

**BYLAWS
OF
CARY GLEN
PROPERTY OWNERS ASSOCIATION, INC.,
a North Carolina nonprofit corporation**

ARTICLE I - IDENTITY

These are the Bylaws of CARY GLEN PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association," a nonprofit corporation formed under the laws of the State of North Carolina. The Association has been organized for the purposes stated in the Articles of Incorporation, and shall have all of the powers provided in these Bylaws, the Articles of Incorporation, the Declaration of Covenants, Conditions, Restrictions and Easements for Cary Glen (hereinafter referred to as the "Declaration"), and any other statute or law of the State of North Carolina, or any other power incident to any of the above powers.

ARTICLE II - LOCATION

The principal office of the Association shall be at such place as the Board may determine from time to time.

ARTICLE III - FISCAL YEAR

The fiscal year of the Association shall be the calendar year beginning on the 1st day of January and ending on the 31st day of December.

ARTICLE IV - SEAL

The seal of the Association shall have inscribed upon it the name of the Association, the year of its incorporation and the words "Nonprofit Corporation." Said seal may be used by causing it, or a facsimile thereof, to be impressed, affixed or otherwise reproduced upon any instrument or document executed in the name of the Association.

ARTICLE V - INSPECTION OF BOOKS AND RECORDS

The records of the Association shall be open to inspection by the Members, and all holders, insurers, or guarantors of any first mortgage encumbering any Property, upon request, during normal business hours or under other reasonable circumstances. Such records of the Association shall include current copies of the Declaration, Articles, Bylaws, any Rules and Regulations of the Association, and any amendments thereto, any contracts entered into by the Association, and the books, records and financial statements of the Association. The Association shall be required to make available to prospective purchasers of any Property or Residence current copies of the Declaration, Articles and Bylaws, and the most recent annual financial statement of the Association.

ARTICLE VI - DEFINITIONS

Unless the context otherwise requires, all terms used in these Bylaws shall have the same meaning as are attributed to them in the Declaration and the Articles.

ARTICLE VII - MEMBERSHIP

VII.A. Qualification: The qualification of Members, the manner of their admission to membership and the termination of such membership shall be as set forth in the Articles.

VII.B. Changes in Members: Change of membership in the Association shall be as provided in the Articles.

VII.C. Membership Voting:

VII.C.1. Voting Rights.

(a) Class A. Class A Members shall be all Owners, with the exception of Developer while the Class B Membership exists. Class A Members shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the vote for such Lot shall be exercised as they shall determine among themselves, but in no event shall more than one vote be cast with respect to any Lot. When title to a Lot is in a corporation, partnership, Association, trust, or other entity (with the exception of Developer), such entity shall be subject to the applicable rules and regulations contained in the Articles and Bylaws. Provided, however, if an Owner owns a Reconfigured Lot, for so long as such Reconfigured Lot is used consistent with the definition of a Reconfigured Lot, the Owner thereof shall have only one vote in Association matters.

(b) Class B. The Class B Member shall be Developer and shall be entitled to the sole right to vote in Association matters until the occurrence of the earliest of the following events ("Turnover"):

(1) Three (3) months after seventy-five percent (75%) of the Lots in the Property that will ultimately be operated by the Association have been conveyed to Class A Members.

(2) Ten (10) years from the date of recording this Declaration.

(3) Such earlier date as Developer, in its sole discretion, may determine in writing.

After Turnover, the Class A Members may vote to elect the majority of the members of the Board. After Turnover, for so long as Developer owns at least five percent (5%) of the Lots within the Property, the Developer may appoint the minority of members of the Board, or not less than one (1) Director. After Turnover, the Developer shall be a Class A Member with respect to the Lots which it owns, and shall have all the rights and obligations of the Class A Members, except that it may not cast its votes for the purpose of reacquiring control of the Association or selecting the majority of the members of the Board.

VII.C.2. Majority Vote and Quorum Requirements. The acts approved by a majority of the votes cast in person or by proxy at a meeting of the Members at which a quorum is present shall be binding upon all Members for all purposes, except where otherwise provided by law, in

the Declaration, the Articles or in these Bylaws. Unless otherwise so provided or required by law, at any regular or special meeting, the presence in person or by proxy of persons entitled to cast a 25% of the votes of the entire membership at the time of such vote shall constitute a quorum.

VII.C.3. Determination as to Voting Rights. If the Property associated with the membership of any Member is owned by more than one person, or by a corporation, partnership, trust, or other entity, the votes of the Member may be cast at any meeting by any Co-Member, as hereafter defined, but if when the vote is to be cast, a dispute arises between the Co-Members as to how the vote will be cast, they shall lose the right to cast the votes of the Member on the matter being voted upon, but their votes shall continue to be counted for purposes of determining the existence of a quorum. For purposes of this Paragraph, the partners, trustees, or other principals of any entity other than a corporation shall be deemed "Co-Members," the directors and officers of a corporation shall be deemed "Co-Members," if title to any Lot is held by husband and wife, husband and wife shall be "Co-Members," and if title to any Lot is held by tenants in common, all tenants in common shall be "Co-Members."

VII.C.4. Proxies. Every Member entitled to vote at a meeting of the Members, or to express consent or dissent without a meeting, may authorize another person to act on the Member's behalf by a proxy. To be valid, a proxy must be dated, must state the date, time, and place of the meeting for which it was given, and must be signed by the authorized person who executed the proxy. Any such proxy shall be delivered to the Secretary of the Association, or the person acting as secretary at the meeting, at or prior to the time designated in the order of business for so delivering such proxies. A proxy is effective only for the specific meeting for which originally given, as the meeting may lawfully be adjourned and reconvened from time to time, and automatically expires 90 days after the date of the meeting for which it was originally given. Every proxy shall be revocable at any time at the pleasure of the person who executes it. If the proxy form so provides, any proxy holder may appoint, in writing, a substitute to act in his place.

VII.D. Membership Meetings:

VII.D.1. Who May Attend. Any Member or Co-Member may attend any meeting of the Members. However, the votes of any Co-Member shall be cast in accordance with the provisions of Paragraph VII.C.3 above. Any person not expressly authorized to attend a meeting of the Members, as set forth above, may be excluded from any meeting of the Members by the presiding officer of the meeting. Institutional Lenders have the right to attend all meetings of the Members.

VII.D.2. Place. All meetings of the Members shall be held at the principal office of the Association or at such other place and at such time as shall be designated by the Board and stated in the notice of meeting.

VII.D.3. Notices. Written notice stating the place, day and hour of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each Member not less than 10 nor more than 60 days before the date of the meeting, either personally or by first class mail, by or at the direction of the President, the Secretary or the officer or persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Member at the Member's address as it appears on the records of the Association, unless such Member shall have filed a written request

with the Secretary of the Association stating that notices to him be mailed to some other address. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Members, or in order to make a determination of the Members for any other purpose, the Board shall be entitled to rely upon the Member register as same exists ten days prior to the giving of the notice of any meeting, and the Board shall not be required to take into account any changes in membership occurring after that date but may, in their sole and absolute discretion, do so. Notwithstanding the foregoing, only one notice shall be required to be given with respect to any membership, which may be sent to any one Co-Member. Notwithstanding anything contained herein to the contrary, as to completed Residences, any notice to a Member owning a completed Residence may be sent to the mailing address of the Residence without naming the Member, unless the Member notifies the Association that notices to the Member are to be sent to another address.

VII.D.4. Waiver of Notice. Whenever any notice is required to be given to any Member under the provisions of the Articles or these Bylaws, or as otherwise provided by law, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except when the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

VII.D.5. Annual Meeting. The annual meeting for the purpose of electing directors and transacting any other business shall be held in the first calendar quarter of each year as shall be selected by the Board and as is contained in the notice of such meeting. If the Board fails to call such meeting by the end of the first calendar quarter of any year, then within thirty (30) days after the written request of any Member, or any officer or director of the Association, the Secretary shall call an annual meeting. During the period when Developer appoints a majority of the directors, no annual meetings will be required.

VII.E.6. Special Meetings. Special meetings of the Members may be requested at any time by written notice to the Secretary by any director, the President, or by written petition signed by at least 25 Members, or as otherwise provided by law. Such request shall state the purpose of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the notice of meeting. Notice of any special meeting shall be given by the Secretary, or other officer of the Association, to all of the Members within thirty (30) days after same is duly requested, and the meeting shall be held within forty-five (45) days after same is duly requested.

VII.D.7. Adjournments. Any meeting may be adjourned or continued by a majority of the votes present at the meeting in person or by proxy, regardless of a quorum, or if no Member entitled to vote is present at a meeting, then any officer of the Association, may adjourn the meeting from time to time. If any meeting is adjourned or continued to another time or place, it shall not be necessary to give any notice of the adjourned meeting, if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and any business may be transacted at the adjourned meeting that might have been transacted at the original meeting. If the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, notice of the adjourned meeting may be given to Members not present at the original meeting, without giving notice to the Members which were present at such meeting.

VII.D.8. Organization. At each meeting of the Members, the President, the Vice President, or any person chosen by a majority of the Members present, in that order, shall act as chairman of the meeting. The Secretary, or in his absence or inability to act, any person appointed by the chairman of the meeting shall act as Secretary of the meeting.

VII.D.9. Minutes. The minutes of all meetings of the Members shall be kept in a book available for inspection by the Members or their authorized representatives, and the Members of the Board, at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years.

VII.D.10. Actions Without a Meeting. Any action required or permitted to be taken at any annual or special meeting of the Members may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Within ten (10) days after obtaining such authorization by written consent, notice shall be given to those Members who have not consented in writing. The notice shall fairly summarize the material features of the authorized action. The consent for any Member need only be signed by one Co-Member.

ARTICLE VIII - BOARD OF DIRECTORS

VIII.A. Number of Directors. The affairs of the Association shall be managed by a Board comprised of not less than three directors. So long as Developer is entitled to appoint a majority of the directors pursuant to the Articles or in accordance with applicable law, the number of directors will be determined, and may be changed from time to time, by Developer by written notice to the Board. Thereafter, the number of directors shall be determined from time to time by the Board (but not less than three).

VIII.B. Election of Directors by Members. Election or selection of directors shall be conducted in the following manner:

VIII.B.1 While Developer Still Appoints the Directors. Prior to Turnover, when Developer is entitled to elect or appoint all directors, all directors may be appointed and removed, with or without cause, from time to time by Developer. Directors appointed by Developer need not be Members of the Association.

VIII.B.2. After Turnover. After Turnover, there shall be an election of the directors by all Members; provided that so long as the Developer has the right to appoint the minority of members of the Board, the Members (other than Developer) shall elect only a majority of the members of the Board.

VIII.B.3. Method of Nomination and Election For Vote by Class A Members. Not less than sixty (60) days before a scheduled election at which directors are to be elected by the Class A Members as set forth above, the Association shall mail or deliver, whether by separate Association mailing or included in another Association mailing or delivery including regularly published newsletters, to each Owner, a first notice of the date of the election. The notice shall provide that any Member who wishes to be a candidate for the Board may notify the Secretary of the Board in writing, provided that such notice of intention to be a candidate, stating the full name and address of the candidate, is received by the Secretary no later than 40 days prior to the

scheduled election. Any Member providing such notice shall be placed on the ballot. The Board may also provide notice of a Board meeting to be held no fewer than 40 days before the scheduled election to accept additional nominations. At such meeting of the Board, any Member may nominate himself or may nominate another person, if he has permission in writing to nominate the other person or if the nominee is present in person and accepts the nomination. Any nomination at the meeting of a person who is not a Member of the Association must be seconded by another Member to be valid.

Not less than thirty (30) days before the election, the Association shall mail or deliver a second notice of the election to all Owners entitled to vote therein, together with a ballot which shall list all candidates. The ballot shall indicate the Lot owned by the candidate. Upon request of a candidate, the Association shall include an information sheet, no larger than 8½ inches by 11 inches, containing typing or information on one (1) side only, which must be furnished by the candidates not less than thirty-five (35) days before the election, to be included with the mailing of the ballot, with the costs of mailing and copying to be born by the Association. However, the Association has no liability for the contents of the information sheets prepared by the candidates. The ballot may include other matters to be voted upon by the Owners at the discretion of the Board.

Each Owner shall cast his ballot by checking the names of not more than the number of directors to be elected. The ballot may be mailed or delivered to the Association prior to the election. Each ballot shall be signed by the Owner casting the ballot, unless secret ballots are required by the Board or by law. If secret ballots are required the Board shall adopt a reasonable method for the Owners to be able to mail or deliver their ballots to the Association prior to the meeting and which will ensure that no ballots are improperly duplicated and that no Owner casts more than one (1) ballot.

Elections shall be decided by a plurality of those ballots cast. Unless otherwise provided by law, there shall be no quorum requirement incident to the conduct of the election of Directors. Use of proxies and powers of attorney for the election of Directors is prohibited. The Board may establish a method of staggering the terms of the Directors.

The regular election by Class A Members shall occur on the date of the annual meeting of the Owners. Notwithstanding the provisions of this subparagraph, an election and balloting are not required unless more candidates file notices of intent to run or are nominated than vacancies exist on the Board. Directors appointed by Developer need not be Members of the Association.

VIII.B.4. NOTWITHSTANDING THE FOREGOING, THE ELECTION OF DIRECTORS BY THE MEMBERS SHALL BE DONE IN CONFORMANCE WITH ANY APPLICABLE MANDATORY STATUTORY REQUIREMENTS HEREAFTER ADOPTED, AS SAME MAY BE AMENDED FROM TIME TO TIME, AND SAME SHALL CONTROL OVER ANY CONFLICTING PROVISIONS OF THESE BYLAWS.

ARTICLE IX - MEETING OF DIRECTORS

IX.A. Organizational Meeting: The newly elected or selected Board shall meet for the purposes of organization, the election of officers and the transaction of other business immediately after their election or selection or within ten days of same at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

IX.B. Regular Meetings: Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the directors. The Board shall notify all Members as to scheduled dates of the Board's regular meetings, but will not be required to send notices of each meeting to the Members. The Board shall place notices of regular meetings at conspicuous places on the Property, including all guardhouses, as reasonably determined by the Board at least 48 hours before any regular meeting, except in the case of an emergency.

IX.C. Special Meetings. Special meetings of the Board may be called by any director, or by the President, at any time. The Board shall place notices of special meetings at conspicuous places on the Property, including all guardhouses, as reasonably determined by the Board at least 48 hours before any special meeting, except in the case of an emergency.

IX.D. Notice of Meetings. Notice of each meeting of the Board shall be given by the Secretary, or by any other officer or director, which notice shall state the day, place and hour of the meeting. Notice of such meeting shall be delivered to each director either personally or by telephone or telegraph, at least 24 hours before the time at which such meeting is to be held, or by first class mail, postage prepaid, at least three days before the day on which such meeting is to be held. Notice of a meeting of the Board need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place, the time or the manner in which the meeting has been called or convened, except when a director or states, at the beginning of the meeting, an objection to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in any notice or waiver of notice of such meeting.

IX.E. Attendance at Board Meetings. All meetings of the Board shall be open to all Members and Institutional Lenders. A director may appear at a Board meeting by telephone conference, but in that event a telephone speaker shall be attached so that any discussion may be heard by the directors and any Members present as in an open meeting.

IX.F. Quorum and Manner of Acting. A majority of the Board determined in the manner provided in these Bylaws shall constitute a quorum for the transaction of any business at a meeting of the directors. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number of directors is required by statute, the Declaration, the Articles or by these Bylaws.

IX.G. Adjourned Meetings. A majority of the directors present at a meeting, whether or not a quorum exists, may adjourn any meeting of the Board to another place and time. Notice of any such adjourned meeting shall be given to the directors who are not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors. Any business that might have been transacted at the meeting as originally called may be transacted at any adjourned meeting without further notice.

IX.H. Presiding Officer. The presiding officer of the directors' meetings shall be the Chairman of the Board if such an officer is elected; and if none, the President of the Association shall preside if the President is a director. In the absence of the presiding officer, the directors shall designate one of their Members to preside.

IX.I. Minutes of Meetings. The minutes of all meetings of the Board shall be kept in a book available for inspection by the Members, or their authorized representatives, and the directors at any reasonable time.

IX.J. Committees. The Board may, by resolution duly adopted, appoint committees. Any committee shall have and may exercise such powers, duties and functions as may be determined by the Board from time to time, which may include any powers which may be exercised by the Board and which are not prohibited by law from being exercised by a committee.

IX.K. Resignation. Any director of the Association may resign at any time by giving written notice of his resignation to the Board or Chairman of the Board or the President or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time when such resignation is to become effective is not specified therein, immediately upon its receipt; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

IX.L. Directors Appointed by Developer. Notwithstanding anything contained herein to the contrary, Developer shall have the right to appoint the maximum number of directors in accordance with the privileges granted to it pursuant to the Articles and these Bylaws. All directors appointed by Developer shall serve at Developer's pleasure, and Developer shall have the absolute right, at any time, and in its sole discretion, to remove any director appointed by it, and to replace such director with another person to serve on the Board. Developer may waive its right to appoint one or more directors which it has the right to appoint at any time upon written notice to the Association, and thereafter such director(s) shall be elected by the Members.

IX.M. Compensation. The directors shall not be entitled to any compensation for serving as directors unless the Members approve such compensation, provided however the Association may reimburse any director for expenses incurred on behalf of the Association without approval by the Members.

ARTICLE X - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

X.A. Powers and Duties. The directors shall have the right to exercise all of the powers and duties of the Association, express or implied, existing under these Bylaws, the Articles, the Declaration, or as otherwise provided by statute or law. Such powers and duties of the directors shall include, without limitation (except as limited elsewhere herein), the following:

- i) The operation, care, upkeep and maintenance of the Common Property, and any other portion of the Property determined to be maintained by the Board.
- ii) The determination of the expenses required for the operation of the Association.
- iii) The collection of Annual Assessments from the Members.
- iv) The employment and dismissal of personnel.
- v) The adoption and amendment of rules and regulations covering the details of the operation and use of Property owned and/or maintained by the Association.
- vi) Maintaining bank accounts on behalf of the Association and designating signatories required therefor.
- vii) Obtaining and reviewing insurance for Property owned and/or maintained by the Association.
- viii) The making of repairs, additions and improvements to, or alterations of, Property owned and/or maintained by the Association.

ix) Borrowing money on behalf of the Association; provided, however, that (i) a 2/3 vote of the Members present in person or by proxy, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required; and (ii) no lien to secure repayment of any sum borrowed may be created on any Property without the consent of the Owner of such Property.

x) Contracting for the management and maintenance of Property owned and/or maintained by the Association authorizing a management agent or company to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of rules, and maintenance, repair and replacement of the Common Property with funds as shall be made available by the Association for such purposes. The Association and its officers shall, however, retain at all times the powers and duties granted by all Association documents and the Declaration, including, but not limited to, the making of Assessments, promulgation of rules, and execution of contracts on behalf of the Association.

xi) Exercising all powers specifically set forth in the Declaration, the Articles, these Bylaws, and as otherwise provided by statute or law, and all powers incidental thereto or implied therefrom.

xii) Entering into and upon any portion of the Property, including Residences, when necessary to maintain, care and preserve any Property in the event the respective Parcel Association or Owner fails to do so.

xiii) Collecting delinquent Assessments by suit or otherwise, abating nuisances, and enjoining or seeking damages from the Owner for violations of these Bylaws and the terms and conditions of the Declaration or of the Rules and Regulations of the Association.

xiv) Acquiring and entering into agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities, whether or not contiguous to the lands operated by the Association, intended to provide for the enjoyment, recreation, or other use and benefit of the Members and declaring expenses in connection therewith to be common expenses; all in such form and in such manner as may be deemed by the Board to be in the best interest of the Association, and the participation in the acquisition of any interest in lands or facilities for the foregoing purposes may be direct or indirect, meaning, without limiting the generality of the foregoing, by direct ownership of land or acquisition of stock in a corporation owning land.

ARTICLE XI - OFFICERS AND THEIR DUTIES

XI.A. Members and Qualifications. The officers of the Association shall include a President, a Vice President, a Treasurer and a Secretary, all of whom shall be elected by the directors of the Association and may be pre-emptively removed from office with or without cause by vote of the directors at any meeting by concurrence of a majority of the directors. Any person may hold two or more offices except that the President shall not also be the Secretary. The Board may, from time to time, elect such other officers and designate their powers and duties as the Board shall find to be appropriate to manage the affairs of the Association from time to time. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall have resigned, or until he shall have been removed, as provided in these Bylaws.

XI.B. Resignations. Any officer of the Association may resign at any time by giving written notice of his resignation to any director, the President or the Secretary. Any such resignation shall take effect at the time specified therein, or if there is no time specified therein, immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make such resignation effective.

XI.C. Vacancies. A vacancy in any office, whether arising from death, resignation, removal or any other cause may be filled for the unexpired portion of the term of the office which shall be vacant in the manner prescribed in these Bylaws for the regular election or appointment of such office.

XI.D. The 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 president of an Association or corporation including, but not limited to, the power to appoint committees from among the Members from time to time, as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

XI.E. The Vice-President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also assist the President generally and exercise such other powers and perform such other duties as may be prescribed by the Board.

XI.F. The Secretary. The Secretary shall prepare and keep the minutes of all proceedings of the directors and the Members. He shall attend to the giving and serving of all notices to the Members and directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly executed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an Association, and as may be required by the Board or the President.

XI.G. The Treasurer. The Treasurer shall have custody of all Property of the Association, including funds, securities, and evidences of indebtedness. He shall keep books of account for the Association in accordance with good accounting practices, which, together with substantiating papers, shall be made available to the Board for examination at reasonable times. He shall submit a Treasurer's Report to the Board at reasonable intervals and shall perform all other duties incident to the office of treasurer. He shall collect all Assessments and shall report promptly to the Board the status of collections.

XI.H. Compensation. The officers of the Association shall not be entitled to compensation unless the Board specifically votes to compensate them. However, neither this provision, nor the provision that directors will not be compensated unless otherwise determined by the Members, shall preclude the Board from employing a director or an officer as an employee of the Association and compensating such employee, nor shall they preclude the Association from contracting with a director for the management of Property subject to the jurisdiction of the Association, or for the provision of services to the Association, and in either such event to pay such director a reasonable fee for such management or provision of services.

ARTICLE XII - FINANCES AND ASSESSMENTS

XII.A. Adoption of the Budget.

XII.A.1 Prior to the commencement of any fiscal year of the Association, the Board shall adopt a budget for such calendar year, necessary to defray the common expenses of the Association for such calendar year. The common expenses of the Association shall include all expenses of any kind or nature whatsoever incurred, or to be incurred, by the Association for the operation of the Property owned and/or operated by the Association, and for the proper operation of the Association itself, including, but not limited to, the expenses of the operation,

maintenance, repair, or replacement of the Common Property; costs of carrying out the powers and duties of the Association; all insurance premiums and expenses, including fire insurance and extended coverage; reasonable reserves for purchases, deferred maintenance, replacements, betterments, and unknown contingencies; and all other expenses intended to be common expenses by these Bylaws, the Declaration, the Articles, or any other applicable statute or law of the State of North Carolina. If pursuant to any agreement entered into by the Association, any expense of the Association is to be shared with any person(s), then the annual budget of the Association shall contain a separate classification for such expense(s). In the event the Board fails to adopt an annual budget for any year, the prior year's budget shall remain in effect until a new budget is adopted or the existing budget is amended or revised.

XII.A.2 If, after the adoption of any budget, it shall appear that the adopted budget is insufficient to provide adequate funds to defray the common expenses of the Association for the fiscal year in which the adopted budget applies to, the Board may adopt an amended budget to provide such funds. All of the above provisions shall apply to the adoption of an amended budget.

XII.B. Assessments and Assessment Roll.

XII.B.1. As soon as practicable after the adoption of a budget, or an amended budget, the Board shall fix and determine the amount and frequency of the Annual Assessments, pursuant to the Declaration, the Articles and these Bylaws. Such Annual Assessments shall be due not more frequently than monthly, and shall each be in an amount no less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. Any periodic Annual Assessments, whether quarterly, monthly or otherwise, shall be equal unless the Board determines unequal Assessments are required to provide funds in advance for the expenses of the Association. As soon as practicable after the determination of the Annual Assessments, the Association shall notify each Member, in writing, of the amount, frequency and due date of such Member's Assessments, provided, however, that no Assessment shall be due in less than (10) days from the date of such notification.

XII.B.2. In the event the expenditure of funds by the Association is required that cannot be paid from the Annual Assessments, the Board may make Special Assessments, which shall be levied in the same manner as hereinbefore provided for Annual Assessments and shall be payable in the manner determined by the Board. Each Member's share of any Special Assessment shall be in the same proportion as the Member's share of the Annual Assessments.

XII.B.3. The Association shall maintain an Assessment roll for each Member, designating the name and current mailing address of the Member, the amount of each Assessment payable by such Member, the dates and amounts in which the Assessments come due, the amounts paid upon the account of the Member, and the balance due.

XII.C. Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined and approved by appropriate resolutions of the Board from time to time. Funds shall be withdrawn only upon checks and demands for money signed by such officers, directors or other persons as may be designated by the Board. Fidelity bonds as required by the Declaration shall be required of all signatories on any accounts of the Association.

XII.D. Application of Payments and Commingling of Funds. All sums collected by the Association from Assessments may be commingled in a single fund or divided into more than one fund, as determined by the Board.

XII.E. Accounting Records and Reports. The Association shall maintain accounting records according to good accounting practices. The records shall be open to inspection by Members and all Institutional Lenders, or their authorized representatives, at reasonable times. The records shall include, but not be limited to, (a) a record of all receipts and expenditures, and (b) the Assessment roll of the Members referred to above. The Board may, and upon the vote of a majority of the Members shall, conduct a review of the accounts of the Association by a certified public accountant, and if such a review is made, a copy of the report shall be made available to each Member and Institutional Lender, upon written request to the Association.

XII.F. Parcel Expenses and Parcel Assessments. The provisions of this Article VII shall be equally applicable with respect to Parcel Expenses and Parcel Assessments, and separate budgets, Assessments, Assessment Rolls, accounts, and books and records shall be established for same.

ARTICLE XIII - PARLIAMENTARY RULES

Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Declaration, the Articles or these Bylaws.

ARTICLE XIV - AMENDMENTS

Except as otherwise provided, these Bylaws may be amended in the following manner:

XIV.A. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

XIV.B. Initiation. A resolution to amend these Bylaws may be proposed by any director, or by a petition signed by Members having at least 25 votes.

XIV.C. Adoption of Amendments.

XIV.C.1. A resolution for the adoption of the proposed amendment shall be adopted either: (a) by a majority of all of the directors of the Association, and by a vote of a majority of the Members present in person or by proxy at a meeting called to approve the amendment, without any quorum requirement; or (b) by a 2/3 vote of all of the Members. Any amendment approved by the Members may provide that the Board may not further amend, modify or repeal such amendment.

XIV.C.2. Notwithstanding the foregoing, so long as Developer owns any portion of the Property or any Additional Property, Developer shall have the right to unilaterally amend these Bylaws without the joinder or approval of any directors or any Member, and no amendment to these Bylaws may be made without the written consent of Developer. Thereafter, so long as there is at least one Parcel Developer, no amendment to these Bylaws may be made without the written consent of the Parcel Developers.

XIV.D. No amendment shall make any changes in the qualification for membership nor in the voting rights or Property rights of Members without approval of 2/3 of all the Members, unless the

amendment is made to conform these Bylaws to applicable law. No amendment shall be made that is in conflict with the Declaration, the Articles or these Bylaws. So long as Developer or any Parcel Developer owns any Property or Additional Property, or holds any mortgage encumbering any Property other than a Residence, no amendment shall make any changes which would in any way affect any of the rights, privileges, powers or options herein provided in favor of, or reserved to, Developer or any Parcel Developer, unless Developer or any Parcel Developer so affected shall join in the execution of the amendment.

XIV.E. Execution and Recording. No modification of, or amendment to, these Bylaws shall be valid unless recorded in the public records of the county in which the Property is located.

XIV.F. FHA/VA Approval. As long as Developer appoints the majority of directors to the Board, any amendment hereto are subject to approval of the Veteran's Administration and the Federal Housing Administrator if either has guaranteed a mortgage on a Lot.

ARTICLE XV - RULES AND REGULATIONS

The Board may, from time to time, adopt, or amend previously adopted, Rules and Regulations concerning the use of the Common Property and concerning the use, operation and maintenance of other portions of the Property in order to further implement and carry out the intent of the Declaration, the Articles, and these Bylaws. The Board shall make available to any Member, upon request, a copy of the Rules and Regulations adopted from time to time by the Board.

ARTICLE XVI - MISCELLANEOUS

XVI.A. Tenses and Genders. The use of any gender or of any tense in these Bylaws shall refer to all genders or to all tenses, wherever the context so requires.

XVI.B. Partial Invalidity. Should any of the provisions hereof be void or become unenforceable at law or in equity, the remaining provisions shall, nevertheless, be and remain in full force and effect.

XVI.C. Conflicts. In the event of any conflict, any applicable North Carolina statute, the Declaration, the Articles, these Bylaws, and the Rules and Regulations of the Association shall govern, in that order.

XVI.D. Captions. Captions are inserted herein only as a matter of convenience and for reference, and in no way are intended to or shall define, limit or describe the scope of these Bylaws or the intent of any provisions hereof.

XVI.E. Waiver of Objections. The failure of the Board or any officers of the Association to comply with any terms and provisions of the Declaration, the Articles, or these Bylaws which relate to time limitations shall not, in and of itself, invalidate the act done or performed. Any such defect shall be waived if it is not objected to by a Member within thirty (30) days after the Member is notified, or becomes aware, of the defect. Furthermore, if such defect occurs at a general or special meeting, the defect shall be waived as to all Members who received notice of the meeting and failed to object to such defect at the meeting.

THE FOREGOING was adopted as the Bylaws of the Association at the first meeting of the Board on the _____ day of December, 1998.

Secretary

EXHIBIT "A"

Property

Lots 101 through 165 of Phase SF-1A and SF-1B of CARY GLEN, according to plat thereof recorded in the public records of Wake County, North Carolina in Map Book 1998 at Pages 2368 and 2369;

Lots 49 through 61 of Phase SF-5 of CARY GLEN, according to plat thereof recorded in the public records of Wake County, North Carolina in Map Book 1998 at Page 2371; and

All parcels labeled as "Common Open Space" shown in the plats referenced above.

Developer's interest in all areas shown in the plats referenced above as public rights of way.

EXHIBIT "B"Additional PropertyTRACT 1

BEGINNING at a point located in the northerly margin of S.R. 1624, said point having N.C. Grid Coordinates of N=754,421.143 and E=2,030,340.068; thence running from said Beginning Point along the northerly margin of S.R. 1624 in ten calls as follow: (1) North 840 12' 49" West 76.45 feet to a point; thence (2) North 840 06' 19" West 100.15 feet to a point; thence (3) North 840 25' 02" West 99.86 feet to a point; thence (4) North 840 39' 31" West 50.22 feet to a point; thence (5) North 880 11' 09" West 50.84 feet to a point; thence (6) South 890 25' 02" West 50.84 feet to a point; thence (7) South 880 22' 53" West 50.19 feet to a point; thence (8) South 860 52' 17" West 100.07 feet to a point; thence (9) South 850 57' 20" West 100.45 feet to a point; thence (10) South 850 13' 29" West 66.08 feet to a point; thence leaving S.R. 1624 and continuing North 000 51' 05" West 1151.21 feet to an iron pin; thence North 000 51' 05" West 28.32 feet to a point in the center line of Morris Branch; thence continuing along the center line of Morris Branch in nine calls as follow: (1) South 460 48' 12" West 59.68 feet to a point; thence (2) South 650 31' 41" West 34.55 feet to a point; thence (3) South 820 09' 24" West 33.24 feet to a point; thence (4) South 710 58' 54" West 66.69 feet to a point; thence (5) North 830 49' 54" West 75.04 feet to a point; thence (6) South 730 22' 21" West 83.83 feet to a point; thence (7) North 430 59' 18" West 159.18 feet to a point; thence (8) North 270 20' 39" West 26.47 feet to a point; thence (9) North 460 47' 36" West 25.87 feet to a point on the southeasterly margin of S.R. 1625 (soil road); thence continuing along the southeasterly margin of S.R. 1625 in six calls as follow: (1) North 190 13' 46" East 118.58 feet to a point; thence (2) North 200 48' 35" East 110.06 feet to a point; thence (3) North 200 09' 33" East 112.88 feet to a point; thence (4) North 210 45' 44" East 109.47 feet to a point; thence (5) North 200 31' 26" East 117.20 feet to a point; thence (6) North 230 24' 24" East 53.44 feet to a point; thence leaving S.R. 1625 and continuing North 880 16' 09" East 2.08 feet to a point; thence North 880 16' 09" East 476.53 feet to an iron pin; thence North 010 49' 16" West 299.97 feet to an iron pin; thence South 880 10' 44" West 325.84 feet to a point in the southeasterly margin of S.R. 1625; thence continuing along the southeasterly margin of S.R. 1625 in three calls as follow: (1) North 250 16' 00" East 61.74 feet to a point; thence (2) North 240 41' 01" East 113.69 feet to a point; thence (3) North 250 56' 28" East 196.66 feet to a point; thence leaving S.R. 1625 and continuing North 860 59' 00" East 907.20 feet to an iron pin; thence South 070 14' 48" East 144.63 feet to an iron pin; thence South 400 50' 41" East 81.62 feet to an iron pin; thence North 870 40' 43" East 763.34 feet to an iron pin; thence North 870 40' 43" East 126.69 feet to an iron pin in the westerly margin of the NCDOT Proposed Outer Loop; thence continuing with the westerly margin of the NCDOT Proposed Outer Loop the following three calls as follow: (1) South 100 55' 04" West 892.72 feet to an iron pin; thence (2) South 030 27' 21" East 221.71 feet to an iron pin; thence (3) South 030 27' 21" East 50.00 feet to a point in the center line of Morris Branch; thence leaving the NCDOT Proposed Outer Loop and continuing along the center line of Morris Branch in fourteen calls as follow: (1) South 320 26' 52" West 39.81 feet to a point; thence (2) North 770 54' 17" West 110.27 feet to a point; thence (3) North 470 19' 07" West 134.81 feet to a point; thence (4) South 410 26' 02" West 102.74 feet to a point; thence (5) North 560 05' 40" West 117.84 feet to a point; thence (6) South 730 37' 54" West 34.47 feet to a point; thence (7) South 260 59' 06" West 128.80 feet to a point; thence (8) South 590 21' 29" West 77.04 feet to a point; thence (9) North 850 08' 52" West 99.34 feet to a point; thence (10) South 590 32' 02" West 95.10 feet to a point; thence (11) North 430 56' 23" West 74.71 feet to a point; thence (12) South 430 48' 31" West 58.28 feet to a point; thence (13) South 820 01' 06" West 148.44 feet to a point; thence (14) South 490 50' 30" West 23.44 feet to an iron pin; thence leaving the center line of Morris Branch and continuing South 010 02' 36" West 1047.11 feet to the point or place of Beginning, all as shown as Tract 1 (77.189 acres) on a survey entitled "Tract Survey of PANTHER CREEK SUBDIVISION" by Kenneth Close, Inc., Land Surveying, dated June 21, 1996.

TRACT 2

BEGINNING at a point located in the southerly margin of S.R. 1624, said Beginning Point being located South 010 02' 36" West 60.21 feet from N.C. Grid Coordinates of N=754,421.143 and E=2,030,340.068; thence running from said Beginning Point along the southerly margin of S.R. 1624 in ten calls as follow: (1) North 840 12' 49" West 81.48 feet to a point; thence (2) North 840 06' 19" West 100.04 feet to a point; thence (3) North 840 25' 02" West 99.57 feet to a point; thence (4) North 840 39' 31" West 48.24 feet to a point; thence (5) North 880 11' 09" West 47.74 feet to a point; thence (6) South 890 25' 02" West 49.04 feet to a point; thence (7) South 880 22' 53" West 48.86 feet to a point; thence (8) South 860 52' 17" West 98.80 feet to a point; thence (9) South 850 57' 20" West 99.58 feet to a point; thence (10) South 850 13' 29" West 69.81 feet to a point; thence leaving S.R. 1624 and continuing South 000 51' 05" East 9.02 feet to a point; thence North 850 13' 29" East 70.37 feet to a point; thence North 850 57' 20" East 99.45 feet to a point; thence North 860 52' 17" East 98.61 feet to a point; thence North 880 22' 53" East 48.66 feet to a point; thence North 890 25' 02" East 48.77 feet to a point; thence South 880 11' 09" East 16.15 feet to a point; thence with the arc of a circular curve to the right having a radius of 40.00 feet (and a chord course and distance of South 450 50' 08" East 53.89 feet) an arc distance of 59.13 feet to a point; thence South 030 29' 06" East 70.49 feet to a point; thence with the arc of a circular curve to the left having a radius of 800.00 feet (and a chord course and distance of South 060 09' 24" East 74.58 feet) an arc distance of 74.61 feet to a point; thence South 080 49' 42" East 32.72 feet to a point; thence with the arc of a circular curve to the right having a radius of 800.00 feet (and a chord course and distance of South 060 09' 24" East 74.58 feet) an arc distance of 74.61 feet to a point; thence South 030 29' 06" East 101.88 feet to a point; thence with the arc of a circular curve to the right having a radius of 365.00 feet (and a chord course and distance of South 160 22' 14" West 247.94 feet) an arc distance of 252.98 feet to a point; thence South 360 13' 34" West 156.70 feet to a point; thence North 750 39' 43" West 443.38 feet to a point; thence North 230 28' 29" West 298.62 feet to an iron pin; thence North 890 22' 05" West 367.12 feet to a point in the easterly right of way of S.R. 1625 (soil road); thence along the easterly margin of S.R. 1625 in ten calls as follow: (1) South 070 31' 18" West 3.52 feet to a point; thence (2) South 070 06' 28" West 70.19 feet to a point; thence (3) South 050 05' 09" West 110.09 feet to a point; thence (4) South 040 21' 53" West 102.50 feet to a point; thence (5) South 020 16' 32" West 96.76 feet to a point; thence (6) South 000 39' 24" West 408.02 feet to a point; thence (7) South 010 00' 00" West 101.07 feet to a point; thence (8) South 000 49' 15" East 101.53 feet to a point; thence (9) South 010 51' 38" East 204.89 feet to a point; thence (10) South 010 21' 14" East 162.49 feet to a point; thence leaving S.R. 1625 and continuing North 210 09' 24" East 143.41 feet to an iron pin; thence North 300 13' 43" East 123.56 feet to an iron pin; thence South 870 28' 21" East 508.51 feet to an iron pin; thence South 000 31' 04" West 213.06 feet to an iron pin; thence South 880 24' 39" East 527.54 feet to an iron pin; thence North 030 38' 09" West 1020.59 feet to an iron pin; thence South 880 46' 05" East 1035.90 feet to an iron pin having N.C. Grid Coordinates of N=753,646.099 and E=2,031,064.876; thence North 090 58' 28" West 509.15 feet to an iron pin; thence South 880 41' 44" West 249.79 feet to an iron pin; thence North 890 42' 24" West 392.02 feet to a point; thence North 010 02' 36" East 8.48 feet to a point; thence North 880 59' 35" West 223.23 feet to a point; thence with the arc of a circular curve to the right having a radius of 800.00 feet (and a chord course and distance of North 010 09' 10" East 19.70 feet) an arc distance of 19.70 feet to a point; thence North 010 51' 30" East 32.72 feet to a point; thence with the arc of a circular curve to the left having a radius of 800.00 feet (and a chord course and distance of North 000 48' 48" West 74.58 feet) an arc distance of 74.61 feet to a point; thence North 030 29' 06" West 45.55 feet to a point; thence with the arc of a circular curve to the right having a radius of 40.00 feet (and a chord course and distance of North 460 02' 56" East 60.86 feet) an arc distance of 69.16 feet to a point; thence South 840 25' 02" East 4.09 feet to a point; thence South 840 06' 19" East 100.02 feet to a point; thence South 840 12' 49" East 82.24 feet to a point; thence North 010 02' 36" East 9.83 feet to the point