

EXHIBIT "D"

BYLAWS

OF

HIDDEN LAKE COMMUNITY ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

Section 1. Name. The name of the corporation is Hidden Lake Community Association, Inc. (the "Association").

Section 2. Location. The principal office of the Association shall be located in Wake County or Franklin County, North Carolina. The registered office of the Association may be, but need not be, identical with the principal office.

ARTICLE II

DEFINITIONS

All capitalized terms when used in these By-Laws, or any amendment hereto (unless the context shall otherwise require or unless otherwise specified herein or therein) shall have the meanings set forth in that certain Declaration of Covenants, Conditions and Restrictions for Hidden Lake entered into by Hidden Lake, and duly recorded in the Office of the Register of Deeds for Franklin County, North Carolina (hereinafter referred to as the "Declaration").

ARTICLE III

MEETINGS OF ASSOCIATION MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Association Members shall be held at a date and time determined by the Board in its discretion, upon not less than ten (10) nor more than sixty (60) days' prior notice to the Association Members, and each subsequent regular annual meeting of the Association Members shall be held on the anniversary of such date each year thereafter, provided, however, the Board shall have the right, upon not less than ten (10) nor more than sixty (60) days' prior notice to the Association Members, to change the month, date and time of any annual meeting. If the day for the annual meeting of the Association Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Association Members may be called at any time by (a) the President or by the Board or (b) by the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at a proposed special meeting upon the delivery to the Association's Secretary of one or more signed and dated written demands describing the purpose or purposes for which it is to be held. Any such special meeting called by the Association Members in the manner described in (b) above shall be held

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within thirty (30) days after the delivery of such written demand by the holders of at least ten percent (10%) of the votes entitled to be cast at such meeting.

Section 3. Place of Meetings. All meetings of the Association Members shall be held at such place as shall be determined by the Board.

Section 4. Notice of Meetings. Written notice of each meeting of the Association Members shall be given by, or at the direction of, the Association's Secretary or other person authorized to call the meeting, by first class, registered or certified mail, not less than ten (10) days nor more than sixty (60) days before the date of such meeting to each Association Member entitled to vote thereat, addressed to the Association Member's address last appearing on the books of the Association, or supplied by such Association Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 5. Membership in the Association. Each and every Owner of a Lot shall automatically become and be an Association Member. In addition, for so long as Declarant owns any part of the Property, Declarant shall be an Association Member.

Section 6. Classes of Voting Right. The Association shall have two (2) classes voting membership:

Class I. Class I Association Members shall be all Association Members with the exception of Declarant. Class I Association Members shall be entitled to one (1) vote for each Lot owned by such Association Member. When more than one Person owns an interest (other than a leasehold or security interest) in any Lot, all such Persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot. At any meeting of the Association Members, a representation by any one such owner that the owners of said Lot have agreed to a vote shall be conclusive unless another such owner contests such representation at such meeting prior to the casting of such vote.

Class II. The Class II Association Member shall be Declarant. The Class II Association Member shall be entitled to twenty (20) votes for each Lot owned by the Class II Association Member.

Section 7. Period of Declarant Control. "Period of Declarant Control" means the period of time during which the Declarant shall at all times be entitled to appoint and remove the Association's Board of Directors and the officers of the Association, and during which the Class I Association Members shall have no right to nominate, elect, or remove, or exercise any vote to nominate, elect, or remove, the Board of Directors, such period of time beginning on the date that the Association is incorporated and ending at such time as Declarant does not own any portion of the Property, or at such earlier time as Declarant terminates such right by execution of a written instrument of termination. Anything to the contrary in this Declaration, the Bylaws, the Articles of Incorporation, or the Planned Community Act notwithstanding, if not sooner ended or terminated, the Period of Declarant Control shall end on December 31, 2026.

Section 8. Quorum and Voting. The presence at the meeting of Association Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes entitled to be cast by all classes of the Association Members shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws; if, however, such quorum shall not be present or represented at any meeting, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 9. Proxies. At all meetings of Association Members, each Association Member may vote in person or by proxy. All proxies shall be in writing and filed with the Association's Secretary. Every proxy shall be revocable.

Section 10. Action by Association Members. During the Period of Declarant Control, the Board shall have the sole and exclusive authority to exercise all powers and rights of and to act in all instances on behalf of the Association, and the Members shall have no authority to exercise such powers or rights or to act by exercise of their votes, except as determined by the Board in its sole and absolute discretion, and except as provided with respect to the commencement of judicial or administrative proceedings as provided in Article XII, Section 5, of the Declaration, the levying of special assessments as provided in Article VI, Section 5 of the Declaration and those acts that the Planned Community Act or other applicable laws provide may not be undertaken unilaterally by the Board, such as, to the extent required, ratification of the budget as provided in Article V, Section 3 of the Declaration, amendment of this Declaration as provided in Article XII, Section 3 of the Declaration, borrowing of funds to pay operational costs of the Association as provided in Article VI, Section (e) of these Bylaws and conveyance by the Association of fee simple title to all or any part of the Common Areas as provided in Article VI, Section (t) of these Bylaws.

Except as may be otherwise specifically set forth in the Declaration, the Articles or these Bylaws, and after the Period of Declarant Control, the vote of a majority of all votes entitled to be cast by all classes of the Association Members, present or represented by legitimate proxy at a legally constituted meeting at which a quorum is present, shall be the act of the Association Members. Notwithstanding the above and except as otherwise expressly provided in the Declaration, no judicial or administrative proceeding (including without limitation any judicial or administrative proceeding against any Declarant) shall be commenced or prosecuted by the Association unless approved by a vote of no less than sixty-seven percent (67%) of all votes entitled to be cast by the Class I Association Members, which vote is taken at a duly held meeting of the Members at which a quorum is present, all in accordance with these Bylaws. The immediately preceding sentence shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the Declaration, (b) the imposition and collection of assessments, charges or other fees hereunder, (c) proceedings involving challenges to ad valorem taxation, (d) counter-claims brought by the Association in proceedings instituted against it or (e) actions brought by the Association against any contractor, vendor, or supplier of goods or services to the Property.

Section 11. Waiver of Notice. Any Association Member may, at any time, waive notice of any meeting of the Association Members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by an Association Member at any meeting of

the Association Members shall constitute a waiver of notice by him of the time and place thereof except where an Association Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Association Members are present at any meeting of the Association Members, no notice shall be required and any business may be transacted at such meeting.

Section 12. Informal Action by Association Members. Any action which may be taken at a meeting of the Association Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Association Members who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Association's minute book.

Section 13. Robert's Rules of Order. Meetings of the Members shall be conducted in accordance with the most recent edition of Robert's Rules of Order Newly Revised.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Appointment. The business and affairs of the Association shall be managed by a Board of three (3) directors who are appointed by Declarant during the Period of Declarant Control, and by a Board of at least five (5) directors elected by the Members as provided by these Bylaws thereafter. The directors need not be Members. Notwithstanding anything contained herein to the contrary, the Declarant shall at all times be entitled to appoint and remove the members of the Board and the officers of the Association during the Period of Declarant Control, which begins on the date that the Association is incorporated and ends at such time as Declarant no longer owns any portion of the Property (whether a Lot or Common Area), or at such earlier time as Declarant terminates such right by execution of a written instrument of termination; provided, however, if not sooner ending or terminated, the Period of Declarant Control shall end on December 31, 2026. After the Period of Declarant Control, the Association Members shall, elect a Board of at least five (5) directors as provided by these Bylaws.

Section 2. Initial Directors. The initial directors shall be appointed by the Declarant. Such initial directors shall serve from the date upon which the Declaration is recorded in the Office of the Register of Deeds of Franklin County, North Carolina, until such time as their successors are duly appointed or elected and qualified.

Section 3. Nomination. Subject to Section 1 of this Article IV and after the Period of Declarant Control, nominations for the first election of directors on the Board shall be made from the floor at a meeting of the Association Members. After such first election of directors, nominations for election to the Board shall be made by a Nominating Committee. Subject to Section 1 of this Article IV and after the Period of Declarant Control, nominations may also be made from the floor at the annual meeting. Subject to Section 1 of this Article IV and after the Period of Declarant Control, the Nominating Committee shall consist of a Chairman, who shall be an Association Member or a member of the Board, and two (2) or more Association Members. The Nominating Committee shall be appointed by the Board prior to the annual meeting following the first election of directors and each annual meeting of the Association

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Members thereafter, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 4. Election. Except as otherwise provided in this Article, including Section 1 hereof, directors shall be elected at the annual meeting of the Association Members and said election shall be by written ballot. At such election, the Association Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles, these Bylaws and the Declaration. Cumulative voting is not permitted.

Section 5. Term of Office. Each director shall hold office for the term for which he was appointed or elected, or until his death, resignation, retirement, removal, disqualification or until his successor is appointed or elected and qualified. Subject to Section 1 of this Article IV and after the Period of Declarant Control, at the first election of directors, the Association Members shall elect one (1) member of the Board for a term of three (3) years, who shall be the person receiving the largest number of votes, two (2) members of the Board for a term of two (2) years, who shall be the people receiving the second and third largest number of votes, and two (2) members of the Board for a term of one (1) year, who shall be the people receiving the fourth and fifth largest number of votes. At all annual elections thereafter but subject to Section 1 of this Article IV, director(s) shall be elected by the Association Members to succeed the director(s) whose term(s) then expire(s), and thereafter each director's term shall be three (3) years. Nothing herein contained shall be construed to prevent the election of a director to succeed himself. Votes shall be tallied at the meeting where they are so cast and, in the event of a tie vote, a run-off election shall be conducted at the same meeting.

Section 6. Removal. Subject to Section 1 of this Article IV and after the Period of Declarant Control, any newly elected director may be removed from the Board, with or without cause, by a majority vote of the Association Members. In the event of the death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. The Association Members may elect a director at any time to fill any vacancy not filled by the directors or, if applicable, not appointed by the Declarant.

Section 7. Compensation. No director shall receive compensation for any service he or she may render to the Association; however, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Meetings of the Board shall be held on a regular basis as often as the Board sees fit on such days and at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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Section 2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to such action is signed by all of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5. Chairman. A Chairman of the Board shall be elected by the directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the Presidency, a Chairman shall be elected by the Board and serve until a new President is elected.

Section 6. Participation by Conference Telephone. Any one or more directors may participate in a meeting of the Board by means of a conference telephone or similar communications device that allows all directors participating in the meeting to simultaneously hear each other during the meeting, and such participation in a meeting shall be deemed presence in person at such meeting.

Section 7. Member Attendance at Board Meetings. At regular intervals, the Board shall provide Association Members an opportunity to attend a portion of a Board meeting and to speak to the Board about their issues and concerns. The Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

Section 8. Robert's Rules of Order. Meetings of the Board shall be conducted in accordance with the most recent edition of Robert's Rules of Order Newly Revised.

ARTICLE VI

POWERS OF THE BOARD

The Board, for the mutual benefit of the Association Members and the Owners, shall have the following specific powers and rights (without limitation of other powers and rights the Board may have):

(a) To enter into or assume Declarant's obligations under and accept assignments of agreements with the appropriate governmental authorities to enable the Association to improve and maintain the Common Areas and Maintenance Areas or portions thereof;

(b) To make reasonable rules and regulations for the use and operation of the Common Areas and Maintenance Areas, and to amend them from time to time;

(c) To enter into or assume Declarant's obligations under and accept assignments of agreements or contracts with insurance companies with respect to insurance coverage relating to the Common Areas and Maintenance Areas and/or the Association;

(d) To enter into or assume Declarant's obligations under and accept assignments of agreements or contracts, including street light leases, with utility companies with respect to utility installation, consumption and service matters relating to the Common Areas, Maintenance Areas and/or the Association;

(e) Subject to the affirmative vote of no less than a majority of all votes present, in person or by proxy, at a duly held meeting of the Association Members at which a quorum is present, all in accordance with these Bylaws, to borrow funds to pay costs of operation of the Association, which borrowings may be secured by assignment or pledge of rights against delinquent Owners or by liens on other Association assets, if the Association Members see fit; provided; however, until such time as Declarant no longer owns any portion of the Property, the Board may not mortgage any portion of the Common Area without the prior written approval of Declarant;

(f) To enter into or assume Declarant's obligations under and accept assignments of contracts, maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association;

(g) To the extent permitted in the Declaration and these Bylaws, to sue or defend in any court of law in behalf of the Association;

(h) To levy assessments in accordance with the provisions of the Declaration;

(i) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property of the Association and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency;

(j) To exercise for the Association all powers, duties and authority vested in or delegated by the Declaration, these Bylaws, or the Articles to the Association and not reserved to the Association Members or Declarant by other provisions of the Declaration, these Bylaws or the Articles;

(k) To declare the office of a member of the Board to be vacant in the event such member shall be absent, without the consent of the Board, from three (3) consecutive regular meetings of the Board;

(l) To employ a manager or firm to manage the affairs and property of the Association, to employ independent contractors or such other employees as the Board may deem necessary, and to prescribe their duties and to set their compensation;

(m) To enter into or assume Declarant's obligations under and accept assignments of agreements or contracts with builders regarding the construction of Improvements on Lots located in the Project, and to require that all Owners building Improvements on Lots use only a Guild Builder;

(n) To retain the services of legal and accounting firms;

(o) To cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate;

(p) To the extent permitted in the Declaration, these Bylaws, and the North Carolina Planned Community Act [Chapter 47F of the North Carolina General Statutes]) to enforce the provisions of the Declaration and any Additional or Supplementary Declaration and any rules made thereunder or hereunder and to enjoin and/or, at its discretion, seek damages or other relief and impose fines for violation of such provisions or rules and/or by Special Individual Assessments against any Owner for violation of such provisions or rules pursuant to the provisions of the Declaration;

(q) To contract with any third party or any Association Member (including, without limitation, Declarant) for performance, on behalf of the Association, of services which the Association is otherwise required to perform pursuant to the terms of the Declaration and these Bylaws, upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interests of the Association;

(r) To employ or retain the services of professional architects or other Persons to serve on or advise the Architectural Control Committee and/or the Architectural Changes Committee;

(s) To grant all necessary easements and rights-of-way over and across the Common Areas when in its sole discretion it deems such an action to be necessary and appropriate, including, but not limited to, easements for the installation and maintenance of electrical, telephone, cablevision, water, sewerage and other utilities and drainage facilities; provided, however, until such time as Declarant no longer owns any portion of the Property, the Board may not grant such an easement or right-of-way without the prior written approval of Declarant;

(t) Subject to the requirements of North Carolina General Statutes § 47F-3-112, to convey fee simple title to all or any part of the Common Area when in its sole discretion it deems such an action to be necessary and appropriate; provided, however, until such time as Declarant no longer owns any portion of the Property, the Board may not convey any portion of the Common Area without the prior written approval of Declarant;

(u) To contract with any third party, including any other property owners association, for the sharing of costs of maintaining Maintenance Areas;

(v) To take any and all other actions, and to enter into any and all other agreements as may be necessary or proper for the fulfillment of its obligations under the Declaration or these Bylaws or for the operational protection of the Association;

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(w) To adopt reasonable rules from time to time governing conduct of Owners and other Persons occupying or otherwise located on the Property;

(x) To grant licenses to third parties, on such terms and conditions as the Board deems desirable, for the use of all or a portion of the Common Areas, including, without limitation, the Amenity Area; and

(y) To exercise any and all other powers provided for in the Declaration or in the North Carolina Planned Community Act.

Notwithstanding anything contained herein to the contrary, none of the above-described rights and powers of the Board shall be obligatory on the part of the Board, and the failure or refusal by the Board to implement any such rights and powers shall not constitute a breach or default by the Board of any duties or obligations arising hereunder or otherwise owing to the Association Members. Notwithstanding anything contained herein to the contrary, during the Period of Declarant Control, the Board shall have the sole and exclusive authority to exercise all powers and rights of and to act in all instances on behalf of the Association, and the Association Members shall have no authority to exercise such powers or rights or to act by exercise of their votes, except to the extent these Bylaws, the Declaration, the Planned Community Act or other applicable laws provide that the Board may not act unilaterally.

The Board may delegate any one or more of the powers described above to a managing agent or other third party upon such terms as the Board may prescribe.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Officers. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Association Members.

Section 3. Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Compensation. No officer shall receive any compensation from the Association for acting as such.

Section 9. Duties. The duties of the officers, unless otherwise stated by a resolution of the Board, are as follows:

(a) President: The President shall be the principal executive officer of the Association, and subject to the control of the Board, shall supervise and control the management of the Association. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, promissory notes and other written instruments and may co-sign all checks;

(b) Vice-President: The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Association Members, shall keep the corporate seal of the Association and affix it on all papers requiring said seal, shall serve notice of meetings of the Board and of the Association Members, shall keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board. The Secretary shall also prepare, execute, certify, and record amendments to the Declaration, with respect to any such amendments which, under the terms of the Declaration, are required to be prepared, executed, certified, or recorded by the Association; and

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board, shall sign all checks and promissory notes of the Association, shall keep proper books of account, and shall prepare an annual report to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Association Members.

ARTICLE VIII

COMMITTEES

Subject to Section 1, of Article IV of these Bylaws, the Board shall appoint a Nominating Committee as provided in Section 3, of Article IV of these Bylaws. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Association Member. The Declaration, the Articles and the Bylaws shall be available for inspection by any Association Member at the principal office of the Association, where copies may be purchased at reasonable cost. All financial and other records, including records of meetings of the Association Members and the Board, shall be made available, during reasonable business hours, for examination by any Association Member and the Association Member's authorized agents at the principal office of the Association, as required by these bylaws and Chapter 55A of the North Carolina General Statutes. The Association shall keep accurate records of all cash receipts and expenditures and all assets and liabilities. The Association shall make an annual income and expense statement and balance sheet available to all Association Members at no charge within seventy-five (75) days after the close of the fiscal year to which the information relates. A more extensive compilation, review or audit of the Association's books and records for the current or immediately preceding fiscal year may be required by a vote of the majority of the Board or by the affirmative vote of a majority of the holders of votes in the Association present and voting in person or by proxy at any Annual Meeting or any Special Meeting duly called for that purpose.

ARTICLE X

ASSESSMENTS

As described more particularly in, and subject in all respects to, the Declaration, each Member is obligated to pay to the Association, among other assessments, charges and amounts, Annual Assessments, Special Assessments, Special Individual Assessments, and, as applicable, S.T.E.P. System Assessments, all of which are secured by a continuing lien upon each Lot in the Property. Any Assessments which are not paid when due shall be delinquent. If an Assessment is delinquent, as more particularly described in the Declaration, the Assessment shall bear interest from the due date until the date such Assessment and interest thereon is paid at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same or foreclose the lien against the portions of the Property and improvements thereon owned by the defaulting Owner as of the Assessment due date. Additionally, the late charges, costs of collection and reasonable attorneys' fees related to any such action or foreclosure shall be added to the amount of such Assessment, all as more particularly described in the Declaration. No Owner may exempt himself or herself from liability for Assessments or waive or otherwise escape liability from the Assessments by non-use of the Common Areas or abandonment of his or her property. The Association, upon written request, shall furnish to an Association Member or the Association Member's authorized agents a statement setting forth the amount of unpaid assessments and other charges against a lot. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Board and every Association Member.

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ARTICLE XI

CORPORATE SEAL

The Association shall have a seal circular in form having within its circumference the name of the Corporation, the state of its incorporation, the year of its incorporation, and the word "SEAL."

ARTICLE XII

AMENDMENTS

Subject to the limitations hereinafter contained and except as otherwise set forth in these Bylaws, the Articles and these Bylaws may be amended or modified at any time by a vote of no less than fifty-one percent (51%) of all votes entitled to be cast by the Association Members, which vote is taken at a duly held meeting of the Association Members at which a quorum is present, all in accordance with these Bylaws. Provided, however, if fifty-one percent (51%) of all votes entitled to be cast by the Association Members cannot be obtained at such a meeting, then the Articles and these Bylaws may be amended by obtaining the vote of fifty-one percent (51%) of all votes present at a duly held meeting of the Association Members at which a quorum is present and by, within ninety (90) days of such vote, obtaining written consent to such amendment by Association Members holding a sufficient number of votes to comprise, along with such voting Association Members, a total of fifty-one percent (51%) of all votes entitled to be cast by Association Members. Further provided, that any amendment or modification to the Articles and these Bylaws must be consented to by Declarant so long as Declarant is the Owner of any Lot or other portion of the Property, which consent Declarant may grant or withhold in its sole discretion. In addition, during the Period of Declarant Control, Declarant, without obtaining the approval of any other Association Member or any other Owner or Owners other than Declarant, may make amendments or modifications to the Articles and these Bylaws which either (a) are correctional in nature only and do not involve a change which materially adversely affects the rights, duties or obligations specified herein or therein or (b) apply only to the portions of the Property then owned by Declarant. In addition to the foregoing rights, Declarant may, at Declarant's option, amend and modify the Articles and these Bylaws without obtaining the consent or approval of any other person or entity if such amendment or modification is necessary to cause the Articles and these Bylaws to comply with the requirements of FHA, VA, the Federal National Mortgage Association or any other governmental agency.

ARTICLE XIII

MISCELLANEOUS

Section 1. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. In the case of any conflict between the Articles and the Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and the Bylaws or the Articles, the Declaration shall control.

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ARTICLE XIV

LIABILITY LIMITS; INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

Neither Declarant, nor any Association Member, nor the Board, nor the Association, nor any officers, directors, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Association Member, whether or not such other Association Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same. Declarant, the Association or any other person, firm or association making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof.

The Association shall, to the extent permitted by applicable law, indemnify and defend all members of the Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

The Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him or her in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he or she is made a party or was (or is threatened to be made) a party by reason of being or having been such director or officer, except in relation to matters as to which he or she shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, these Bylaws, agreement, vote of Association Members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

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

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The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his or her behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article XIV, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE XV

CONFLICT OF INTEREST

In addition to the limitations of Article 8 of Chapter 55A of the North Carolina General Statutes, no financial payments, including payments made in the form of goods and services, may be made to any officer or member of the Board or to a business, business associate, or relative of an officer or member of the Board, except as expressly provided for in these bylaws or in payment for services or expenses paid on behalf of the Association which are approved in advance by the Board.