

BYLAWS
OF
ARDMORE OWNERS ASSOCIATION, INC.

Article I

All capitalized terms used in these Bylaws which are not specifically defined herein shall have the meaning as set forth in the Declaration of Covenants Conditions and Restrictions for Ardmore at Reedy Creek (hereinafter referred to as the "Covenants") and the Articles of Incorporation of Ardmore Owners Association, Inc. (hereinafter referred to as "Association").

Members

Section 1. Membership in the Corporation.

The Members of the Association are specified in Article 8, Sections 8.02 and 8.03 of the Covenants.

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

Section 2. Membership Classes; Allocation of Votes.

As provided in the Covenants, there shall be the following two (2) classes of membership in the Association:

- (a) CLASS "A": Class "A" Members shall be all Owners with the exception of the Declarant; provided, however, that Declarant shall become a Class A Member with its Class B membership ceases as provided hereinafter. Class A Members shall be entitled to one (1) vote for each Lot owned.
- (b) CLASS "B": The Class "B" Member(s) shall be Declarant who shall be entitled to ten (10) votes for each Lot owned; provided that Declarant's Class B Membership shall cease and be converted to a Class A membership on the happening of either of the following events, whichever occurs earlier: (a) conveyance by Declarant of seventy-five percent (75%) of all Lots in the Property to Owners other than a successor Declarant for use as a residence; or (b) ten (10) years after the first Lot is conveyed to an Owner for use as a residence.

When more than one person holds an ownership interest in any Lot, all such persons shall be Members, but no more than one vote shall be cast with respect to any Lot. The vote for any such Lot shall be exercised as the Members holding an interest in such Lot determine among themselves. In the event of disagreement, the decision of Members holding a majority of interest in such Lot shall govern. Unless otherwise notified by a co-owner as to a dispute between the co-owners regarding their vote prior to the casting of that vote, the vote of any co-owner shall be conclusively presumed to be the majority vote of the Owners of that Lot.

Section 3. Voting Rights in the Association.

The Class A Members and the Class B Member of the Association shall have the right to vote only on the following matters: (i) for the election and removal of directors and (ii) upon such other matters described in the Covenants, the Articles of Incorporation and these Bylaws, that are specifically subject to a vote of the Members.

Voting rights attributable to an ownership interest shall not vest until the Annual Assessment against that interest has been levied by the Association as provided in the Covenants; provided, however, that voting rights shall be immediately vested with respect to the approval of any amendments to the Covenants.

Article II

Meeting of Members

Section 1. Annual Meeting.

Beginning in 2006, the annual meeting of the Members shall be held on such date during December of each year as shall be fixed yearly by a resolution of the Board of Directors. Such annual meetings shall be held for the purpose of electing directors and for transaction of such other business as may come before the meeting.

Section 2. Special Meeting.

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

Section 3. Place of Meeting.

The Board of Directors or the President may designate any location within Wake County, North Carolina as the place for any annual meeting or special meeting called by the Board of Directors, and the President may designate any location in Wake County as the place for any special meeting called by him/her. If no designation is made or if a special meeting is called by the

Members of the Association, the place of meeting shall be at the principal office of the Association within Wake County, North Carolina.

Section 4. Notice of Meeting.

Written notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary or the person calling the meeting, to each Member of the Association at such Member's address as shown on the records of the Association. A Member may, in writing, signed by such Member, waive notice of any meeting before or after the date of the meeting stated therein.

Section 5. Informal Action by Members.

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

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

The quorum required for any action which is subject to vote of the Members at a regular or special meeting of the Association shall be as follows:

(a) Except as provided in the Covenants with respect to the minimum vote required to approve certain action as specified in the Covenants, including Article 2, Section 2.01 ("Term"), Article 5, Section 5.03 ("Encumbrances"), Article 7, Section 7.19 ("Declarant's Rights"), Article 9, Section 9.05 ("Assessments"), Section 9.06 ("Special Assessments"), Article 10, Section 10.06 ("Obligation to Rebuild"), Article 15, Section 15.01 ("Annexation"), Article 18, Section 18.10 ("Amendments") of the Covenants, or the Articles of Incorporation, including Article VIII and Article XI, the first time a meeting of the Members of the Association is called to vote on any action proposed to be taken by the Association, the presence, in person or by proxy, of Members entitled to cast thirty percent (30%) of the Voting Power of the Association shall constitute a quorum.

(b) If the required quorum is not present at any meeting described in subparagraph (a) above, with the exception of a meeting to consider a matter for which the Covenants, the Articles of Incorporation or Bylaws require a greater quorum requirement or vote of the Members than thirty percent of the of the Voting Power of the Association, another meeting or meetings may be called subject to the giving of proper notice, and the required quorum at such subsequent meeting or meetings shall be one-half (½) of the quorum required at the preceding meeting.

If a quorum is present, the affirmative vote of a majority of the votes cast is the act of the Members. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Article II, Section 6, and any other requirements for such "duly called meeting" which may be established by these Bylaws.

Section 7. Conduct of Meetings.

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

Section 8. Ballots by Mail.

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

Section 9. Proxies.

All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized as provided in the North Carolina Nonprofit Corporation Act.

All proxies shall be executed in writing by the Member or by his duly authorized attorney-in-fact and filed with the Secretary. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date, and no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Any proxy granted by a Member shall automatically cease upon the termination of such Member's membership in the Association.

Article III

Directors

Section 1. General Powers.

The affairs of the Association shall be managed by a Board of Directors of at least two (2) directors until Turnover (as defined below), at which time, the number of members of the Board of Directors shall be at least three (3). The Board of Directors shall have the right to fix the maximum size of the Board.

Section 2. Election and Tenure.

(a) Election of Directors by Members. Election or selection of directors shall be conducted in the following manner:

At each annual meeting (or at a special meeting expressly called for election of directors required due to an increase in the number of members of the Board of Directors), the Members shall elect directors. Prior to the termination of the Class B membership, when the Class B Member is entitled to elect or appoint all directors, the Class B Member shall elect or appoint at the time of each annual meeting of the Association, all directors, and no other directors shall be elected or appointed. Ninety(90) days after the termination of the Class B membership or immediately upon the surrender by the Class B Member of its authority to appoint and remove directors and officers of the Association as provided in the Covenants ("Turnover"), the Class A Members shall have the right to elect all the directors of the Association at the annual meeting or any special meeting expressly called for such purpose. The directors so elected shall assume office immediately after such vote. Except in the case of death, resignation, removal or disqualification, all directors shall serve until their successor is elected at a subsequent annual meeting. Any vacancy occurring in the initial or any subsequent Board of Directors, other than by increase in the number of members of the Board of Directors, may be filled at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or by a sole remaining director and, if not previously filled, shall be filled at the next succeeding meeting of the Members of the Association. Any director elected to fill a vacancy, other than by increase in the number of Members of the Board of Directors, shall serve as such until the expiration of the term of the director whose position he was elected to fill. Election of directors by the Board of Directors to fill a vacancy may be conducted by mail ballot if the Board of Directors so determine.

(b) Removal. Any director may be removed by the Class of Member(s) who elected such director, with or with cause, at any duly called meeting of the Members.

Section 3. Regular and Annual Meetings.

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

Section 4. Special Meetings.

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

Section 5. Notice.

When notice of any meeting of the Board of Directors is required, such notice shall be given at least seven (7) days previous to such meeting by written notice delivered personally or sent by mail to each director at his address as shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited, postage prepaid, in the United States mail in a sealed envelope properly addressed. Any director may waive notice of any meeting before or after the time of the meeting stated therein and attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting unless specifically required by law, the Articles of Incorporation, these Bylaws or the Covenants.

Section 6. Quorum.

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

Section 7. Manner of Acting.

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

Section 8. Compensation.

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

Section 9. Action of Directors by Written Consent.

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

Section 10. Presiding Officer.

The presiding officer of the director's meetings shall be the President of the Association.

Section 11. Resignation.

Any director of the Association may resign at any time by giving written notice of his/her resignation to the Board or the President or the Secretary of the Association. Any such resignation such be effective at the time specified therein or, if the time when such resignation is to become effective is not specified therein, immediately upon its receipt.

Section 12. Directors Appointed by Class B Member.

All directors appointed or elected by the Class E Member shall serve at the Class B Member's pleasure, and the Class B Member 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.

Article IV

Powers and Duties of the Board of Directors

Section 1. Powers.

The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use the Common Areas during any period in which a Member shall be in default in the payment of any Annual or Special Assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Covenants;
- (d) employ and prescribe the duties of any manager, any independent contractor, or such other employees as they deem necessary to assist the Association in carrying out its duties; and
- (e) to borrow money from the Declarant, its successor and assigns and other entities and to execute and deliver promissory notes evidencing such debt. The Board of the Association shall also have the power and authority to mortgage the property of the Association and to pledge any revenues of the Association as security for loans made to the Association. All such loans shall be used by the Association in performing its authorized functions and services; provided that any such mortgage is with the prior consent of Members (excluding Declarant) of the Association holding the Voting Power required by Article V, Section 5.03 of the Covenants. Notwithstanding any mortgage being placed on the property of the property of the Association, the documents comprising such

mortgage shall provide that the mortgagee's rights in and to the use of the property are subordinated to the rights of the Members.

Section 2. Duties.

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

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

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

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

(d) send written notice of all Annual and Special Assessments to every owner subject thereto;

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

(f) provide for a Board of Architectural Review;

(g) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Annual or Special Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an Annual or Special Assessment has been paid, such certificate shall be conclusive evidence of such payment;

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

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

(j) cause the Common Areas owned by the Association to be maintained or improved;

(k) cause ad valorem taxes and any other assessments levied against Common Areas to be paid; and

(l) prepare and adopt, at least sixty (60) days prior to each Annual Meeting of the Association, a proposed budget outlining anticipated receipts and expenses for the upcoming fiscal year. Within thirty (30) days after the adoption of the proposed budget, the Board of Directors shall provide to all of the Members a summary of the budget and a notice of the meeting (which meeting may be the Annual Meeting) to consider ratification of the budget. The notice shall include a statement that the budget may be ratified without a quorum. The Board of Directors shall set a date for the meeting (which may be the same date as the Annual Meeting) of the Members to consider ratification of the proposed budget, which meeting shall be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting in order to ratify the proposed budget. The budget is ratified unless at that meeting Members in the Association holding a majority of the Voting Power or any larger vote specified in the Covenants rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board of Directors.

Article V

Officers

Section 1. Officers.

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

Section 2. Election, Term of Office and Vacancies.

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

Section 3. Removal.

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

Section 4. Powers and Duties.

(a) The President. The President shall be the chief executive officer of the Association. He/She shall have all 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/she may in his/her discretion deem appropriate to assist in the conduct of the affairs of the Association. Provided that amendments to the Covenants are duly approved, the President shall, together with the Secretary (if the Secretary's signature is required by applicable law), prepare or have prepared by counsel, execute, certify, and record or have recorded by counsel, amendments to the Covenants on behalf of the Association.

(b) The Vice President. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, the Vice President shall perform such other duties and have such other powers as the Board of Directors shall prescribe, or as directed by the President.

(c) The Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Members and directors. He/She shall give all notices required by law and by the Bylaws. He/She shall have general charge of the corporate books and records and of the corporate seal, and he/she shall affix the corporate seal to any lawfully executed instrument requiring it. He/She shall keep, at the registered or principal office of the Association, a record of Members showing the name and address of each Member. He/She shall sign such instruments as may require his/her signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him/her from time to time by the President or by the Board of Directors.

(d) The Treasurer. The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse the same under the direction of the Board of Directors. He/She shall keep full and accurate accounts of the finances of the Association in books especially provided for that purpose and shall keep financial records sufficiently detailed to enable the Association to comply with Chapter 47F of the North Carolina General Statutes. The Treasurer shall, in general, perform all duties incident to the office of Treasurer and such other duties as may be assigned to him/her from time to time by the President or by the Board of Directors.

Section 5. Resignation.

Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Article VI

Committees

Section 1. Committees of Directors.

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

Section 2. Other Committees.

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

Section 3. Rules.

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

Article VII

Books and Records

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member. The Covenants, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection and purchase by any Member at the principal office of the Association.

Article VIII

Construction

In the event of a conflict between the Covenants and the Articles of Incorporation or the Bylaws, the Covenants shall control; and in the case of any conflict between the Articles of

Incorporation and the Bylaws that the Covenants do not resolve, the Articles of Incorporation shall control.

Articles IX

Assessments

Each Member is obligated to pay to the Association Annual and Special Assessments as provided in the Covenants (the "Assessments") which are secured by a continuing lien upon the property against which the Assessment is made. Any Assessments which are not paid within thirty (30) from the date of mailing the same, as determined by the Board of Directors, shall be delinquent and unless waived by the Board of Directors, shall be subject to the payment of interest, late charges and costs (including attorneys' fees), as such may be provided in the Covenants or Chapter 47E of the North Carolina General Statutes. If an Assessment is not paid within thirty (30) days after the date such Assessment is past due, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. The Board of Directors may authorize a billing agent to collect Assessments. If the Board of Directors elects to utilize a billing agent to collect Assessments, the billing agent shall set the date on which Assessments shall be due and payable. Interest which shall accrue on past due sums shall be the maximum interest rate which such agent may lawfully charge. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Areas or abandonment of such Owner's property.

Article X

Corporate Seal

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

Article XI

Amendments

These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted (i) by the Board of Directors, or (ii) at a regular or special meeting of the Members by a vote of Members holding a majority of the Voting Power of the Association. Notwithstanding anything herein contained to the contrary, no amendment may be made that is in conflict with the Covenants or the Articles of Incorporation, and until termination of the Class B membership, no amendment may be made without approval of the Class B Member.

CERTIFICATE

The foregoing Bylaws were duly adopted by the directors of this Association on the ____ day of _____, 2006.

Richard H. Siegel

John E. Falls