

BY-LAWS
OF
MEADOWMONT COMMUNITY ASSOCIATION, INC.

Article I

Members

Section 1. Membership in the Corporation.

The members of the Meadowmont Community Association, Inc. (hereinafter referred to as "Association"), shall be specified in Article III, Section 1, of the Declaration of Covenants and Restrictions of the Meadowmont Community Association, Inc. and Meadowmont Development Company, a North Carolina joint venture, as amended, hereinafter referred to as the "Covenants". The "Company" shall mean and refer to Meadowmont Development Company, a North Carolina joint venture, its successors and assigns.

The Board of Directors of the Association may suspend the voting rights of any member during any period of time when such person is in default of any of his obligations under the By-Laws (including, without limitation, the failure to pay any assessment), provided that such default has continued uncured for a period of ten (10) days after written notice thereof to such member.

Section 2. Membership Classes.

There shall be the following five (5) classes of membership in the Association:

- (a) **TYPE "A"**: Type "A" Members shall be all Owners, including the Company, its successors and assigns, of Residential Lots and Family Dwelling Units (which include apartment units and congregate care units). A Type "A" Member shall be entitled to a number of votes equal to the number produced by dividing the Current Annual Assessment paid by such Owner by the then Current Annual Assessment levied upon a Family Dwelling Unit.
- (b) **TYPE "B"**: Type "B" Members shall be all those Owners, including the Company, its successors and assigns, of platted Public or Commercial Sites, Multiple-Family Tracts and congregate care units. A Type "B" Member shall be entitled to a number of votes equal to the number produced by dividing the Current Annual Assessment paid by such Owner by the then Current Annual Assessment levied upon a Family Dwelling Unit.
- (c) **TYPE "C"**: Type "C" Members shall be all those Owners, including the Company, its successors and assigns, of Public or Commercial Units. A Type "C" Member shall be entitled to a number of votes equal to the number produced by

- dividing the Current Annual Assessment paid by such Owner by the then Current Annual Assessment levied upon a Family Dwelling Unit.
- (d) **TYPE "D"**: Type "D" Members shall include all those Owners, including the Company, its successors and assigns, of Unsubdivided Lands and Development Unit Parcels held and intended for future development by the Company or a third party. A Type "D" Member shall be entitled to a number of votes equal to the number produced by dividing the Current Annual Assessment paid by such Owner by the then Current Annual Assessment levied upon a Family Dwelling Unit.
- (e) **TYPE "E"**: Type "E" Member shall be the Company, its successors and assigns. The Type "E" Member shall be entitled to elect a portion of the Board of Directors as set out in Article VII of the Articles of Incorporation of the Company.

Payment of Special Assessments shall not entitle Type "A", "B", "C", and "D" members to additional votes. When any property entitling the Owner to membership as a Type "A", "B", "C", or "D" member of the Association is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership tenants by the entirety or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property (hereinafter a "Tenancy"), then unless the instrument or order appointing them or creating the Tenancy otherwise directs, or a copy thereof is filed with the Secretary of the Association, their acts with respect to voting shall have the following effect:

- (1) If only one (1) votes, in person or by proxy, his act shall bind all;
- (2) If more than one (1) votes, in person or by proxy, the act of the majority so voting shall bind all;
- (3) If more than one (1) votes, in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled to its proportionate share of the vote or votes;
- (4) If the instrument or order filed with the Secretary of the Association shows that any such Tenancy is held in unequal interest, a majority or even split under subparagraphs (2) and (3) immediately above shall be a majority or even split in interest in the property to which the vote(s) is/are attributable;
- (5) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections, and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Owner may be assigned by said Owner to his lessee; provided, however, that the Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee. The Type "A", "B", "C" and "D" members are sometimes hereinafter collectively referred to as the "Members."

Section 3. Voting Rights in the Association.

The Members of the Association shall have the right to vote for the election and removal of directors and upon such other matters with respect to which a vote of Members is required under the Covenants, the Articles of Incorporation of the Association or the laws of the State of North Carolina including Chapter 55A, the North Carolina Nonprofit Corporation Act, as amended. Each Member of Type "A", "B", "C", and "D" membership classes shall be entitled to as many votes as equals the total number of votes he is entitled to based on his ownership of or Tenancy in one (1) or more of the various classifications of property as computed by the formula set out hereinabove in Section 2 hereof. In the election of directors, each Member may cast the total number of votes to which he is entitled for each vacancy to be filled by a Class I Director. Cumulative voting shall not be allowed. Members, except the Type "E" membership, are divided into classes for the purpose of computing voting rights and shall not vote as a class.

Section 4. Members to Have Power of Referendum in Certain Instances.

Where specifically provided for herein, the Members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Association by Referendum. In the event fifty-one (51%) percent or more of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions hereof. At any time that the Type "A", "B", "C", and "D" members have the ability to elect a majority of the Board of Directors, the Members may require a Referendum on any action of the Board of Directors by presenting to the Secretary of the Board within thirty (30) days of the taking of such action or ratification by the Board or its intent to take such action, a petition signed by not less than twenty-five (25%) percent of the Members.

Article II

Meeting of Members

Section 1. Annual Meeting.

Beginning in 2001, the annual meeting of the Members shall be held on such date during March of each year as shall be fixed yearly by a resolution of the Board of Directors. Such annual meetings shall be held for the purpose of electing directors and for transaction of such other business as may come before the meeting.

Section 2. Special Meeting.

Special meeting of the Members may be called by the President, the Board of Directors or, subsequent to the first annual meeting, Members of the Association holding not less than one-fifth of the votes.

Section 3. Place of Meeting.

The Board of Directors or the President may designate any location within Orange or Durham Counties, North Carolina as the place for any annual meeting or special meeting called by the Board of Directors, and the President may designate any location as the place for any special meeting called by him. If no designation is made or if a special meeting is called by the Members of the Association, the place of meeting shall be the principal office of the Association within Orange County, North Carolina.

Section 4. Notice of Meeting.

Written notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered not less than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary or the person calling the meeting, to each member of the Association at his address as shown on the records of the Association. A Member may, in writing, signed by him, waive notice of any meeting before or after the date of the meeting stated therein.

Section 5. Informal Action by Members.

Any action required or permitted by law to be taken at a meeting of the Members of the Association 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 of the Association, which consent shall be filed with the Secretary of the Association as part of the corporate records.

Section 6. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association.

The quorum required for any action which is subject to vote of the Members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows:

(a) The first time a meeting of the Members of the Association is called to vote on (i) an increase in the Maximum Regular Annual Assessment greater than that provided for by subparagraph (o) of Section 3 of Article V of the Covenants, (ii) a Special Assessment as provided for by Section 4 of Article V of the Covenants, (iii) the gift or sale of any parcel of land and improvements thereon designated as a Common Property or Restricted Common Property as provided for by subparagraph (f) of Section 4 of Article IV of the Covenants, (iv) an Amendment to the Covenants as provided for by Section 2 of Article VIII of the Covenants, or (v) the termination of the Covenants as provided for by Section 1 of Article VIII of the Covenants, the presence at the meeting of Members or proxies entitled to cast sixty (60%) percent of the total vote of the Membership required for such action shall constitute a quorum.

(b) The first time a meeting of the Members of the Association is called to vote on any action proposed to be taken by the Association, other than that described in subparagraph (a) above, the presence at the meeting of Members or proxies entitled to cast thirty (30%) percent of the total vote of the Membership required for such action shall constitute a quorum.

If the required quorum is not present at any meeting described in subparagraphs (a) or (b) above, with the exception of any meeting called to vote on the termination of the Covenants described in subparagraph (a)(v) above, another meeting or meetings may be called subject to the giving of proper notice and the required quorum at such subsequent meeting or meetings shall be one-half (1/2) of the required quorum at the preceding meeting.

Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Article III, Section 6, and any other requirements for such "duly called meeting" which may be established by the By-Laws of the Association. For the purpose of this section, "proper notice" shall be deemed to be given when given to each Member not less than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered.

Section 7. Conduct of Meetings.

The directors may make such regulations as they deem advisable for any meeting of the Members, including proof of membership in the Association, evidence of the right to vote and the appointment and duties of inspectors of votes. Such regulation shall be binding upon the Association and its Members.

Section 8. Ballots by Mail.

When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the Members and a ballot on which each Member may vote for or against each motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section 6 of this Article II. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

Section 9. Proxies.

All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing, provided, however, that proxies shall not be authorized for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specifically provided ballots mailed or delivered to the Association.

All proxies shall be executed in writing by the Member or by his duly authorized attorney-in-fact and filed with the Secretary. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date, and no proxy shall be valid after eleven (11) months

from the date of its execution unless otherwise provided in the proxy. Any proxy granted by a Member shall automatically cease upon the termination of such Member's membership in the Association.

Article III

Directors

Section 1. General Powers.

The affairs of the Association shall be managed by its directors. The directors need not be Members of the Association.

Section 2. Tenure.

At the first annual meeting, the Members shall elect directors to serve until the second subsequent Annual Meeting. At each annual meeting thereafter (or at a Special Meeting expressly called for election of directors required due to an increase in the number of Members of the Board of Directors), the Members shall elect directors as provided in the Articles of Incorporation. Any vacancy occurring in the initial or any subsequent Board of Directors, other than by increase in the number of Members of the Board of Directors, may be filled at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or by a sole remaining director and, if not previously filled, shall be filled at the next succeeding meeting of the Members of the Association. Any director elected to fill a vacancy, other than by increase in the number of Members of the Board of Directors, shall serve as such until the expiration of the term of the director whose position he was elected to fill. Election of directors by the Board of Directors to fill a vacancy may be conducted by mail ballot if the Board of Directors so determine.

Section 3. Annual Meetings.

Annual meetings of the Board of Directors shall be held annually immediately following the annual meeting of the Members. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without notice.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by or at the request of the President or any two directors by giving notice thereof as provided in Section 5 of this Article III. Such persons calling a special meeting of the Board of Directors may fix any location as the place for holding such special meeting.

Section 5. Notice.

When notice of any meeting of the Board of Directors is required, such notice shall be given at least three days previous to such meeting by written notice delivered personally or sent by mail to each director at his address as shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited, postage prepaid, in the United States mail in a sealed envelope properly addressed. Any director may waive notice of any meeting before or after the time of the meeting stated therein and attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted to, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting unless specifically required by law, the Articles of Incorporation, these By-Laws or the Covenants.

Section 6. Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting without further notice.

Section 7. Manner of Acting.

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Compensation.

Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors any director may be reimbursed for his actual expenses incurred in the performance of his duties as director but nothing herein contained shall be construed to preclude any director from serving the Association in any other capacity and receiving compensation therefor.

Section 9. Informal Action by Directors.

Any action required or permitted by law to be taken at a meeting of directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by a majority of the directors, which consent shall be filed with the secretary of the Association as part of the corporate records.

Article IV

Powers and Duties of the Board of Directors

Section 1. Powers.

The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Properties and Restricted Common Properties and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use the Common Properties and Restricted Common Properties during any period in which a Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Covenants;

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

Section 2. Duties.

It shall be the duty of the Board of Directors to:

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

(1) fix the amounts of all Assessments as provided and in accordance with the Covenants;

(2) send written notice of all Assessments to every owner subject thereto;

(3) in the discretion of the Board of Directors, foreclose the lien against any property for which Assessments are not paid within thirty (30) days after the due date or to bring an action at law against the owner personally obligated to pay the same; and

(4) provide for a Board of Architectural Review.

(c) 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;

(d) procure and maintain adequate liability and hazard insurance on property owned or leased by the Association;

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

(f) cause the Common Properties, Restricted Common Properties and Intended Common Properties owned by the Association to be maintained or improved.

(g) cause ad valorem taxes and assessments levied against Common Properties and Restricted Common Properties to be paid;

(h) prepare and adopt, at least sixty (60) days prior to the Annual Meeting of the Association, a proposed budget outlining anticipated receipts and expenses for the upcoming fiscal year.

Article V

To the extent and in the manner provided by law, the Association may participate in mergers and consolidation with other non-profit associations organized for the same purpose, provided, however, that any such mergers or consolidations shall require approval by receiving more than two-thirds of the votes entitled to be cast by Type "A", "B", "C" and "D" members present or represented by proxy at a meeting held in accordance with the provisions of North Carolina State law.

Upon mergers or consolidation of the Association with another association or associations, its property right and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the existing property, together with the covenants and restrictions established upon any other property as one plan. No mergers or consolidation shall effect any revocation, change or addition to the Covenants, including, without limitation, the maximum limit on assessments and dues of the Association, or any other matter substantially affecting the interest of members of the Association.

Article VI

To the extent provided by law and the Covenants, the Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions; provided that any such mortgage is with the prior consent of two-thirds of the members at a duly called meeting of the Association. Notwithstanding anything in the Covenants to the contrary, the Association shall not be allowed to reduce the level of the Annual Assessment below the limit of the Maximum Regular Annual Assessment at any time there are outstanding

any amounts due the Company as repayment of any such loans made by the Company to the Association without the express written consent of the Company.

Article VII

Section 1. Officers.

The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary and a Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. The President shall be a director of the Association. Other officers may be, but need not be, directors of the Association.

Section 2. Election, Term of Office and Vacancies.

The officers of the Association shall be elected annually by the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal.

Any officer may be removed by the Board of Directors whenever, in its judgment, the best interest of the Association will be served thereby.

Section 4. Powers and Duties.

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors, except as otherwise determined by the Board of Directors. The President shall be chief executive officer of the Association.

Section 5. Resignation.

Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the 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.

Article VIII

Committees

Section 1. Committees of Directors.

The Board of Directors, by resolution adopted by a majority of the directors in office, may designate one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided in the resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Association; provided, however, that no such committee shall have the authority of the Board of Directors as to the following matters: (a) the levy of the Annual Assessment; the dissolution, merger or consolidation of the Association; the amendment of the Articles of Incorporation of the Association; the amendment of the Covenants; mortgage of the properties of the Association or the pledge of revenues of the Association as security for loans made to the Association; or the sale, lease or exchange of any land and any improvements thereon owned by the Association; (b) the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee; (c) the amendment or repeal of these By-laws or the adoption of new By-Laws; and (d) the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

Section 2. Other Committees.

Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Association may be designated by a resolution adopted by a majority of directors present at a meeting of which quorum is present. Such committees shall perform such duties and have such powers as may be provided in the resolution.

Section 3. Rules.

Each committee may adopt rules for its own governance not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Article IX

Certificate of Membership

The Board of Directors may provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board.

Article X

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member. The Covenants, the Articles of Incorporation, and the By-

Laws of the Association shall be available for inspection and purchase by any Member at the principal office of the Association.

Article XI

Construction

In the event of a conflict between the Covenants and the Articles of Incorporation or the By-Laws, the Covenants shall control; and in the case of any conflict between the Articles of Incorporation and the By-Laws that the Covenants do not resolve, the Articles of Incorporation shall control.

Articles XII

Assessments

Subject to the exemptions set forth in Article V, Section 12 of the Covenants, 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 ninety (90), thirty (30) or fifteen (15) days from the date of mailing the same, as determined by the Board of Directors, the Assessment shall be delinquent, and unless waived by the Board of Directors, shall bear interest from the date of delinquency at the maximum annual interest rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. The Board of Directors may authorize a Billing Agent to collect Assessments. If the Board of Directors elects to utilize a Billing Agent to collect Assessments, the Billing Agent shall set the date on which Assessments shall be due and payable. Interest which shall accrue on past due sums shall be the maximum interest rate which such agent may lawfully charge. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Properties or abandonment of his Lot.

Article XIII

Corporate Seal

The Association shall have a seal in circular form having within its circumference the words: Meadowmont Community Association, Inc., State of North Carolina.

Article XIV

The Association is not organized for profit, nor shall it have any power to issue certificates of stock or pay dividends, and no part of the net earnings or assets of the Association shall inure to the benefit of or be distributed, upon dissolution to any Member of the Association, Director, Officers or other private

person. If the Association is dissolved, the assets shall be dedicated to a public body, or conveyed to a nonprofit organization with similar purposes.

Article XV

Amendments

These By-Laws may be altered, amended or repealed, and new By-Laws may be adopted (i) by the Board of Directors, or (ii) at a regular or special meeting of the Members by a vote of a majority of votes of the Association. Notwithstanding anything herein contained to the contrary, (i) no amendment may be made that is in conflict with the Covenants or the Articles of Incorporation and (ii) until Turnover, any amendment of these By-Laws is subject to the approval of the Veteran's Administration and the Federal Housing Administration if either has guaranteed a mortgage on a Lot.

Article XVI

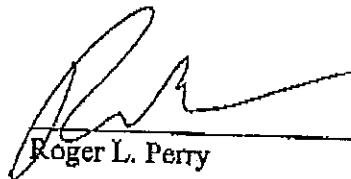
Notwithstanding anything herein contained to the contrary, these Bylaws, their enforcement and interpretation shall be subject to the town of Chapel Hill Code and other applicable laws, rules and regulations.

Article XVII


All capitalized terms used herein which are not specifically defined herein shall have the meaning as set forth in the Covenants and the Articles of Association.

CERTIFICATE

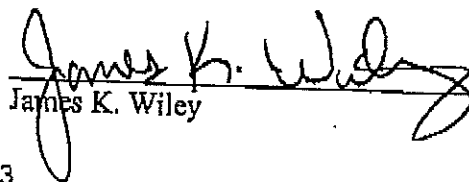
The foregoing By-Laws were duly adopted by the directors of this Association on the 16th day of August, 2000.



Roger L. Perry



Dennis E. Rochelle, III



James K. Wiley