It shall be a defense to any such action that the Claimant's liabilities or litigation expenses were incurred on account of matters as to which the Claimant acted in a manner described in Subsection 9.1(b), but the burden of proving such defense shall be on the Association. Neither the failure of the Association (including its disinterested directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the Claimant is proper in the circumstances, nor an actual determination by the Association (including its disinterested directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the Claimant is proper in the circumstances, nor an actual determination by the Association (including its disinterested directors or independent legal counsel) that the Claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Claimant has not met the applicable standard of conduct.

9.7. Consideration; Personal Representatives and Other Remedies. Any person who during such time as this Section 9 or the Bylaws is in effect serves or has served in any of the aforesaid capacities for or on behalf of the Association shall be deemed to be doing so or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. The right of indemnification provided herein shall inure to the benefit of the legal representatives of any person who qualifies or would qualify as a Claimant hereunder and such right shall not be exclusive of any other rights to which such person or legal representative may be entitled apart from these resolutions.

Section 10: Miscellaneous

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

10.2. 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.

10.3 Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of the corporate proceedings, so long as the same are not in conflict with the Articles of Incorporation, these Bylaws or with the laws of the State of North Carolina.

THIS IS TO CERTIFY that the above Bylaws of Glenridge Homeowners Association were duly adopted by the Board of Directors.

This the 3 day of December, 1999.


Secretary

[Corporate Seal]