

NORTH CAROLINA

FRANKLIN COUNTY

BYLAWS
OF
RICHLAND HILLS TWIN CREEK TOWNHOMES
ASSOCIATION, INC.

ARTICLE I.

Name and Location

The name of the corporation is RICHLAND HILLS TWIN CREEK TOWNHOMES ASSOCIATION, INC., hereinafter referred to as the "ASSOCIATION". The principal office of the corporation shall be located at 7910 Hogan Drive, Wake Forest, Wake County, North Carolina 27587, but meetings of Members and directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

These are the Bylaws of the Association, a non-profit corporation under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State on February 25, 2005. The Association has been organized for the purpose of administering the operation and management of Richland Hills Twin Creek Townhomes, a town home development established or to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Franklin County, North Carolina, and described in the Declaration of Covenants, Conditions and Restrictions for Richland Hills Twin Creek Townhomes filed, or to be filed, in the Franklin County Registry.

- a) The provisions of these Bylaws are applicable to Richland Hills Twin Creek Townhomes, and the terms and provisions hereby are expressly subject to the terms, provisions, conditions and authorization contained in the Articles of Incorporation and which may be contained in the formal Declaration which has been, or will be recorded in the Public Records of Franklin County, North Carolina, at the time said property and the improvements now or hereafter situated thereon are submitted to the plan of town home ownership, the terms and provisions of said Articles of Incorporation and Declaration to be controlling wherever the same may be in conflict herewith.

- b) All present or future owners, tenants, future tenants or their employees, or any other person that might use Richland Hills Twin Creek Townhomes or any of the facilities thereof in any manner, are subject to the regulations set forth in these Bylaws and in said Articles and Declaration.

ARTICLE II.

Definitions

Section 1. "Association" shall mean and refer to the RICHLAND HILLS TWIN CREEK TOWNHOMES ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Common Elements" shall mean and refer singularly or collectively, as applicable, to all real property and improvements thereon or associated therewith; easements granted to or reserved by or on behalf of the Association (or the Declarant for later transfer or assignment to the Association); and other real property which has been designated by Declarant as Common Elements on a recorded plat, in a Supplemental Declaration, or in a deed or other written instrument, and also shall refer to all personal property owned or leased by the Association and designated as Common Elements by the Declarant or the Association, and which Common Elements is for the common use, enjoyment or benefit of the Owners. All Common Elements shall be subject to the terms and conditions of this Declaration. Common Elements also may include, as determined by Declarant in its sole discretion, all water retention ponds, facilities and areas, if any, including all facilities, structures and improvements associated therewith, required to be constructed, repaired, replaced or maintained on or near the Property or any portion thereof by the laws, rules or regulations of any governmental authority having jurisdiction thereof and which is required to handle storm water runoff and/or drainage from any part of all of the Property.

Section 3. "Declarant" shall mean and refer to Camco Properties, Inc., a North Carolina corporation, its successors and assigns.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties and all amendments and supplements thereto recorded in the Office of the Register of Deeds for Franklin County, North Carolina.

Section 5. "Lot" shall mean and refer to any numbered or lettered plot of land which is part

of the Property, is intended for single-family residential use and is shown on any plat in the office of the Register of Deeds, Franklin County, North Carolina which Declarant has recorded, caused to be recorded or approved for recordation.

Section 6. "Member" shall mean and refer to all Owners as hereinafter defined.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons, firms, associations, corporations, or other legal entities, of the fee simple title to any Lot situated upon the Properties, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee, its successors or assigns, unless and until such mortgagee has acquired title pursuant to foreclosure or a proceeding in lieu of foreclosure; nor shall the term "Owner" mean or refer to the any lessee or tenant of an Owner.

Section 8. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association, as are subjected to the Declaration or any Supplemental Declarations.

ARTICLE III.

Meeting of Members

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association. Each subsequent regular annual meeting shall be held at such time and place during the same month of each year thereafter as may be designated in the notice of meeting, for the purpose of informing the membership of the names of the individuals appointed to the new Board of Directors, of informing the membership of the status of the budget for the coming year and for such other purposes as the directors may determine.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by a majority of the Board of Directors, or upon written request of the Members who are entitled to one-fourth (1/4) of all of the votes of the Class A Membership.

Section 3. Notice of Meetings. Except as otherwise provided in the Declaration, in the Articles of Incorporation or in these Bylaws, written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least twenty (20) but not more than fifty (50) days before

such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-third (1/3) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise provided in the ARTICLES OF INCORPORATION, the Declaration, or these BYLAWS. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. Fractional voting is prohibited.

Section 6. Order of Business. The order of business at annual Member's meetings and, as far as practical, at any other Members' meetings and, as far as practical, at any other Members' meetings, shall be:

- i) Calling of the roll and certifying of proxies;
- ii) Proof notice of meeting or waiver of notice;
- iii) Reading and disposal of any unapproved minutes;
- iv) Reports of Officers;
- v) Reports of Committees;
- vi) Election of Directors;
- vii) Unfinished business;
- viii) New business; and
- ix) Adjournment.

ARTICLE IV.

Board of Directors: Selection: Term of Office

Section 1. Number. The affairs of this Association shall be managed by a board of two (2) directors, who need not be Members of the Association. Unless otherwise provided in the Articles of Incorporation, the number of directors may be changed from time to time by the Board of Directors; but in no event shall the number of directors be less than two (2). No decrease in the number of directors shall have the effect of shortening the term of any incumbent director. Directors need not be residents of the State of North Carolina.

Section 2. Term of Office. At the first annual meeting the Members shall elect two (2) directors for a term of one year and at each annual meeting hereafter the Members shall elect two (2) directors for a term of one year. In the event the number of directors is increased as set forth in Section 1, then the Board of Directors may change the terms of office of the directors to allow for staggering.

Section 3. Removal. Any director may be removed from the board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining Members of the Board of Directors and shall serve for the unexpired term of his predecessor.

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

Section 5. Action Taken Without a 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.

ARTICLE V.

Nomination and Election of Directors

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be

appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Cumulative and fractional voting are prohibited. The persons receiving the largest number of votes shall be elected. More specifically, subject to the rights reserved by Declarant in Section 4, the Declaration provides for two (2) classes of voting membership:

CLASS "A" - Class A Members shall be all Owners of Lots, with the exception of Declarant until such time as Declarant's Class B Membership is converted to Class A Membership as provided in this Article. A Class A Member shall be entitled to one (1) vote for each Lot owned by such Class A Member at the time notice is given of the particular meeting at which Class A Membership votes are eligible to be cast. Provided, when two (2) or more Persons own or hold interests in any Lot, all such Persons shall be Class A Members, and the one (1) vote for such Lot shall be exercised as they, among themselves, determine (including the division thereof into fractional votes), but in connection with any particular vote no more than one (1) Class A Membership vote shall be cast with respect to each Lot.

CLASS "B" - The Class B Member shall be the Declarant or its successor. The Class B Member shall be entitled to seven (7) votes per each Lot owned.

The Class B Membership shall terminate and be converted to Class A Membership upon the happening of the first to occur of the following:

(a) when the total votes outstanding in Class A Membership equal the total votes outstanding in Class B Membership. Provided, however, and notwithstanding anything to the contrary that may appear herein or in the Declaration, if at any time prior to January 1, 2025 the Class B Membership terminates for the foregoing reason and thereafter Declarant, pursuant to

Section 2 of Article II of the Declaration, annexes Additional Property to the Declaration such that, following such annexation, if votes are allocated to the Lots owned by Declarant at the rate of seven (7) votes per Lot, Declarant's total outstanding votes would exceed the total outstanding votes of the Class A Members, the Class B Membership shall be reinstated until such time as it again terminates due to one of the events of termination stated herein. Prior to January 1, 2025 or the voluntary termination of the class B Membership by Declarant, whichever first occurs, there shall be no limitation on the number of times the Class B Membership may terminate and be reinstated in accordance with the provisions of this paragraph (a); or

(b) voluntary termination by Declarant; or

(c) January 1, 2025.

Membership shall be appurtenant to and may not be separated from ownership of any Lot, and the Board may make reasonable rules relating to the proof of ownership of a Lot.

Section 3. Voting, Quorum and Notice Requirements. Except as may be otherwise specifically set forth in this Declaration the Articles or the Bylaws, the vote of the majority of the aggregate votes entitled to be cast by all classes of the members present, or represented by legitimate proxy, at a legally constituted (duly called) meeting of the Association at which a quorum is present, shall be the act of the Members with respect to the matter that is the subject of such vote. The number of votes required to constitute a quorum shall be set forth herein or in the Bylaws. Notice requirements for all action to be taken by the Members of the Association shall be as set forth herein or by the Bylaws.

Section 4. Additional Class of Membership. Declarant, with respect to Additional Property subjected to this Declaration by supplemental Declaration, which Additional Property contains or is to contain multi-family residential units such as apartments, duplex apartments, townhouses, condominiums and/or other forms of multi-family residential units, may create a third class of membership which may have voting rights equal to or less than (but not greater than) one vote per multifamily residential unit and which class of Members, as determined by Declarant in the applicable Supplemental Declaration, may be assessed annually and special assessments on their multi-family residential units at a rate that is equal to or less than (but not greater than) the rate at which Lots are assessed. Any document creating such third class of membership shall be recorded

in the Franklin County, North Carolina Registry and may contain such additional terms and conditions with respect to such membership, nor inconsistent herewith, as Declarant determines to be necessary or desirable.

ARTICLE VI.

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board of Directors. 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.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any one (1) director, after not less than three (3) days written 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.

ARTICLE VII.

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have those powers specifically enumerated by the Declaration and the following powers:

A. To suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 30 days for infraction of published rules and regulations; and

B. To declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

Section 2. Duties. The Board of Directors shall have those duties specifically enumerated by the Declaration and the following duties:

A. To 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) of the Class A Members who are entitled to vote;

B. To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

C. To pay all taxes and assessments which are or may become liens against any part of the Common Elements and to assess the same against the Members and their respective Lots subject to such liens; and

D. To pay all costs of power, water, sewer and other utility services rendered to the Properties and not billed to the Owners of the separate Lots.

ARTICLE VIII.

Officers and Their Duties

Section 1. Enumeration of Officers. The officers of this Association shall be a president, who shall at all times be Members of the Board of Directors, a vice president, a secretary, and a treasurer, and such other officers as the Board of Directors 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 of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board of Directors 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 of Directors 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 of Directors. 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 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.

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

Section 7. Multiple Offices. One person may hold multiple offices except that the Secretary and President must be different people.

Section 8. Duties. The duties of the officers are as follows:

A. President - The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may, in his sole discretion, determine appropriate to assist in the conduct of the affairs of the Association. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and Promissory Notes.

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

C. Secretary - The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Membership; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board of Directors.

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 of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual independent audit of the Association's books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a

statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX.

Committees

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X.

Assessments

As more fully provided in Article V of the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent and the Association shall have those rights set forth in the Declaration to collect the assessments and to enforce the lien upon the Lot against which the assessment is made. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of Ten Percent (10%) per annum or at such other legal rate as the Board may set from time to time.

ARTICLE XI.

Corporate Seal

The Association shall have a Seal in a circular form having within its circumference the words: "RICHLAND HILLS TWIN CREEK TOWNHOMES ASSOCIATION, INC.".

ARTICLE XII.

Amendments to Bylaws

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

A. Upon the approval and proper recording of any amendment or amendments, the same shall become binding upon all Lot Owners.

B. Notwithstanding the foregoing provisions of this Article XII, no amendment

shall be effective which shall impair or prejudice the rights or priorities of Declarant, the Association or any institutional mortgagee on any of the Properties without the specific written approval of such Declarant, Association and/or institutional mortgagee affected thereby.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and Bylaws, the Declaration shall control. These Bylaws are set forth to comply with the requirements of Chapter 55A of the General Statutes of the State of North Carolina. In the event any of these Bylaws conflict with the provisions of said statutes, it is hereby agreed and accepted that the provisions of the statutes will apply.

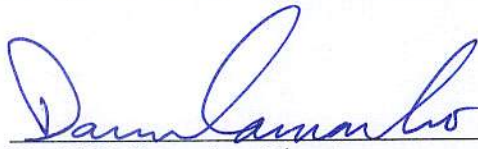
ARTICLE XIII.

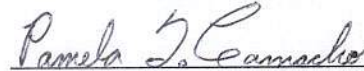
Miscellaneous

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 such fiscal year of RICHLAND HILLS TWIN CREEK TOWNHOMES ASSOCIATION, INC. shall begin on the date of incorporation.

The foregoing are hereby adopted as the Bylaws of the RICHLAND HILLS TWIN CREEK TOWNHOMES ASSOCIATION, INC., a non-profit corporation under the laws of the State of North Carolina.

IN WITNESS WHEREOF, we, being all of the directors of RICHLAND HILLS TWIN CREEK TOWNHOMES ASSOCIATION, INC. have hereunto set our hands and seals on this the 30th day of June, 2005.

 (SEAL)
David P. Camacho, Director

 (SEAL)
Pamela S. Camacho, Director