BYLAWS
OF
PRESTON CREEKSIDE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

INTRODUCTION

These are the Bylaws of Preston Creekside Condominium Association, Inc. The terms used in these Bylaws are defined in Article II of the Declaration of Preston Creekside Condominium in Cary, Wake County, North Carolina.

ARTICLE II

EXECUTIVE BOARD

Section 2.1 — "Number and Qualifications; Termination of Declarant Control" –

(a) The affairs of the Condominium and the Association shall be governed by an Executive Board consisting of not less than three (3) nor more than five (5) persons, the majority of whom, excepting the members of the Executive Board elected by the Declarant, shall be Unit Owners. The number of directors serving on the Executive Board, within such minimum and maximum, shall be the number elected from time to time. The members of the Executive Board shall be elected by the Unit Owners except for those appointed by the Declarant. At any meeting at which board members are to be elected, the Unit Owners may, by resolution, adopt specific procedures for conducting the elections, not inconsistent with these Bylaws or the Laws of the State of North Carolina.

(b) The terms of at least one third (1/3) of the members of the Executive Board shall expire annually, as established in a resolution of the members setting terms.

(c) Sections 7.6(e), 7.10 and 7.12 of the Declaration shall govern appointment of members of the Executive Board during the period of Declarant control.

(d) The Executive Board shall elect the officers of the Association. The Executive Board members and officers shall take office upon election.

(e) At any time after Unit Owners other than the Declarant are entitled to elect a member of the Executive Board, the Association shall call and give not less than ten (10) nor more than sixty (60) days notice of a meeting of the Unit Owners for this purpose. Such meeting may be called and the notice given by ten percent (10%) of the Unit Owners if the Association fails to do so.

Section 2.2 – "Powers and Duties" – The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The

Executive Board shall have the powers and duties necessary for the administration of the affairs of the Association and of the Condominium which shall include, but not limited to, the following:

(a) Adopt Bylaws and rules and regulations subject to the limitations of the Declaration and below;

(b) Adopt and amend budgets for revenues, expenditures and reserves and collect assessments for Common Expenses from Unit Owner;

(c) Hire and discharge managing agents;

(d) Hire and discharge employees and agents other than managing agents and independent contractors;

(e) Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Condominium;

(f) Make contracts and incur liabilities;

(g) Regulate and use, maintenance, repair, replacement and modification of the Common Elements;

(h) Cause additional improvements to be made as a part of the Common Elements;

(i) Acquire, hold, encumber and convey in its own name and any right, title or interest to real property or personal property, but Common Elements may be conveyed or subjected to a Security Interest only pursuant to N.C.G.S. § 47C-3-112;

(j) Grant easements, leases, licenses and concessions through or over the Common Elements;

(k) Impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements, other than Limited Common Elements, other than Limited Common Elements described in N.C.G.S. §§ 47C-2-102(2) and (4), and for services provided to Unit Owners;

(l) Impose charges or interest or both for late payment of assessments and, after Notice and Hearing, levy reasonable fines for violations of the Declaration, Bylaws, rules and regulations of the Association;

(m) Impose reasonable charges for the preparation and recordation of amendments to the Declaration, resale certificates required by N.C.G.S. § 47C-4-109 or statements of unpaid assessments;

(n) Provide for the indemnification of its officers and Executive Board and maintain Directors' and officers' liability insurance;

(o) Assign its right to future income, including the right to receive Common Expense assessments, subject to the limitations set forth in Article XIX of the Declaration;

(p) Exercise any other powers conferred by the Declaration or these Bylaws;

(q) Exercise all other powers that may be exercised by nonprofit corporations in the State of North Carolina;

(r) Exercise any other powers necessary and proper for the governance and operation of the Association; and

(s) By resolution, establish committees, temporary or permanent, to perform any of the above functions as specifically delegated in the resolution establishing the committee.

Section 2.3 – "Standard of Care" – In the performance of their duties, the officers and members of the Executive Board are required to exercise: (a) if appointed by the Declarant, the care required of fiduciaries of the Unit Owners and (b) if elected by the Unit Owners, ordinary and reasonable care.

Section 2.4 – "Additional Limitations" – The powers of the Executive Board shall be additionally limited pursuant to Article VII of the Declaration.

Section 2.5 – "Manager" – The Executive Board may employ a manager for the Condominium, at a compensation established by the Executive Board, to perform such duties and services as the Executive Board shall authorize. The Executive Board may delegate to the Manager all of the powers granted to the Executive Board by these Bylaws other than the powers set forth in subdivisions (a) , (b) , (c) , (e) , (h) , (i) , (j) , (k) , (1) , (m) , (n) , (o) , (p) , (q) , (r) , and (s) of Section 2.2. Licenses, concessions and contracts my be executed by the Manager pursuant to specific resolutions of the Executive Board.

Section 2.6 – "Removal of Members of the Executive Board" – The Unit Owners, by a two-thirds vote of all persons present and entitled to vote at any meeting of the Unit Owners at which a majority of Unit Owners is present, may remove any member of the Executive Board with or without cause, other than a member appointed by the Declarant; the Declarant may remove any member of the Executive Board appointed by the Declarant at any time, with or without cause.

Section 2.7 – "Vacancies" – Vacancies in the Executive Board may be filled as follows: At a special meeting of the Executive Board held for that purpose at any time after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, (a) as to vacancies of Executive Board members who are Unit Owners other than the

Declarant elected, by a majority of the remaining such members, constituting the Executive Board (b) as to vacancies of members whom the Declarant has the right to appoint, by the Declarant. Each person so elected or appointed shall be a member of the Executive Board for the remainder of the term of the member so replaced.

Section 2.8 – "Organization Meeting" – The first meeting of the Executive Board following each annual meeting of the Unit Owners shall be held within ten (10) days thereafter at such time which such Executive Board shall have been elected. No notice shall be necessary to the newly elected board members in order to legally constitute such meeting, providing a majority of the members shall be present.

Section 2.9 – "Meetings" – Meetings of the Executive Board my be called by the President or by a majority of the members of the Executive Board on at least three (3) business days' notice to each member. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.10 – "Location of Meetings" – All meetings of the Executive Board shall be held within North Carolina, unless all members thereof consent in writing to another location.

Section 2.11 – "Waiver of Notice" – Any member may waive notice of any meeting in writing. Attendance by an Executive Board member at any meeting of the Executive Board shall constitute a waiver of notice. If all the members are present at any meeting, no notice shall be required.

Section 2.12 – "Quorum of Board Members" – At all meetings of the Executive Board, a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute a decision of the meeting. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 2.13 – "Fidelity Bonds" – The Executive Board may obtain adequate fidelity bonds for all officers, employees and agents of the Association handling or responsible for Association funds. The premiums on such bonds are a Property Common Expense.

Section 2.14 – "Compensation" – No member of the Executive Board shall receive any compensation from the Association for acting as such, although members acting as officers or employees may be compensated for such duties.

Section 2.15 – "Consent to Corporate Action" – If all members of the Executive Board or all members of a committee established by the Executive Board, severally or collectively consent in writing to any action taken or to be taken by the Association, such action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The Secretary shall file such consents with the minutes of the meetings of the Executive Board.

ARTICLE III

UNIT OWNERS

Section 3.1 – "Annual Meeting" – Annual meetings of the Association shall be held at such time as the Executive Board may designate. At such meeting, the members of the Executive Board shall be elected by ballot of the Unit Owners, in accordance with the provisions of Article II. The Unit Owners may transact such other business at such meetings as may properly come before them. The Association shall meet at least once in each calendar year.

Section 3.2 – "Budget Meeting" – Meetings to consider the proposed budget shall be called in accordance with Section 18.4 of the Declaration. The budget may also be considered at Annual or Special Meetings called for other purposes.

Section 3.3 – "Place of Meetings" – Meetings of the Unit shall be held at such place as may be designated by the Executive Board.

Section 3.4 – "Special Meetings" – Special meetings of the Association may be called by the President, a majority of the Executive Board, or by Unit Owners having twenty percent (20%) of the votes in the Association.

Section 3.5 – "Notice of Meetings" – Not less than ten nor more than thirty (30) days in advance of any meeting, the secretary or other officer specified in these Bylaws shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, or any budget changes an any proposal to remove an officer or member of the Executive Board. No action shall be adopted at a meting except as stated in the notice.

Section 3.6 – "Adjournment of Meeting" – At any meeting of Unit Owners, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.7 – "Order of Business" – The order of business at all meetings of the Unit Owners shall be as follows:

(a) Roll call (or check-in procedure).

(b) Proof of notice of meeting.

(c) Review of minutes of preceding meeting.

(d) Reports.

(e) Establish number and term of memberships of the Executive Board (if required and noticed).

(f) Election of inspectors of election (when required).

(g) Election of members of the Executive Board (when required). (h) Ratification of Budget (if required).

(h) Ratification of Budget (if required).

(i) Unfinished business.

(j) New business.

Section 3.8 – "Voting" –

(a) If only one of several owners of a Unit is present at a meeting of the Association, that owner will be entitled to cast all of the votes allocated to that Unit. If more than one of the owners of a Unit are present, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority of the owners. There will be deemed to be majority agreement if any one of the owners casts the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit.

(b) The vote allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit owned by more than one person, each owner of the Unit may vote or register protest to the casting of the vote by the other owners of the Unit through a duly executed proxy, provided, however, that requirements for a majority agreement contained in Section 3.8(a) above shall also apply to votes and protests exercised by proxy. A Unit Owner may revoke a proxy given pursuant to this section only by actual notice of revocation to the person presiding at a meting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy will terminate one year after its date unless it specifies a shorter term.

(c) The vote of a corporation or business trust may be cast by an officer of such corporation or business trust in the absence of express notice of the designation of a specific person by the Executive Board or Bylaws of the corporation or business trust. The vote of a partnership may be cast by any general partner of partnership in the absence of express notice of the designation of a specific person by the partnership. The moderator of the meting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust owner is qualified so to vote.

(d) No vote allocated to a Unit owned by the Association may be cast.

Section 3.9 – "Quorum" – Except as otherwise provided in these Bylaws, the Unit Owners present in person or by proxy, at any meeting of Unit Owners shall constitute a quorum at all meetings of the Unit Owners.

Section 3.10 – "Majority Vote" –The vote of a majority of the Unit Owners present in person or by proxy at a meeting at which a quorum is present shall be binding upon all Unit Owners for all purposes, except where a higher percentage vote is required in the Declaration, these Bylaws or by law.

ARTICLE IV

OFFICERS

Section 4.1 – "Designation" – The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary or desirable. The president and vice president, but no other officers, need be members of the Executive Board. Any two officers may be held by the same person, except the offices of president and vice president, and the offices of president and secretary. The office of vice president may be vacant.

Section 4.2 – "Election of Officers" – The officers of the Association shall be elected annually by the Executive Board at the organization meeting of each new Executive Board and shall hold office at the pleasure of the Executive Board.

Section 4.3 – "Removal of Officers" – Upon the affirmative vote of a majority of the members of the Executive Board, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Executive Board, or at any special meting of the Executive Board called for that purpose.

Section 4.4 – "President" – The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Unit Owners and of the Executive Board. He shall have all of the general powers and duties which are incident to the office of president of a non-stock corporation organized under the laws of the State of North Carolina, including but not limited to the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. He may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments to the Declaration and these Bylaws on behalf of the Association, following their proper authorization.

Section 4.5 – "Vice President" – The vice president shall take the place of the president and perform his duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive Board shall appoint some other member of the Executive Board to act in the place of the president on an interim basis. The vice president shall also perform such other duties as may be imposed upon him by the Executive Board or by the president.

Section 4.6 – "Secretary" – The secretary shall keep the minutes of all meetings of the Unit Owners and the Executive Board; he shall have charge of such books and papers as the Executive Board nay direct; and he shall, in general, perform all the duties incident to the office of secretary of a non-stock corporation organized under the Laws of the State of North Carolina. The secretary may cause to be prepared and may execute amendments to the Declaration and these Bylaws on behalf of the Association, following authorization and approval of the particular amendment.

Section 4.7 – "Treasurer" – The treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys in such depositories as may from tine to time be designated by the Executive Board, and he shall, in general, perform all the duties incident to the office of treasurer of a non-stock corporation organized under the laws of the State of North Carolina. He may endorse on behalf of the Association, for deposit only, checks, notes and other obligations, and shall deposit the same and all money in the name of and to the credit of the Association in such banks as the Executive Board may designate. He may have custody of and shall have the power to endorse for transfer on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association, or as fiduciary for others.

Section 4.8 – "Agreements, Contracts, Deeds, Checks, Etc" – Except as otherwise provided in these Bylaws and in the Declaration, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by such other person or persons as may be designated by the Executive Board.

Section 4.9 – "Compensation" – The Executive Board may provide for compensation of officers of the Association.

Section 4.10 – "Resale Certificates and Statements of Unpaid Assessments" – The treasurer, assistant treasurer, if any, or a Manager employed by the Association, or, in their absence, any officer having access to the books and records of the Association, may prepare, certify, and execute resale certificates in accordance with N.C.G.S. § 47C-4-109 and statements of unpaid assessments in accordance with N.C.G.S. § 47C-3-102(12).

The Association may charge a reasonable fee for preparing resale certificates and statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Executive Board. The Association may refuse to furnish resale certificates and statements of unpaid assessments until the fee is paid. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

ARTICLE V

OPERATION OF THE PROPERTY

Section 5.1 – "Abatement and Enjoinment of Violations by Unit Owners" – If any person violates any of the Rules adopted by the Executive Board or breaches any provision of the Instruments, the Executive Board has the right, in addition to any other rights set forth in these Bylaws to do any of the following things:

(a) enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the Unit Owner, any structure, thing or condition causing the violation, except for additions or alterations of a permanent nature that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed liable for any manner of trespass; or

(b) enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Except in the case of an emergency, Notice and Hearing are required before any of the foregoing actions is taken.

Section 5.2 – "Fine for Violation" – By resolution, following Notice and Hearing, the Executive Board my levy a fine of up to $150 per day for each day that a violation of the Instruments or Rules persists after such Notice and Hearing.

ARTICLE VI

INDEMNIFICATION

The members of the Executive Board and Officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in N.C.G.S. §§ 55A-8-50—55A-8-57 (the provisions of which are hereby incorporated by reference and made a part hereof).

ARTICLE VII

RECORDS

Section 7.1 – "Records and Audits" – The Association shall maintain accounting records, which shall include:

(a) A record of all receipts and expenditures;

(b) An account for each Unit which shall designate the name and address of each Unit Owner, the amount of each Common Expense assessment, the dates on *which* the assessment comes due, the amounts paid on the account, and the balance due;

(c) A record of the actual cost of the maintenance of the Common Elements; and

(d) An accurate account of the current balance in the reserve for replacement and repairs.

The financial records shall be maintained and audited in accordance with Article XVII of the Declaration. The cost of the audit shall be a Common Expense.

Section 7.2 – "Examination" – All records maintained by the Association or by the Manager shall be available for examination and copying by any Unit Owner, by any Eligible Mortgagee of a Unit, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice, except that Eligible Mortgagees shall not have access to records other than those relating to the Unit for which the Eligible Mortgagee has a mortgage.

Section 7.3 – "Statutory Records" – The Association shall keep financial records sufficiently detailed to enable the Association to comply with N.C.G.S. § 47C-4-109 as follows:

(a) An account for each Unit showing the amounts of monthly Common Expense assessments currently due and payable from each Unit Owner.

(b) An account for each Unit Owner showing any other fees payable by each Unit Owner.

(c) A record of any capital expenditures anticipated by the Association for the current and next succeeding fiscal year.

(d) A record of the amount of any reserves for capital expenditures.

(e) The current operating budget adopted and ratified pursuant to the procedures of N.C.G.S. § 47C-3-103.

(f) A record of any unsatisfied judgments against the Association and the existence of any pending suits in *which* the Association is a defendant.

(g) A record of insurance coverage provided for the benefit of Unit Owners.

Section 7.4 – "Form Resale Certificate" – The Executive Board shall adopt a form of resale certificate to satisfy the requirement of N.C.G.S. § 47C-4-109.

ARTICLE VIII

AMENDMENT OF BYLAWS

Section 8.1 – "Amendment by Owners" – Except as provided in Section 8.2 below, these Bylaws may be amended by the affirmative vote of the voting members having at least sixty-seven percent (67%) of the aggregate allocated interests in the Common Elements, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws, or by written agreement and, in addition, the consent of the Declarant so long as its rights to appoint directors has not expired as set forth in Section 7.12 of the Declaration. Such amendment shall be executed in the name of the Association and recorded in the Office of the Register of Deeds of the county in which the Condominium is located. No such amendment shall be effective until duly recorded as aforesaid.

Section 8.2 – "Amendment by Declarant or the Board" – The Declarant, for so long as it controls the Board, and thereafter, the Board of Directors, may amend these Bylaws without the consent of the Owners:

(a) To conform to the requirements of any law or governmental agency having legal jurisdiction over the Condominium or to qualify the Condominium or any Units therein for mortgage or improvement loans made or insured by a governmental agency or to comply with the requirements of law or regulations of any governmental corporation or agency regarding purchase of mortgage interests in Units by such agency.

(b) To further completion and development of the Condominium as by the Declaration or by law provided and to facilitate and exercise any rights reserved unto Declarant as provided by law or by the Declaration.

No amendments made pursuant to this Section 8.2 shall be effective until duly recorded in the Office of the Register of Deeds of the county in which the Condominium is located.

Section 8.3 – "Amendment Prior to Sale of Unit" – Declarant shall have the right to amend these Bylaws at any time prior to recording of the sale of the first Unit to an Owner by filing an amendment in the Office of the Register of Deeds for the county in which the Condominium is located with a certificate certifying the fact that no sale has previously occurred.

Section 8.4 – "Amendment Approval by VA/FHA" – During the period of Declarant control any amendment to these Bylaws must first be approved by VA and/or FHA, if these Bylaws have first been approved by those agencies.

ARTICLE IX

MISCELLANEOUS

Section 9.1 – "Notices" – All notices to the Association or the Executive Board shall be mailed or hand-delivered to the office of the manager, or if there is no Manager, to the office of the Association, or to such other address as the Executive Board may hereafter designate from time to time, by notice in writing to all Unit Owners and to all Eligible Mortgagees. Except as otherwise provided, all notices to any Unit Owner shall be mailed or hand-delivered to his address as it appears on the records of the Association. All notices to Eligible Mortgagees shall be sent, except where a different manner of notice is specified elsewhere in the Instruments, by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Executive Board. All notices shall be deemed to have been given when mailed, except notices of changes of address which shall be deemed to have been given when received.

Section 9.2 – "Fiscal Year" – The Executive Board shall establish the fiscal year of the Association.

Section 9.3 – "Waiver" – No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 9.4 – "Office" – The principal office of the Association shall be on the Property or at such other place as the Executive Board may from time to time designate.

IN WITNESS WHEREOF, we, being all of the directors of the Preston Creekside Condominium Association, Inc., have hereunto set our hands this 14TH day of JULY 1999.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Preston Creekside Homeowners Association, Inc., a North Carolina corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 14TH day of July, 1999.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 14TH day of July, 1999.

Secretary