

EXHIBIT B
BYLAWS OF
THE RESERVE AT BISHOPS PARK HOMEOWNERS ASSOCIATION, INC.

Section 1

Definitions

The words, phrases and terms used in these Bylaws shall have the meanings as set forth in the Declaration of Condominium — The Reserve at Bishops Park Condominium, recorded in the office of the Register of Deeds for Wake County, North Carolina, to which a copy of these Bylaws is attached as an Exhibit.

Section 2

Administration of Condominium

Section 2.1. Authority and Responsibility: Except as otherwise specifically provided in the Condominium Documents, the Association shall be responsible for administering, operating and managing the Common Elements.

Section 2.2. Official Action: Unless specifically required in the Condominium Documents, all actions taken or to be taken by the Association shall be valid when such are approved by the Executive Board as hereinafter set forth or when taken by the committee, person or entity to whom such authority has been duly delegated by the Executive Board as set forth in the Condominium Documents or these Bylaws. The Association, its Executive Board, officers and members shall at all times act in conformity with the Nonprofit Corporation Act of the State of North Carolina, the Condominium Documents, and the North Carolina Condominium Act.

Section 3

Offices - Seal - Fiscal Year

Section 3.1. Principal Office and Registered Office: The initial principal office and registered office of the Association shall be located at 603 St. Mary's Street, Raleigh, Wake County, North Carolina 27605.

Section 3.2. Other Offices: The Association may have other offices at such other places within the State of North Carolina as the Executive Board may from time to time determine or as the affairs of the Association may require.

Section 3.3. Seal: The seal of the Association shall contain the name of the Association, the word "Seal", year of incorporation and such other words and figures as desired by the Executive Board.

Section 3.4. Fiscal Year: The fiscal year of the Association shall be the calendar year.

Section 4

Membership

Section 4.1. Qualification: Membership in the Association shall be limited to the Owners, and every Owner of a Unit shall automatically be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from Unit Ownership.

Membership in the Association shall inure automatically to Owners upon acquisition of the fee simple title (whether encumbered or not) to any one or more Units. The date of recordation in the Office of the Register of Deeds of Wake County of the conveyance of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.

Section 4.2. Place of Meetings: All meetings of the membership shall be held at the Raleigh office of York Properties, Inc. or other locations designated by the Executive Board.

Section 4.3. Annual Meetings: A meeting of the Association shall be held at least once each year. The first Annual Meeting of the Members shall be held on the date and hour designated by Declarant. Thereafter, the Annual Meeting of the Members shall be held on the second Monday in January of each year at 8:00 p.m., Eastern Standard Time. If the second Monday in January shall be a legal holiday, the Annual Meeting shall be held at the same hour on the first day following which is not a legal holiday. At such meetings, the Executive Board shall be elected in accordance with Section 5 of these Bylaws, and the Members shall transact such other business as may properly come before them.

Section 4.4. Substitute Annual Meetings: If an Annual Meeting shall not be held on the day designated by these Bylaws, a Substitute Annual Meeting may be called in accordance with the provisions of Sections 4.5 and 4.6. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

Section 4.5. Special Meetings: After the first Annual Meeting of the Members, special Meetings of the Members may be called at any time by the President; by Owners to whom are allocated no less than a twenty percent (20%) interest in the Common Elements; or by not less than fifty-one percent (51%) of the Executive Board members. Business to be acted upon at all Special Meetings shall be confined to the subjects stated in the notice of such meeting.

Section 4.6. Notices of Meetings: Written or printed notice stating the time and place of a membership meeting, including Annual Meetings, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove a director or officer, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any such membership meeting, either personally or by mail, by or at the discretion of the President or the Secretary, to the address of each Unit. Notice shall be deemed given upon deposit in the mail depository of each Unit.

Notice given to any one tenant in common, tenant by entirety or other joint Owner of a Unit shall be deemed notice to all joint Owners of the subject Unit.

The notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 4.7. Quorum: Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members entitled to cast sixty percent (60%) of the votes which may be cast for election of the Executive Board shall, constitute a quorum at all meetings of the Members. If a quorum is not present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than the announcement at the meeting, until a quorum is present or is represented. The Members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4.8. Voting Rights: The total number of votes of the Association Membership shall be ninety-six (96) and each Unit shall be entitled to one (1) vote. If fee simple title to a Unit is owned of record by more than one person or entity (the "joint Owners"), all such persons or entities shall be Members of the Association, but the vote with respect to any such jointly owned Unit shall be cast as hereinafter provided.

If the fee simple title to any Unit is owned of record by two or more persons or entities (whether individually or in a fiduciary capacity), the vote with respect to any such jointly owned Unit may be cast by any one of the joint Owners in person or by proxy, except that the holder or holders of a life estate in a Unit shall have the sole right to cast the votes allocated to the Unit. If more than one of the joint Owners vote or more than one life estate holder in a Unit votes, the unanimous action of all joint Owners or joint life estate holders voting shall be necessary to effectively cast the votes allocated to the particular Unit.

Such unanimous action shall be conclusively presumed if any one of such multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other of such joint Owners.

In no event may the vote which may cast with respect to any Unit be divided among joint Owners of the Unit or cast in any manner other than as a whole, it being the intention of this Section 4.8 that there be no "splitting" of votes that may be cast by any Member or Members.

Section 4.9. Proxies: Members may vote either in person or by agents duly authorized by written proxy executed by the subject Member or by his duly authorized attorney-in-fact. A proxy is not valid after the earlier of the term stated therein or the expiration of twelve (12) months from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. A member may not revoke a proxy given pursuant to this Section 4.9 except by written notice of revocation delivered to the person presiding over a meeting of the Association.

All of the above provisions concerning voting by joint Owners shall apply to the vote cast for any one Unit by two or more proxy holders.

Section 4.10. Majority-Vote: The casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be binding for all purposes except where a different percentage vote is stipulated by these Bylaws, the Declaration, the Articles of Incorporation of the Association, or the North Carolina Condominium Act.

Section 4.11. Actions Without Meeting: Any action which may be taken at a meeting of the membership may be taken without a meeting if consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and such consent is filed with the Secretary of the Association and inserted in the minute book of the Association.

Section 5

Executive Board

Section 5.1 General Powers: The business and affairs of the Association shall be managed by the Executive Board or by such committees as the Executive Board may establish pursuant to Section 6 of these Bylaws. Provided, however, the Executive Board may not act on behalf of the Association to amend the Declaration, to terminate the Condominium, to elect members of the Executive Board, or to determine the qualifications, powers and duties, or terms of office of Executive Board members. The Executive Board may, however, fill vacancies in its membership for the unexpired portion of any term.

Section 5.2. Number, Term and Qualification: The initial Executive Board shall consist of the three (3) individuals appointed by Declarant whose names are set forth in the Articles of Incorporation of the Association. During the Declarant Control Period, Declarant may appoint and remove members of the Executive Board; subject, however to the limitations contained in Section 7.3 of the Declaration. Following the Declarant Control Period, the Executive Board shall serve until their successors are elected at the next Annual Membership Meeting. At each Annual Membership Meeting after the Declarant Control Period, the Members shall elect three (3) Board Members, each to serve for a term of one (1) year. Board members may succeed themselves in office.

Section 5.3. Election of Board Members: The election of all Board members shall be by ballot. Persons receiving the highest number of votes (see Section 4.8) shall be elected. Cumulative voting is not permitted.

Section 5.4. Removal: Any Board member, other than a member appointed by Declarant, may be removed from the Board, with or without cause, by a vote of at least sixty-seven percent (67%) of the votes entitled to be cast by all Members present and entitled to vote at any meeting of the Membership at which a quorum is present. Provided, the notice of the meeting must state that the question of such removal will be acted upon at the subject meeting. If any Board members are so removed, their successors as Board members may be elected by the membership at the same meeting to fill the unexpired terms of the Board members so removed.

Section 5.5. Vacancies: A vacancy occurring in the Executive Board may only be filled by a majority of the remaining Board members, through less than a quorum, or by the sole remaining Board member; but a vacancy created by an increase in the authorized number of Board members shall be filled only by election at an Annual or substitute Annual Meeting or at a Special Meeting of Members called for that purpose or by unanimous consent of the Members without meeting. The Members may elect a Board member at any time to fill any vacancy not filled by the Board members. As indicated in Section 5.5, the Membership shall have the first right to fill any vacancy created by the Membership's removal of a Board member.

Section 5.6. Chairman: A member of the Executive Board shall be elected as Chairman of the Executive Board by the Board members at the first meeting of the Board. The Chairman shall preside at all meetings of the Executive Board and perform such other duties as may be directed by the Board. Prior to election of a Chairman and/or in the event that the Chairman is not present at any meeting of the Executive Board, the President shall preside.

Section 5.7. Compensation: No Member of the Executive Board shall receive any compensation from the Association for acting as such. Provided, however, each Board member shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association, and nothing herein shall prohibit the Board from compensating a Board member for unusual and extraordinary services rendered on the basis of quantum meruit. Further provided, each Board member, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 5.8. Loans to Board Members and Officers: No loans shall be made by the Association to its Board members or officers. The Board members who vote for or assent to the making of a loan to a Board member or officer of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

Section 5.9. Liability of Board Members: To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable time, each Board

member is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as a Board member. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 5.10. Meetings of the Executive Board:

A. Regular Meetings: Regular Meetings shall be held, without notice, at such hour and address as may be fixed from time to time by resolution of the Board. Should any such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

B. Special Meetings: Special Meetings shall be held when called by the President of the Association, or by any board member, after not less than three (3) or more than thirty (30) days written notice to each Board member.

C. Notices of Special Meetings: The notice provided for herein may be waived by written instrument signed by those Board members who do not receive said notice. Except to the extent otherwise required by law, the purpose of a Board members' special meeting need not be stated in the notice. Notice shall be deemed received upon the happening of any one of the following events: (1) one day following deposit of same in the United States mail with proper postage paid and addressed to the Board member at his last known address on file with the Association; (2) deposit of same in his Unit mail box; (3) delivery to the Board member. Attendance by a Board member at a meeting shall constitute a waiver of notice of such meeting unless the subject Board member gives a written statement at the meeting to the person presiding objecting to the transaction of any business because the meeting is not lawfully called and gives such notice prior to the vote on any resolution.

D. Approved Meeting Place: All Board meetings shall be held in Wake County, North Carolina.

E. Quorum: A majority of the Board members then holding office shall constitute a quorum for the transaction of business and every act or decision done or made by a majority of the Board members present at a duly held meeting at which a quorum is present shall be regarded as the act or decision of the Board.

Section 5.11. Action Without Meeting: The Board members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Board members. Any action so approved shall have the same effect as though taken at a meeting of the Board. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.12. Presumption of Assent: A Board member who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the

minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Board member who voted in favor of such action.

Section 5.13. Powers and Duties: The Executive Board shall have the authority to exercise all powers and duties of the Association necessary for the administration of the affairs of the Condominium except such powers and duties as by law or by the Condominium Documents may not be delegated by the Owners to the Board. The powers and duties to be exercised by the Board shall include, but shall not be limited to, the following:

- A. Operation, care, upkeep and maintenance of the Common Elements to the extent such operation, care, upkeep, and maintenance is not the obligation of the Owners;
- B. Determination of the funds required for operation, administration, maintenance and other affairs of the Condominium and collection of the Common Expenses from the Owners, as provided in the Condominium Documents;
- C. Employment and dismissal of personnel (including without limitation the Independent Manager, as hereinafter defined) necessary for the efficient operation, maintenance, repair, and replacement of the Common Elements;
- D. Adoption of rules and regulations covering the details of the operation, maintenance, repair, replacement, use and modification of the Common Elements;
- E. Opening of bank accounts on behalf of the Association and designating the signatories required therefor;
- F. Obtaining insurance as required or permitted under the terms of the applicable provisions of the Declaration;
- G. Keeping detailed, accurate records of the receipts and expenditures of the Association; obtaining annual audits of the financial records of the Association from the Association's public accountant; furnishing the annual reports; and furnishing current budgets. All books and records shall be kept in accordance with good and accepted accounting practices and the same shall be available for examination by all Owners or their duly authorized agents or attorneys, at convenient hours on working days;
- H. Keeping a complete record of the minutes of all meetings of the Board and Membership in which minute book shall be inserted actions taken by the Board and/or Members by consent without meeting;

I. Supervising all officers, agents and employees of the Association and insuring that their duties are properly performed;

J. Enforcing, on behalf of the Association, the assessments as provided in the Declaration including, but not limited to, the institution of civil actions to enforce payment of the assessments as provided in the Declaration, the institution of actions to foreclose liens for such assessments in accordance with the terms of N.C.G.S. § 47C-3-116, the imposition of changes for late payment of assessments, and after notice and an opportunity to be heard, levying reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00) for violations of the Declaration, Bylaws and rules and regulations of the Association.

K. Making of repairs, additions, and improvements to or alterations or restoration of the Property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of a condemnation or eminent domain proceeding;

L. Enforcing by any legal means or proceeding the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration or the rules and regulations hereinafter promulgated governing use of the Common Elements;

M. Paying all taxes and assessments which are or may become liens against any part of the Condominium, other than the Units, and to assess the same against the Owners in the manner herein provided;

N. Hiring attorneys and other professionals;

O. Maintaining and repairing any Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Board to protect the Common Elements or any other Unit or if the Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Owner, provided that the Board shall levy a special assessment against such Owner for the costs of said maintenance or repair;

P. Entering any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Board and such expenses shall be treated as a Common Expense; and entering any Unit for the purpose of correcting or abating any condition or situation deemed by the Executive Board to be an emergency;

Q. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents

shall be signed by either the Treasurer or the Assistant Treasurer of the Association, and countersigned by any Board member;

R. Furnishing certificates setting forth the amounts of unpaid assessments that have been levied upon a Unit to the Owner or Mortgagee of such Unit, or a proposed purchaser or Mortgagee of such Unit, and imposing and collecting reasonable charges therefor; and

S. Exercising any other powers and duties reserved to the Association exercisable by the Executive Board in the Declaration, the Articles of Incorporation, these Bylaws, or the North Carolina Condominium Act.

Section 5.14. Independent Manager: The Executive Board may employ or enter into a management contract with any individual, firm or entity it deems appropriate and in the best interest of the Association concerning the routine management of the condominium. The Executive Board may delegate to such person, firm or entity (referred to in these Bylaws as "Independent Manager") such duties and responsibilities in the management of the Property as the Executive Board deems appropriate. Provided, the Executive Board may not delegate to the Independent Manager the complete and total responsibilities and duties of the Association in violation of the Nonprofit Corporation Act of North Carolina or the North Carolina Condominium Act. The Independent Manager's contract shall be for a term not to exceed one (1) year, renewable by agreement between the Executive Board and such Independent Manager for successive one-year terms; and shall be terminable by the Executive Board, with or without cause, upon thirty (30) days written notice. The Executive Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Executive Board and subject to its direction.

Section 6

Committees

Section 6.1. Creation. The Executive Board, by resolutions adopted by a majority of the number of Board members then holding office, may create such committees as they deem necessary and appropriate in aiding the Executive Board to carry out its duties and responsibilities with respect to the management of the Condominium. Each committee so created shall have such authorities and responsibilities as the Board members deem appropriate and as set forth in the resolutions creating such committee. The Executive Board shall elect the members for each such committee. Provided, each committee shall have in its membership at least one (1) member of the Executive Board.

Section 6.2. Vacancy: Any vacancy occurring on a committee shall be filled by a majority of the number of Board members then holding office at a regular or special meeting of the Executive Board.

Section 6.3. Removal: Any member of a committee may be removed at any time with or without cause by a majority of the number of Board members then holding office.

Section 6.4. Minutes: Each committee shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 6.5. Responsibility of Board Members: The designation of committees and the delegation thereto of authority shall not operate to relieve the Executive Board or any member thereof of any responsibility or liability imposed upon it or him by law.

If action taken by a committee is not thereafter formally considered by the Board, a Board member may dissent from such action by filing his written objection with the Secretary with reasonable promptness after learning of such action.

Section 7

Officers

Section 7.1. Enumeration of Officers: The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Executive Board may from time to time elect. Except for the President, no officer need be a member of the Executive Board.

Section 7.2. Election and Term: The officers of the Association shall be elected annually by the Executive Board. Such elections shall be held at the first meeting of the Board next following the Annual or Substitute Annual Meeting of the Members. Each officer shall hold office until his death, resignation, removal or until his successor is elected and qualified.

Section 7.3. Removal: Any officer elected or appointed by the Executive Board may be removed by the Board whenever in its judgment the best interest of the Association will be served thereby.

Section 7.4. Vacancy: A vacancy in any office may be filled by the election by the Executive Board of a successor to such office. Such election may be held at any meeting of the Board. The officer elected to such vacancy shall serve for the remaining term of the officer he replaces.

Section 7.5. Multiple Offices: The person holding the office of President shall not also hold the office of Secretary or Treasurer at the same time. Any other offices may be simultaneously held by one person. Any officer may also be a member of the Executive Board.

Section 7.6. President: The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members. In the absence of an elected

Chairman, he shall also preside at all meetings of the Executive Board. He shall see that the orders and resolutions of the Executive Board are carried out; he shall sign all written instruments regarding the Common Elements and co-sign all promissory notes of the Association, if any; and he shall have all of the general powers and duties which are incident to the office of President of a corporation organized under Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Association in accordance with these Bylaws.

Section 7.7. Vice Presidents: The Vice Presidents in the order of their election, unless otherwise determined by the Executive Board shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Executive Board shall prescribe.

Section 7.8. Secretary: The Secretary shall keep the minutes of all meetings of Members and of the Executive Board; he shall have charge of such books and papers as the Executive Board may direct; and he shall, in general, perform all duties incident to the Office of Secretary of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.9. Treasurer: The Treasurer shall have the responsibility for the Association's funds and securities 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 statements. He shall co-sign promissory notes of the Association; he shall prepare a proposed annual budget (to be approved by the Board) and the other reports to be furnished to the Members as required in the Declaration. He shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.10. Assistant Secretaries and Treasurers: The Assistant Secretaries and Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Executive Board.

Section 7.11. Compensation: Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to the offices held by such officers. The Executive Board may, however, compensate any officer or officers who render unusual and extraordinary services to the Association beyond that called for to be rendered by such person or persons on a regular basis. Each officer, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 7.12. Indemnification. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable times, each officer is hereby

indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as an officer. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 8

Operation of the Property

Section 8.1. Determination of Common Expenses and Fixing of the Common Charges:
The Executive Board shall from time to time, and at least annually, prepare and adopt a proposed budget for the Condominium, determine the amount of the Common Expenses payable by the Owners to meet the proposed budget of the Condominium, and allocate and assess such proposed Common Expenses among the Owners according to their respective allocated interests in the Common Elements (except where another method of allocation is required or permitted in the Condominium Documents), all in accordance with the procedure set forth in this Section 8. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Executive Board pursuant to the provisions of the Declaration. The Common Expenses shall also include such amounts as the Executive Board deems necessary for the operation and maintenance of the Property, including without limitation, an amount for working capital of the Condominium; an amount for a general operating reserve; an amount for a reserve fund for losses due to insurance deductibles; an amount for a reserve fund for repair and replacement of the Common Elements; and such amounts as may be necessary to make up any deficit in the Common Expenses for any prior year. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Executive Board shall provide a summary of the budget to all the Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget no less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Notwithstanding any other provisions of these Bylaws, there shall be no requirement that a quorum be present at such meeting. Notwithstanding any other provision of these Bylaws, the proposed budget shall be deemed ratified unless at that Meeting a majority of all the Owners present and entitled to cast a vote reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

The Association, acting through the Executive Board, may levy a special assessment during any calendar year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement comprising or to comprise a portion of the Common Elements, including fixtures and personal property; provided, however, that any such special assessment must be approved by the vote of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws.

The Declarant, as the agent of the Association, shall collect from each initial purchaser of a Unit at the time of closing an "initial capital assessment" equal to twice the estimated monthly assessment for Common Expenses. The Declarant will deliver the funds so collected to the Association to provide the necessary working capital for the Association. Such funds may be used for certain prepaid items, initial equipment and supplies, organizational expenses and other start-up costs, and for such other purposes as the Executive Board may determine.

Section 8.2. Payment of Common Expenses: All Owners shall be obligated to pay the Common Expenses assessed by the Executive Board pursuant to the provisions of Section 8.1 hereof at such time or times as the Board shall determine.

No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Common Expenses assessed against such Unit prior to the acquisition by the purchaser of such Unit without prejudice to the purchaser's rights to recover from the seller the amounts paid by the purchaser therefor.

Section 8.3. Collection of Assessments: The Executive Board shall assess Common Expenses against the Units from time to time and at least quarterly in accordance with the allocations set forth in the Declaration. The Executive Board shall take prompt action to collect any Common Expenses which remain unpaid for more than thirty (30) days from the due date for payment thereof.

The Executive Board shall notify the holder of the Mortgage on any Unit (of which it has notice) for which any Common Expenses assessed pursuant to these Bylaws remain unpaid for more than thirty (30) days from the due date for payment thereof and in any other case where the Owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 8.4. Default in Payment of Common Expenses; Remedies: In the event of default by any Owner in paying to the Executive Board the Common Expenses as determined by the Board, such Owner shall be obligated to pay interest on such Common Expenses from the due date thereof at the rate of sixteen percent (16%) per annum, together with all expenses, including reasonable attorney's fees (if permitted by law), incurred by the Executive Board in any proceeding brought to collect such unpaid Common Expenses.

The Executive Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceedings, including reasonable attorneys' fees (if permitted by law), in an action to recover a money judgment for the same brought against such Owner, or by foreclosure of the lien on such Unit in like manner as a deed of trust or mortgage of real property. The Executive Board shall also have the right

to impose uniform late payment charges for delinquent Common Expense payments, which charges shall be recoverable by the proceedings specified above.

In the event of the failure of an Owner to pay any assessment imposed hereunder, or any installment thereof, for more than sixty (60) days after such assessment or installment thereof shall become due, in addition to the other remedies available under the Condominium Documents and the North Carolina Condominium Act, the Executive Board shall have the right to declare all other Common Expense assessments, and installments thereof, with respect to such Owner's Unit that are to fall due during the then current fiscal year of the Association to be immediately due and payable.

Section 8.5. Lien and Personal Obligations: All Common Expenses provided for in this Article, together with the interest and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and a continuing lien upon the Unit against which the assessment is made, which such lien shall be prior to all other liens excepting only (i) assessments, liens and charges for real estate taxes due and unpaid on the Unit and (ii) all sums unpaid on Mortgages and other liens and encumbrances duly recorded against the Unit prior to the docketing of such lien. Such lien shall become effective when a notice thereof has been filed in the office of the Clerk of Superior Court for Wake County, North Carolina, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. In addition, each Owner shall be personally liable for any assessment against his Unit. No Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Elements or by the abandonment or sale of his Unit.

Section 8.6. Foreclosure of Liens for Unpaid Common Expenses: In any action brought by the Executive Board to foreclose on a Unit because of unpaid Common Expenses, the Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

Section 8.7. Abatement and Enjoyment of Violations by Owners: The violation of any rule or regulation adopted by the Executive Board or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws or at law or in equity: (a) to 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 defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; and/or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Owner; (c) after notice and opportunity to be heard, to levy reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00).

Section 8.8. Maintenance and Repair: (a) Except as is specifically provided in the Declaration, all maintenance and any repairs to any Unit and the Limited Common Elements allocated thereto, whether ordinary or extraordinary, shall be made by the Owner of such Unit. Each Owner shall be responsible for all damages to any and all other Units and/or to the Common Elements that his failure to do so may engender; and (b) except as is specifically provided in the Declaration all maintenance, repairs and replacements to the Common Elements (unless necessitated by the negligence, misuse or neglect of an Owner, in which case such expense shall be charged to and paid by such Owner), shall be made by the Board; provided, however, there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Executive Board to the extent the Executive Board receives insurance proceeds for such repairs.

Section 8.9. Additions, Alterations or Improvements by Owners: No Owner shall make any structural addition, alteration, or improvement in or to his Unit or to any Limited Common Element, or any change in the exterior appearance thereof, except in accordance with N.C.G.S. § 47C-2-111 and in accordance with the terms of the Declaration.

Section 8.10. Use of Common Elements: An Owner shall not interfere with the use of the Common Elements by the remaining Owners and their employees and invitees.

Section 8.11. Right of Access: An Owner shall grant a right of access to his Unit to the Independent Manager and/or any other person authorized by the Executive Board or the Independent Manager for the purpose of making inspection of or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements in or adjoining his Unit; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the Owner. In the case of an emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

Section 8.12. Rules of Conduct: Rules and regulations concerning the use of the Units and the Common Elements shall be promulgated and amended by the Board with the approval of a majority of Owners. Copies of such rules and regulations shall be furnished by the Board to each Owner prior to the time when the same shall become effective.

Section 8.13. Common Expenses for Utilities: Any utilities which may be provided to the Units through a single or common meter or facility, and utilities furnished to any portion of the Common Elements, shall be paid by each Owner as and when billed according to the extent of such Owner's use or, at the option of the Board, such may be paid by the Board and assessed against the Units as a Common Expense.

Section 9

Amendments

These Bylaws may be amended at any time by an instrument in writing signed and acknowledged by Owners holding at least sixty-seven percent (67%) of the votes in the Association, which instrument shall be effective only upon recordation in the Office of the Register of Deeds of Wake County, North Carolina. Provided, however, where a larger vote in the Association is required for the Association to take or refrain from taking a specific action, as set forth in the Condominium Documents, no amendment of these Bylaws shall be made unless and until the Owners holding such larger percentage of the vote in the Association execute said amending instrument. All persons or entities who own or hereafter acquire any interest in the Property shall be bound to abide by any amendment to these Bylaws which is duly passed, signed, acknowledged and recorded as provided herein. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the consent of such Mortgagee. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights of Declarant provided for in the Condominium Documents, without the consent of Declarant.

Section 10

Miscellaneous

Section 10.1. Severability: Invalidity of any covenant, condition, restriction or other provisions of the Declaration or these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 10.2. Successors Bound: The rights, privileges, duties and responsibilities set forth in the Condominium Documents, as amended from time to time, shall run with the ownership of the Property and shall be binding upon all persons who own or hereafter acquire any interest in the Property.

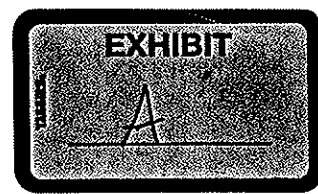
Section 10.3. Gender, Singular, Plural: Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

Section 10.4. Nonprofit Corporation: No part of the Association's assets or net income shall inure to the benefit of any of the Members, the officers of the Association, or the members of the Executive Board, or any other private individual either during its existence or upon dissolution except as reasonable compensation paid or distributions made in carrying out its declared nonprofit purposes as set forth in the Articles of Incorporation of the Association and these Bylaws.

1036\255872
1036\257088

EXHIBIT C

Building Street Addresses	Unit Numbers
1001 Wirewood Drive Raleigh, NC	1001-101; 1001-102; 1001-201; 1001-202; 1001-301; 1001-302
1011 Wirewood Drive Raleigh, NC	1011-101; 1011-102; 1011-103; 1011-104; 1011-201; 1011-202; 1011-203; 1011-204; 1011-301; 1011-302; 1011-303; 1011-304
1021 Wirewood Drive Raleigh, NC	1021-101; 1021-102; 1021-201; 1021-202; 1021-301; 1021-302
1031 Wirewood Drive Raleigh, NC	1031-101; 1031-102; 1031-201; 1031-202; 1031-301; 1031-302
1041 Wirewood Drive Raleigh, NC	1041-101; 1041-102; 1041-103; 1041-104; 1041-201; 1041-202; 1041-203; 1041-204; 1041-301; 1041-302; 1041-303; 1041-304
1051 Wirewood Drive Raleigh, NC	1051-101; 1051-102; 1051-201; 1051-202; 1051-301; 1051-302
1071 Wirewood Drive Raleigh, NC	1071-101; 1031-102; 1071-201; 1071-202; 1071-301; 1071-302
1061 Wirewood Drive Raleigh, NC	1061-101; 1061-102; 1061-103; 1061-104; 1061-201; 1061-202; 1061-203; 1061-204; 1061-301; 1061-302; 1061-303; 1061-304
1081 Wirewood Drive Raleigh, NC	1081-101; 1081-102; 1081-201; 1081-202; 1081-301; 1081-302
921 Washington Street Raleigh, NC	921-101; 921-102; 921-201; 921-202; 921-301; 921- 302
911 Washington Street Raleigh, NC	911-101; 911-102; 911-103; 911-104; 911-201; 911- 202; 911-203; 911-204; 911-301; 911-302; 911-303; 911-304
931 Washington Street Raleigh, NC	931-101; 931-102; 931-201; 931-202; 931-301; 931- 302



BYLAWS OF
THE RESERVE AT BISHOPS PARK HOMEOWNERS ASSOCIATION, INC.

Section 1

Definitions

The words, phrases and terms used in these Bylaws shall have the meanings as set forth in the Declaration of Condominium — The Reserve at Bishops Park Condominium, recorded in the office of the Register of Deeds for Wake County, North Carolina, to which a copy of these Bylaws is attached as an Exhibit.

Section 2

Administration of Condominium

Section 2.1. Authority and Responsibility: Except as otherwise specifically provided in the Condominium Documents, the Association shall be responsible for administering, operating and managing the Common Elements.

Section 2.2. Official Action: Unless specifically required in the Condominium Documents, all actions taken or to be taken by the Association shall be valid when such are approved by the Executive Board as hereinafter set forth or when taken by the committee, person or entity to whom such authority has been duly delegated by the Executive Board as set forth in the Condominium Documents or these Bylaws. The Association, its Executive Board, officers and members shall at all times act in conformity with the Nonprofit Corporation Act of the State of North Carolina, the Condominium Documents, and the North Carolina Condominium Act.

Section 3

Offices - Seal - Fiscal Year

Section 3.1. Principal Office and Registered Office: The initial principal office and registered office of the Association shall be located at 603 St. Mary's Street, Raleigh, Wake County, North Carolina 27605.

Section 3.2. Other Offices: The Association may have other offices at such other places within the State of North Carolina as the Executive Board may from time to time determine or as the affairs of the Association may require.

Section 3.3. Seal: The seal of the Association shall contain the name of the Association, the word "Seal", year of incorporation and such other words and figures as desired by the Executive Board.

Section 3.4. Fiscal Year: The fiscal year of the Association shall be the calendar year.

Section 4

Membership

Section 4.1. Qualification: Membership in the Association shall be limited to the Owners, and every Owner of a Unit shall automatically be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from Unit Ownership.

Membership in the Association shall inure automatically to Owners upon acquisition of the fee simple title (whether encumbered or not) to any one or more Units. The date of recordation in the Office of the Register of Deeds of Wake County of the conveyance of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.

Section 4.2. Place of Meetings: All meetings of the membership shall be held at the Raleigh office of York Properties, Inc. or other locations designated by the Executive Board.

Section 4.3. Annual Meetings: A meeting of the Association shall be held at least once each year. The first Annual Meeting of the Members shall be held on the date and hour designated by Declarant. Thereafter, the Annual Meeting of the Members shall be held on the second Monday in January of each year at 8:00 p.m., Eastern Standard Time. If the second Monday in January shall be a legal holiday, the Annual Meeting shall be held at the same hour on the first day following which is not a legal holiday. At such meetings, the Executive Board shall be elected in accordance with Section 5 of these Bylaws, and the Members shall transact such other business as may properly come before them.

Section 4.4. Substitute Annual Meetings: If an Annual Meeting shall not be held on the day designated by these Bylaws, a Substitute Annual Meeting may be called in accordance with the provisions of Sections 4.5 and 4.6. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

Section 4.5. Special Meetings: After the first Annual Meeting of the Members, special Meetings of the Members may be called at any time by the President; by Owners to whom are allocated no less than a twenty percent (20%) interest in the Common Elements; or by not less than fifty-one percent (51%) of the Executive Board members. Business to be acted upon at all Special Meetings shall be confined to the subjects stated in the notice of such meeting.

Section 4.6. Notices of Meetings: Written or printed notice stating the time and place of a membership meeting, including Annual Meetings, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove a director or officer, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any such membership meeting, either personally or by mail, by or at the discretion of the President or the Secretary, to the address of each Unit. Notice shall be deemed given upon deposit in the mail depository of each Unit.

Notice given to any one tenant in common, tenant by entirety or other joint Owner of a Unit shall be deemed notice to all joint Owners of the subject Unit.

The notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 4.7. Quorum: Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members entitled to cast sixty percent (60%) of the votes which may be cast for election of the Executive Board shall, constitute a quorum at all meetings of the Members. If a quorum is not present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than the announcement at the meeting, until a quorum is present or is represented. The Members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4.8. Voting Rights: The total number of votes of the Association Membership shall be ninety-six (96) and each Unit shall be entitled to one (1) vote. If fee simple title to a Unit is owned of record by more than one person or entity (the "joint Owners"), all such persons or entities shall be Members of the Association, but the vote with respect to any such jointly owned Unit shall be cast as hereinafter provided.

If the fee simple title to any Unit is owned of record by two or more persons or entities (whether individually or in a fiduciary capacity), the vote with respect to any such jointly owned Unit may be cast by any one of the joint Owners in person or by proxy, except that the holder or holders of a life estate in a Unit shall have the sole right to cast the votes allocated to the Unit. If more than one of the joint Owners vote or more than one life estate holder in a Unit votes, the unanimous action of all joint Owners or joint life estate holders voting shall be necessary to effectively cast the votes allocated to the particular Unit.

Such unanimous action shall be conclusively presumed if any one of such multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other of such joint Owners.

In no event may the vote which may be cast with respect to any Unit be divided among joint Owners of the Unit or cast in any manner other than as a whole, it being the intention of this Section 4.8 that there be no "splitting" of votes that may be cast by any Member or Members.

Section 4.9. Proxies: Members may vote either in person or by agents duly authorized by written proxy executed by the subject Member or by his duly authorized attorney-in-fact. A proxy is not valid after the earlier of the term stated therein or the expiration of twelve (12) months from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. A member may not revoke a proxy given pursuant to this Section 4.9 except by written notice of revocation delivered to the person presiding over a meeting of the Association.

All of the above provisions concerning voting by joint Owners shall apply to the vote cast for any one Unit by two or more proxy holders.

Section 4.10. Majority-Vote: The casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be binding for all purposes except where a different percentage vote is stipulated by these Bylaws, the Declaration, the Articles of Incorporation of the Association, or the North Carolina Condominium Act.

Section 4.11. Actions Without Meeting: Any action which may be taken at a meeting of the membership may be taken without a meeting if consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and such consent is filed with the Secretary of the Association and inserted in the minute book of the Association.

Section 5

Executive Board

Section 5.1 General Powers: The business and affairs of the Association shall be managed by the Executive Board or by such committees as the Executive Board may establish pursuant to Section 6 of these Bylaws. Provided, however, the Executive Board may not act on behalf of the Association to amend the Declaration, to terminate the Condominium, to elect members of the Executive Board, or to determine the qualifications, powers and duties, or terms of office of Executive Board members. The Executive Board may, however, fill vacancies in its membership for the unexpired portion of any term.

Section 5.2. Number, Term and Qualification: The initial Executive Board shall consist of the three (3) individuals appointed by Declarant whose names are set forth in the Articles of Incorporation of the Association. During the Declarant Control Period, Declarant may appoint and remove members of the Executive Board; subject, however to the limitations contained in Section 7.3 of the Declaration. Following the Declarant Control Period, the Executive Board shall serve until their successors are elected at the next Annual Membership Meeting. At each Annual Membership Meeting after the Declarant Control Period, the Members shall elect three (3) Board Members, each to serve for a term of one (1) year. Board members may succeed themselves in office.

Section 5.3. Election of Board Members: The election of all Board members shall be by ballot. Persons receiving the highest number of votes (see Section 4.8) shall be elected. Cumulative voting is not permitted.

Section 5.4. Removal: Any Board member, other than a member appointed by Declarant, may be removed from the Board, with or without cause, by a vote of at least sixty-seven percent (67%) of the votes entitled to be cast by all Members present and entitled to vote at any meeting of the Membership at which a quorum is present. Provided, the notice of the meeting must state that the question of such removal will be acted upon at the subject meeting. If any Board members are so removed, their successors as Board members may be elected by the membership at the same meeting to fill the unexpired terms of the Board members so removed.

Section 5.5. Vacancies: A vacancy occurring in the Executive Board may only be filled by a majority of the remaining Board members, through less than a quorum, or by the sole remaining Board member; but a vacancy created by an increase in the authorized number of Board members shall be filled only by election at an Annual or substitute Annual Meeting or at a Special Meeting of Members called for that purpose or by unanimous consent of the Members without meeting. The Members may elect a Board member at any time to fill any vacancy not filled by the Board members. As indicated in Section 5.5, the Membership shall have the first right to fill any vacancy created by the Membership's removal of a Board member.

Section 5.6. Chairman: A member of the Executive Board shall be elected as Chairman of the Executive Board by the Board members at the first meeting of the Board. The Chairman shall preside at all meetings of the Executive Board and perform such other duties as may be directed by the Board. Prior to election of a Chairman and/or in the event that the Chairman is not present at any meeting of the Executive Board, the President shall preside.

Section 5.7. Compensation: No Member of the Executive Board shall receive any compensation from the Association for acting as such. Provided, however, each Board member shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association, and nothing herein shall prohibit the Board from compensating a Board member for unusual and extraordinary services rendered on the basis of quantum meruit. Further provided, each Board member, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 5.8 Loans to Board Members and Officers: No loans shall be made by the Association to its Board members or officers. The Board members who vote for or assent to the making of a loan to a Board member or officer of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

Section 5.9. Liability of Board Members: To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable time, each Board

member is hereby indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as a Board member. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 5.10. Meetings of the Executive Board:

A. Regular Meetings: Regular Meetings shall be held, without notice, at such hour and address as may be fixed from time to time by resolution of the Board. Should any such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

B. Special Meetings: Special Meetings shall be held when called by the President of the Association, or by any board member, after not less than three (3) or more than thirty (30) days written notice to each Board member.

C. Notices of Special Meetings: The notice provided for herein may be waived by written instrument signed by those Board members who do not receive said notice. Except to the extent otherwise required by law, the purpose of a Board members' special meeting need not be stated in the notice. Notice shall be deemed received upon the happening of any one of the following events: (1) one day following deposit of same in the United States mail with proper postage paid and addressed to the Board member at his last known address on file with the Association; (2) deposit of same in his Unit mail box; (3) delivery to the Board member. Attendance by a Board member at a meeting shall constitute a waiver of notice of such meeting unless the subject Board member gives a written statement at the meeting to the person presiding objecting to the transaction of any business because the meeting is not lawfully called and gives such notice prior to the vote on any resolution.

D. Approved Meeting Place: All Board meetings shall be held in Wake County, North Carolina.

E. Quorum: A majority of the Board members then holding office shall constitute a quorum for the transaction of business and every act or decision done or made by a majority of the Board members present at a duly held meeting at which a quorum is present shall be regarded as the act or decision of the Board.

Section 5.11. Action Without Meeting: The Board members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Board members. Any action so approved shall have the same effect as though taken at a meeting of the Board. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.12. Presumption of Assent: A Board member who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the

minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Board member who voted in favor of such action.

Section 5.13. Powers and Duties: The Executive Board shall have the authority to exercise all powers and duties of the Association necessary for the administration of the affairs of the Condominium except such powers and duties as by law or by the Condominium Documents may not be delegated by the Owners to the Board. The powers and duties to be exercised by the Board shall include, but shall not be limited to, the following:

- A. Operation, care, upkeep and maintenance of the Common Elements to the extent such operation, care, upkeep, and maintenance is not the obligation of the Owners;
- B. Determination of the funds required for operation, administration, maintenance and other affairs of the Condominium and collection of the Common Expenses from the Owners, as provided in the Condominium Documents;
- C. Employment and dismissal of personnel (including without limitation the Independent Manager, as hereinafter defined) necessary for the efficient operation, maintenance, repair, and replacement of the Common Elements;
- D. Adoption of rules and regulations covering the details of the operation, maintenance, repair, replacement, use and modification of the Common Elements;
- E. Opening of bank accounts on behalf of the Association and designating the signatories required therefor;
- F. Obtaining insurance as required or permitted under the terms of the applicable provisions of the Declaration;
- G. Keeping detailed, accurate records of the receipts and expenditures of the Association; obtaining annual audits of the financial records of the Association from the Association's public accountant; furnishing the annual reports; and furnishing current budgets. All books and records shall be kept in accordance with good and accepted accounting practices and the same shall be available for examination by all Owners or their duly authorized agents or attorneys, at convenient hours on working days;
- H. Keeping a complete record of the minutes of all meetings of the Board and Membership in which minute book shall be inserted actions taken by the Board and/or Members by consent without meeting;

I. Supervising all officers, agents and employees of the Association and insuring that their duties are properly performed;

J. Enforcing, on behalf of the Association, the assessments as provided in the Declaration including, but not limited to, the institution of civil actions to enforce payment of the assessments as provided in the Declaration, the institution of actions to foreclose liens for such assessments in accordance with the terms of N.C.G.S. § 47C-3-116, the imposition of changes for late payment of assessments, and after notice and an opportunity to be heard, levying reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00) for violations of the Declaration, Bylaws and rules and regulations of the Association.

K. Making of repairs, additions, and improvements to or alterations or restoration of the Property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of a condemnation or eminent domain proceeding;

L. Enforcing by any legal means or proceeding the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration or the rules and regulations hereinafter promulgated governing use of the Common Elements;

M. Paying all taxes and assessments which are or may become liens against any part of the Condominium, other than the Units, and to assess the same against the Owners in the manner herein provided;

N. Hiring attorneys and other professionals;

O. Maintaining and repairing any Unit, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Board to protect the Common Elements or any other Unit or if the Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Owner, provided that the Board shall levy a special assessment against such Owner for the costs of said maintenance or repair;

P. Entering any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Board and such expenses shall be treated as a Common Expense; and entering any Unit for the purpose of correcting or abating any condition or situation deemed by the Executive Board to be an emergency;

Q. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents

shall be signed by either the Treasurer or the Assistant Treasurer of the Association, and countersigned by any Board member;

R. Furnishing certificates setting forth the amounts of unpaid assessments that have been levied upon a Unit to the Owner or Mortgagee of such Unit, or a proposed purchaser or Mortgagee of such Unit, and imposing and collecting reasonable charges therefor; and

S. Exercising any other powers and duties reserved to the Association exercisable by the Executive Board in the Declaration, the Articles of Incorporation, these Bylaws, or the North Carolina Condominium Act.

Section 5.14. Independent Manager: The Executive Board may employ or enter into a management contract with any individual, firm or entity it deems appropriate and in the best interest of the Association concerning the routine management of the condominium. The Executive Board may delegate to such person, firm or entity (referred to in these Bylaws as "Independent Manager") such duties and responsibilities in the management of the Property as the Executive Board deems appropriate. Provided, the Executive Board may not delegate to the Independent Manager the complete and total responsibilities and duties of the Association in violation of the Nonprofit Corporation Act of North Carolina or the North Carolina Condominium Act. The Independent Manager's contract shall be for a term not to exceed one (1) year, renewable by agreement between the Executive Board and such Independent Manager for successive one-year terms; and shall be terminable by the Executive Board, with or without cause, upon thirty (30) days written notice. The Executive Board shall have authority to fix the reasonable compensation for the Independent Manager. The Independent Manager shall at all times be answerable to the Executive Board and subject to its direction.

Section 6

Committees

Section 6.1. Creation. The Executive Board, by resolutions adopted by a majority of the number of Board members then holding office, may create such committees as they deem necessary and appropriate in aiding the Executive Board to carry out its duties and responsibilities with respect to the management of the Condominium. Each committee so created shall have such authorities and responsibilities as the Board members deem appropriate and as set forth in the resolutions creating such committee. The Executive Board shall elect the members for each such committee. Provided, each committee shall have in its membership at least one (1) member of the Executive Board.

Section 6.2. Vacancy: Any vacancy occurring on a committee shall be filled by a majority of the number of Board members then holding office at a regular or special meeting of the Executive Board.

Section 6.3. Removal: Any member of a committee may be removed at any time with or without cause by a majority of the number of Board members then holding office.

Section 6.4. Minutes: Each committee shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 6.5. Responsibility of Board Members: The designation of committees and the delegation thereto of authority shall not operate to relieve the Executive Board or any member thereof of any responsibility or liability imposed upon it or him by law.

If action taken by a committee is not thereafter formally considered by the Board, a Board member may dissent from such action by filing his written objection with the Secretary with reasonable promptness after learning of such action.

Section 7

Officers

Section 7.1. Enumeration of Officers: The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Executive Board may from time to time elect. Except for the President, no officer need be a member of the Executive Board.

Section 7.2. Election and Term: The officers of the Association shall be elected annually by the Executive Board. Such elections shall be held at the first meeting of the Board next following the Annual or Substitute Annual Meeting of the Members. Each officer shall hold office until his death, resignation, removal or until his successor is elected and qualified.

Section 7.3. Removal: Any officer elected or appointed by the Executive Board may be removed by the Board whenever in its judgment the best interest of the Association will be served thereby.

Section 7.4. Vacancy: A vacancy in any office may be filled by the election by the Executive Board of a successor to such office. Such election may be held at any meeting of the Board. The officer elected to such vacancy shall serve for the remaining term of the officer he replaces.

Section 7.5. Multiple Offices: The person holding the office of President shall not also hold the office of Secretary or Treasurer at the same time. Any other offices may be simultaneously held by one person. Any officer may also be a member of the Executive Board.

Section 7.6. President: The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members. In the absence of an elected

Chairman, he shall also preside at all meetings of the Executive Board. He shall see that the orders and resolutions of the Executive Board are carried out; he shall sign all written instruments regarding the Common Elements and co-sign all promissory notes of the Association, if any; and he shall have all of the general powers and duties which are incident to the office of President of a corporation organized under Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Association in accordance with these Bylaws.

Section 7.7. Vice Presidents: The Vice Presidents in the order of their election, unless otherwise determined by the Executive Board shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Executive Board shall prescribe.

Section 7.8. Secretary: The Secretary shall keep the minutes of all meetings of Members and of the Executive Board; he shall have charge of such books and papers as the Executive Board may direct; and he shall, in general, perform all duties incident to the Office of Secretary of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.9. Treasurer: The Treasurer shall have the responsibility for the Association's funds and securities 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 statements. He shall co-sign promissory notes of the Association; he shall prepare a proposed annual budget (to be approved by the Board) and the other reports to be furnished to the Members as required in the Declaration. He shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the General Statutes of North Carolina.

Section 7.10. Assistant Secretaries and Treasurers: The Assistant Secretaries and Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Executive Board.

Section 7.11. Compensation: Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to the offices held by such officers. The Executive Board may, however, compensate any officer or officers who render unusual and extraordinary services to the Association beyond that called for to be rendered by such person or persons on a regular basis. Each officer, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum meruit.

Section 7.12. Indemnification. To the extent permitted by the provisions of the North Carolina Nonprofit Corporation Act in effect at the applicable times, each officer is hereby

indemnified by the Association with respect to any liability and expense of litigation arising out of his activities as an officer. Such indemnity shall be subject to approval by the Members only when such approval is required by said Act.

Section 8

Operation of the Property

Section 8.1. Determination of Common Expenses and Fixing of the Common Charges:
The Executive Board shall from time to time, and at least annually, prepare and adopt a proposed budget for the Condominium, determine the amount of the Common Expenses payable by the Owners to meet the proposed budget of the Condominium, and allocate and assess such proposed Common Expenses among the Owners according to their respective allocated interests in the Common Elements (except where another method of allocation is required or permitted in the Condominium Documents), all in accordance with the procedure set forth in this Section 8. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Executive Board pursuant to the provisions of the Declaration. The Common Expenses shall also include such amounts as the Executive Board deems necessary for the operation and maintenance of the Property, including without limitation, an amount for working capital of the Condominium; an amount for a general operating reserve; an amount for a reserve fund for losses due to insurance deductibles; an amount for a reserve fund for repair and replacement of the Common Elements; and such amounts as may be necessary to make up any deficit in the Common Expenses for any prior year. Within thirty (30) days after adoption of any proposed budget for the Condominium, the Executive Board shall provide a summary of the budget to all the Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget no less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Notwithstanding any other provisions of these Bylaws, there shall be no requirement that a quorum be present at such meeting. Notwithstanding any other provision of these Bylaws, the proposed budget shall be deemed ratified unless at that Meeting a majority of all the Owners present and entitled to cast a vote reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

The Association, acting through the Executive Board, may levy a special assessment during any calendar year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement comprising or to comprise a portion of the Common Elements, including fixtures and personal property; provided, however, that any such special assessment must be approved by the vote of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws.

The Declarant, as the agent of the Association, shall collect from each initial purchaser of a Unit at the time of closing an "initial capital assessment" equal to twice the estimated monthly assessment for Common Expenses. The Declarant will deliver the funds so collected to the Association to provide the necessary working capital for the Association. Such funds may be used for certain prepaid items, initial equipment and supplies, organizational expenses and other start-up costs, and for such other purposes as the Executive Board may determine.

Section 8.2. Payment of Common Expenses: All Owners shall be obligated to pay the Common Expenses assessed by the Executive Board pursuant to the provisions of Section 8.1 hereof at such time or times as the Board shall determine.

No Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Common Expenses assessed against such Unit prior to the acquisition by the purchaser of such Unit without prejudice to the purchaser's rights to recover from the seller the amounts paid by the purchaser therefor.

Section 8.3. Collection of Assessments: The Executive Board shall assess Common Expenses against the Units from time to time and at least quarterly in accordance with the allocations set forth in the Declaration. The Executive Board shall take prompt action to collect any Common Expenses which remain unpaid for more than thirty (30) days from the due date for payment thereof.

The Executive Board shall notify the holder of the Mortgage on any Unit (of which it has notice) for which any Common Expenses assessed pursuant to these Bylaws remain unpaid for more than thirty (30) days from the due date for payment thereof and in any other case where the Owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 8.4. Default in Payment of Common Expenses; Remedies: In the event of default by any Owner in paying to the Executive Board the Common Expenses as determined by the Board, such Owner shall be obligated to pay interest on such Common Expenses from the due date thereof at the rate of sixteen percent (16%) per annum, together with all expenses, including reasonable attorney's fees (if permitted by law), incurred by the Executive Board in any proceeding brought to collect such unpaid Common Expenses.

The Executive Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceedings, including reasonable attorneys' fees (if permitted by law), in an action to recover a money judgment for the same brought against such Owner, or by foreclosure of the lien on such Unit in like manner as a deed of trust or mortgage of real property. The Executive Board shall also have the right

to impose uniform late payment charges for delinquent Common Expense payments, which charges shall be recoverable by the proceedings specified above.

In the event of the failure of an Owner to pay any assessment imposed hereunder, or any installment thereof, for more than sixty (60) days after such assessment or installment thereof shall become due, in addition to the other remedies available under the Condominium Documents and the North Carolina Condominium Act, the Executive Board shall have the right to declare all other Common Expense assessments, and installments thereof, with respect to such Owner's Unit that are to fall due during the then current fiscal year of the Association to be immediately due and payable.

Section 8.5. Lien and Personal Obligations: All Common Expenses provided for in this Article, together with the interest and expenses, including reasonable attorneys' fees (if permitted by law), as provided for herein, shall be a charge on and a continuing lien upon the Unit against which the assessment is made, which such lien shall be prior to all other liens excepting only (i) assessments, liens and charges for real estate taxes due and unpaid on the Unit and (ii) all sums unpaid on Mortgages and other liens and encumbrances duly recorded against the Unit prior to the docketing of such lien. Such lien shall become effective when a notice thereof has been filed in the office of the Clerk of Superior Court for Wake County, North Carolina, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. In addition, each Owner shall be personally liable for any assessment against his Unit. No Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Elements or by the abandonment or sale of his Unit.

Section 8.6. Foreclosure of Liens for Unpaid Common Expenses: In any action brought by the Executive Board to foreclose on a Unit because of unpaid Common Expenses, the Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

Section 8.7. Abatement and Enjoyment of Violations by Owners: The violation of any rule or regulation adopted by the Executive Board or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws or at law or in equity: (a) to 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 defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; and/or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Owner; (c) after notice and opportunity to be heard, to levy reasonable fines not to exceed One Hundred Fifty and No/100 Dollars (\$150.00).

Section 8.8. Maintenance and Repair: (a) Except as is specifically provided in the Declaration, all maintenance and any repairs to any Unit and the Limited Common Elements allocated thereto, whether ordinary or extraordinary, shall be made by the Owner of such Unit. Each Owner shall be responsible for all damages to any and all other Units and/or to the Common Elements that his failure to do so may engender; and (b) except as is specifically provided in the Declaration all maintenance, repairs and replacements to the Common Elements (unless necessitated by the negligence, misuse or neglect of an Owner, in which case such expense shall be charged to and paid by such Owner), shall be made by the Board; provided, however, there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Executive Board to the extent the Executive Board receives insurance proceeds for such repairs.

Section 8.9. Additions, Alterations or Improvements by Owners: No Owner shall make any structural addition, alteration, or improvement in or to his Unit or to any Limited Common Element, or any change in the exterior appearance thereof, except in accordance with N.C.G.S. § 47C-2-111 and in accordance with the terms of the Declaration.

Section 8.10. Use of Common Elements: An Owner shall not interfere with the use of the Common Elements by the remaining Owners and their employees and invitees.

Section 8.11. Right of Access: An Owner shall grant a right of access to his Unit to the Independent Manager and/or any other person authorized by the Executive Board or the Independent Manager for the purpose of making inspection of or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements in or adjoining his Unit; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and any such entry is at a time reasonably convenient to the Owner. In the case of an emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

Section 8.12. Rules of Conduct: Rules and regulations concerning the use of the Units and the Common Elements shall be promulgated and amended by the Board with the approval of a majority of Owners. Copies of such rules and regulations shall be furnished by the Board to each Owner prior to the time when the same shall become effective.

Section 8.13. Common Expenses for Utilities: Any utilities which may be provided to the Units through a single or common meter or facility, and utilities furnished to any portion of the Common Elements, shall be paid by each Owner as and when billed according to the extent of such Owner's use or, at the option of the Board, such may be paid by the Board and assessed against the Units as a Common Expense.

Section 9

Amendments

These Bylaws may be amended at any time by an instrument in writing signed and acknowledged by Owners holding at least sixty-seven percent (67%) of the votes in the Association, which instrument shall be effective only upon recordation in the Office of the Register of Deeds of Wake County, North Carolina. Provided, however, where a larger vote in the Association is required for the Association to take or refrain from taking a specific action, as set forth in the Condominium Documents, no amendment of these Bylaws shall be made unless and until the Owners holding such larger percentage of the vote in the Association execute said amending instrument. All persons or entities who own or hereafter acquire any interest in the Property shall be bound to abide by any amendment to these Bylaws which is duly passed, signed, acknowledged and recorded as provided herein. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the consent of such Mortgagee. No amendment to these Bylaws shall be adopted or passed which shall impair or prejudice the rights of Declarant provided for in the Condominium Documents, without the consent of Declarant.

Section 10

Miscellaneous

Section 10.1. Severability: Invalidation of any covenant, condition, restriction or other provisions of the Declaration or these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 10.2. Successors Bound: The rights, privileges, duties and responsibilities set forth in the Condominium Documents, as amended from time to time, shall run with the ownership of the Property and shall be binding upon all persons who own or hereafter acquire any interest in the Property.

Section 10.3. Gender, Singular, Plural: Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

Section 10.4. Nonprofit Corporation: No part of the Association's assets or net income shall inure to the benefit of any of the Members, the officers of the Association, or the members of the Executive Board, or any other private individual either during its existence or upon dissolution except as reasonable compensation paid or distributions made in carrying out its declared nonprofit purposes as set forth in the Articles of Incorporation of the Association and these Bylaws.

1036\255872
1036\257088

STATE OF NORTH CAROLINA
WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

92 AUG 25 AM 9:01

FILE No 99CV 08969

WAKE COUNTY, S.S.C.

IN RE: THE RESERVE AT BISHOPS
PARK HOMEOWNERS ASSOC., INC.

ORDER

THIS MATTER coming before the Court upon the Petition for Judicial Relief pursuant to N.C.G.S. § 551-1-60, filed by petitioner The Reserve at Bishops Park Homeowners Association, Inc. [hereinafter "Association"] on 22 August 1999, the Court makes the following FINDINGS OF FACT:

1. The Association was incorporated as a non-profit corporation pursuant to Chapter 55A of the North Carolina General Statutes on 24 January 1997.

2. Article III of the Articles of Incorporation provides that the Reserve at Bishops Park is a condominium organized pursuant to Chapter 47C of the North Carolina General Statutes, the North Carolina Condominium Act.

3. The Bylaws of the Association presently provide in pertinent part as follows:

Section 4.7. Quorum: Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members entitled to cast sixty percent (60%) of the votes which may be cast for election of the Executive Board shall[]constitute a quorum at all meetings of the Members. If a quorum is not present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time,

without notice other than the announcement at the meeting, until a quorum is present or is represented. The Members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4.9 Proxies: Members may vote either in person or by agents duly authorized by written proxy executed by the subject Member or by his duly authorized attorney-in-fact. A proxy is not valid after the earlier of the term stated therein or the expiration of twelve (12) months from the date of execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. A member may not revoke a proxy given pursuant to this Section 4.9 except by written notice of revocation delivered to the person presiding over a meeting of the Association.

Section 5.2 Number, Term and Qualification:
At each Annual Membership Meeting after the Declarant Control Period, the Members shall elect three (3) Board Members, each to serve for a term of one (1) year. Board members may succeed themselves in office.

4. On 13 March 1998, an announcement of an annual meeting for 21 April 1998, was sent to the Association members so that the Association could obtain control from Burcam Capital I, L.L.C., the previous owner. It was intended at that meeting that the three Board Members should be elected.

5. There are ninety-six (96) condominium units at the Reserve at Bishops Park. Accordingly, a quorum for the annual meeting requires the presence of fifty-eight (58) votes.

6. Thirty-six (36) persons attended the 21 April 1998 meeting, and five (5) proxies were received, for a total of forty-one (41) votes. This was insufficient for a quorum, and no business could be conducted.

7. On 5 May 1998, a second meeting was held in the courtyard of the Reserve at Bishops Park. On this occasion, after much delay and only by virtue of knocking on doors throughout the property, forty-five (45) persons attended, and fifteen (15) proxies were received, thus reaching the minimum quorum needed to take over the Association and elect the Board Members.

8. The next annual meeting was held on 11 January 1999. Only twenty-four (24) persons attended, with seventeen (17) proxies received, for a total of forty-one (41) votes. This was insufficient for a quorum, and no business could be conducted, including the election of new Board Members.

9. A rescheduled annual meeting was held on 17 May 1999, again in the courtyard of the Reserve at Bishops Park. This time twenty-eight (28) persons attended, and eighteen (18) proxies were received, for a total of forty-six (46) votes. This was again insufficient for a quorum, and no business could be conducted, including the election of new Board Members. At this meeting, the Board of Directors informed those in attendance that it intended to file a Petition for Judicial Relief pursuant to North Carolina law.

10. The Court finds that the Association is now seriously hampered in its efforts to conduct business because it cannot obtain a quorum under the present Bylaws, section 4.7. In addition, the pertinent sentence in section 4.9 of the present Bylaws serves to discourage the proper use of proxies. The three present Board Members are obliged to be present at every Board meeting, causing personal sacrifice above and beyond that

reasonably to be expected from unpaid volunteers.

Based on the foregoing FINDINGS OF FACT, the Court makes the following CONCLUSION OF LAW:

1. The Association has made sufficient showing pursuant to N.C.G.S. § 55-1-60 to support a conclusion that its present Bylaws should be judicially amended in order to allow the Association and its Executive Board to conduct business.

BASED ON THE FOREGOING FINDINGS AND FACT AND CONCLUSION OF LAW, THE COURT ORDERS AS FOLLOWS:

1. Section 4.7 of the Association's Bylaws is amended to require a quorum of thirty percent (30%) of persons and/or proxies as follows:

Section 4.7. Quorum: Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members entitled to cast **thirty percent (30%)** of the votes which may be cast for election of the Executive Board shall[]constitute a quorum at all meetings of the Members. If a quorum is not present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than the announcement at the meeting, until a quorum is present or is represented. The Members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

2. Section 4.9 of the Association's Bylaws is amended by deleting the last sentence as set out above, and inserting in its place a new sentence as follows:

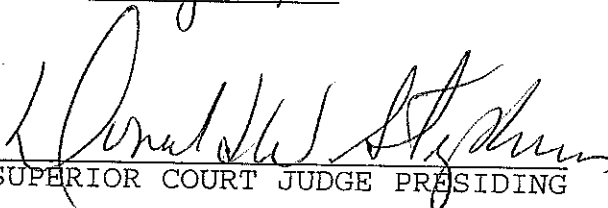
Section 4.9 Proxies: Members may vote either in person or by agents duly authorized by written proxy executed by the subject Member or by his duly authorized attorney-in-fact. A proxy is not valid after the earlier

of the term stated therein or the expiration of twelve (12) months from the date of execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. **A Member may revoke a proxy by attending any meeting and voting in person.**

3. Section 5.2 of the Associations's Bylaws is amended to provide for an Executive Board of up to five Members, as follows:

Section 5.2 Number, Term and Qualification:
At each Annual Membership Meeting after the Declarant Control Period, the Members shall elect **at least three or as many as five but in any event an uneven number of** Board Members, each to serve for a term of one (1) year. Board members may succeed themselves in office.

This the 24 day of August 1999.



SUPERIOR COURT JUDGE PRESIDING

Reasonable notice of this Order shall be provided to all members of this Association by posting, publication or personal service. This Order shall become final and effective 45 days from this date, unless the Court enters a subsequent order to the contrary. During this 45-day period, any member of the Association who disagrees with this Order or wishes to be heard concerning such may petition the Court for modification, reconsideration or further hearing before such Order becomes final.

STATE OF NORTH CAROLINA
COUNTY OF WAKE

DECLARATION OF CONDOMINIUM
FOR THE RESERVE AT
BISHOPS PARK CONDOMINIUM

This Declaration of Condominium (this "Declaration") is made this 28th day of January, 1997, by **BURCAM CAPITAL I, L.L.C.**, a North Carolina limited liability company ("Declarant"), pursuant to the provisions of Chapter 47C of the North Carolina General Statutes, entitled the "North Carolina Condominium Act."

BACKGROUND STATEMENT

COPY

Declarant is the owner of a parcel of real estate located in Wake County, North Carolina (the "Land"), as more particularly described on Exhibit A attached hereto, together with twelve (12) buildings located on the Land containing a total of ninety-six (96) residential units and common amenities, and sidewalks, driveways, landscaped areas, and other improvements. Declarant desires to submit the Land and the improvements located thereon (collectively, the "Property") to the terms and provisions of the North Carolina Condominium Act.

In addition, Declarant has deemed it desirable to create a non-profit, incorporated owners' association which will be delegated and assigned powers of maintaining and administering the common areas and facilities on the Property, of administering and enforcing the covenants and restrictions created in this Declaration, and of levying, collecting and disbursing the assessments and charges created in this Declaration, and of taking any steps or performing any acts deemed necessary or appropriate to preserve the values of condominium units within the Property and to promote the recreation, health, safety and welfare of the unit owners. In order to accomplish the foregoing, Declarant is entering into this Declaration.

STATEMENT OF DECLARATION

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, transferred, sold, conveyed, occupied and used subject to the following covenants, conditions, easements, uses, limitations, obligations, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the division of the Property into condominium units, and shall be deemed to run with the land and shall be a burden and benefit to Declarant, its successors and assigns, and any person or entity acquiring or owning an interest in the Property, and their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I.
DEFINITIONS

Unless it is plainly evident from the context that a different meaning is intended, the following terms, words, and phrases shall have the following meanings when used in this Declaration:

WAKE COUNTY
REGISTER OF DEEDS
LAURENCE J. BLOOM

97 JAN 29 PM 1:15

REGISTRATION
FOR
PRESENTED

Section 1.1. Association. "Association" shall mean and refer to The Reserve at Bishops Park Homeowners Association, Inc., a corporation organized and existing under the North Carolina Non-Profit Corporation Act pursuant to and in accordance with this Declaration, the Bylaws, and the North Carolina Condominium Act.

Section 1.2. Buildings. "Buildings" shall mean and refer to the twelve (12) buildings located upon the Land, which contain an aggregate of ninety-six (96) Units.

Section 1.3. Bylaws. "Bylaws" shall mean and refer to the bylaws of the Association, a copy of which is attached hereto as Exhibit B, and all amendments to such bylaws which may from time to time be adopted.

Section 1.4. Common Elements. "Common Elements" shall mean and refer to all portions of the Condominium other than the Units, as depicted on the Plans, and as more particularly described in Section 5.1 of this Declaration.

Section 1.5. Common Expenses. "Common Expenses" shall mean and refer to any and all expenditures made by or financial liabilities of the Association, together with any allocations to reserves, pursuant to and in accordance with this Declaration, the Bylaws, and N.C.G.S. §47C-1-103(5) and Raleigh City Code §10-2108(g)(2).

Section 1.6. Condominium. "Condominium" shall mean and refer to The Reserve at Bishops Park Condominium, as established by the submission of the Property to the terms of the North Carolina Condominium Act by this Declaration.

Section 1.7. Condominium Documents. "Condominium Documents" shall mean and refer to this Declaration, the Articles of Incorporation of the Association, the Bylaws, and the rules and regulations governing the use of the Property, as amended and supplemented from time to time, and all attachments and exhibits thereto.

Section 1.8. Declarant. "Declarant" shall mean and refer to Burcam Capital I, L.L.C., a North Carolina limited liability company, its successors, or any party to which it assigns its rights as Declarant under this Declaration.

Section 1.9. Declarant Control Period. "Declarant Control Period" shall mean and refer to the period commencing on the date hereof and continuing until the earlier of (i) five (5) years after the date of the first conveyance of a Unit to an Owner other than Declarant; (ii) one hundred twenty (120) days after conveyance of the seventy-second (72nd) Unit to an Owner other than Declarant; or (iii) two (2) years after Declarant ceases to offer Units for sale in the ordinary course of business.

Section 1.10. Declaration. "Declaration" shall mean and refer to this Declaration of Condominium, as it may be amended in the future.

Section 1.11. Executive Board. "Executive Board" shall mean and refer to the governing body from time to time of the Association as constituted in accordance with the Articles of Incorporation of the Association, the Bylaws and the North Carolina Condominium Act.

Section 1.12. Land. "Land" shall mean and refer to the real property subject to this Declaration, exclusive of any improvements located thereon or incorporated therein, which is more particularly described on Exhibit A attached hereto.

Section 1.13. Limited Common Elements. "Limited Common Elements" shall mean and refer to those portions of the Common Elements allocated by this Declaration, or the terms of N.C.G.S. §47C-2-102(2) or (4), for the exclusive use and benefit of one or more, but fewer than all, of the Units, to the exclusion of all other Units, as more fully described in Section 5.2 of this Declaration, and as depicted on the Plans.

Section 1.14. Mortgage. "Mortgage" shall mean and refer to a mortgage or deed of trust constituting a lien on a Unit.

Section 1.15. Mortgagee. "Mortgagee" shall mean and refer to the owner and holder of a Mortgage.

Section 1.16. North Carolina Condominium Act. "North Carolina Condominium Act" shall mean and refer to Chapter 47C of the North Carolina General Statutes.

Section 1.17. Owner. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Unit but shall exclude those persons or entities having an interest in any Unit as merely security for the payment or performance of an obligation.

Section 1.18. Plans. "Plans" shall mean and refer to the plans and specifications of the Buildings and Property prepared by Kline Davis Architects, PA, and recorded under the name of the Condominium in the Unit Ownership File in the Office of the Register of Deeds of Wake County, in Condominium File No. 173.

Section 1.19. Property. "Property" shall mean and refer to the Land, the Buildings and all other improvements and structures located on the Land; all easements, rights and appurtenances belonging or appertaining to the Land; and all articles of personal property intended for common use in connection therewith.

Section 1.20. Unit. "Unit" shall mean and refer to a portion of the Property, as more particularly described in Article IV of this Declaration, that is the subject of individual ownership by an Owner.

In addition, the definitions set forth in N.C.G.S. §47C-1-103 are incorporated in this Declaration by reference, and the terms defined therein shall have the meanings set forth therein when used in this Declaration or the Condominium Documents, unless those terms are expressly defined otherwise in this Declaration or unless it is plainly evident from the context that a different meaning is intended.

ARTICLE II. DESIGNATION OF CONDOMINIUM

The Land on which the Buildings and other improvements are located is located entirely in Wake County, North Carolina, contains approximately four (4) acres, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. The Land is subjected to the terms of the North Carolina Condominium Act by this Declaration. The name of the Condominium is The Reserve at Bishops Park Condominium.

ARTICLE III. DESCRIPTION OF BUILDINGS

Each Building is a wood frame building with wood siding and contains three stories. The Buildings contain an aggregate of ninety-six (96) Units. The Buildings are more particularly described in the Plans showing all particulars of the Buildings. The Plans contain a certification by David K. Brubaker, RLS, a North Carolina registered land surveyor, and Jeffrey T. Davis, a North Carolina licensed architect, that the Plans contain all the information required by N.C.G.S. §47C-2-109.

ARTICLE IV. DESCRIPTION OF UNITS

Section 4.1. Locations of Buildings. The locations and dimensions of the Buildings are shown on the Plans.

Section 4.2. Units. The location of Units within each Building and their dimensions are shown on the Plans. There are a total of ninety-six (96) Units in the Buildings. A list of the units and building addresses thereof in Exhibit C attached hereto and incorporated herein by reference.

Section 4.3. Unit Boundaries. The boundaries of each Unit are as follows:

(a) Upper Boundary: The horizontal plane of the top surface of the wallboard in the ceilings of the second level within the Unit. The living rooms on the third floor Units have a cathedral ceiling with a 4/12 pitch beginning at the ceiling elevation stated in the Plans and extending to the apex of the ceiling.

(b) Lower Boundary: The horizontal plane of the top surface of the subflooring of the first level within the Unit. The horizontal structural elements dividing the levels of a given Unit are part of the Common Elements.

(c) Vertical Boundaries: The vertical planes which include the back surface of the wallboard of all walls bounding the Unit, extended to intersections with each other, and with the upper and lower boundaries.

As provided in N.C.G.S. §47C-2-102, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces of the perimeter walls, floors, and ceilings are part of the Unit. In addition, if any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit shall be a Limited Common Element allocated to that Unit, as provided in Section 5.2 below, and any portion thereof serving more than one Unit, or any portion of the Common Elements, shall be a Common Element.

ARTICLE V. COMMON ELEMENTS

Section 5.1. Common Elements. The Common Elements include all portions of the Condominium that are not part of the Units, including without limitation:

(a) The Land;

(b) All improvements located upon the Land outside of the Buildings, including a jacuzzi, an inground swimming pool, landscaped areas, surface parking areas, and driveways;

(c) All portions of the Buildings located outside of the Units, including the front steps to each Unit, and exterior components of the HVAC systems; and

(d) The foundation, roof and structural elements of each Building.

(e) Water lines and sewer lines located outside public street rights-of-way and city utility easements.

Section 5.2. Limited Common Elements. The Limited Common Elements shall be composed of the following:

(a) Those portions of any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside the designated boundaries of a Unit, but serving exclusively that Unit, which shall be Limited Common Elements allocated exclusively to that Unit; and

(b) Any shutters, awnings, window boxes, porches, front stoops, balconies, decks, patios, rooftop terraces, and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside that Unit's boundaries, which shall be Limited Common Elements allocated exclusively to that Unit; and

(c) Any portions of the heating, ventilating, and air conditioning systems, including fans, compressors, return air grills and thermostats, whether located inside or located outside the designated boundaries of a Unit, which shall be Limited Common Elements allocated exclusively to the Unit that they serve; and

(d) Other areas indicated as Limited Common Elements on the Plans, including but not limited to storage rooms and decks or patios.

The cleanliness and orderliness of the Limited Common Elements shall be the responsibility of the individual Owner having the right to the use and enjoyment of such Limited Common Elements. Notwithstanding any other provisions of this Declaration, or any provision of the Bylaws or the North Carolina Condominium Act, the obligation for maintenance, repair, or replacement of any portions of the heating, ventilating, and air conditioning systems that are Limited Common Elements shall be the sole responsibility of the Owner of the Unit to which such Limited Common Elements are allocated. References in this Declaration to Common Elements shall include Limited Common Elements unless the context clearly indicates otherwise. The allocation of use of Limited Common Elements to the Units as provided for in this Declaration shall not be altered without the unanimous consent of the Owners whose Units are affected.

Section 5.3. Undivided Interests of Owners in Common Elements. The percentage interest in the Common Elements allocated to each Unit shall be 1.04167%. This allocation is based upon the total number of Units in the Condominium. The percentage of undivided interest in the Common Elements allocated to each Unit shall not be changed except with the unanimous consent of all the Owners of all the Units and with the consent of all the Mortgagees, except as may be specifically authorized elsewhere in this Declaration.

ARTICLE VI. RESTRICTIONS ON USE

Section 6.1. Residential Use. All Units shall be used for residential purposes only. Notwithstanding the foregoing, Declarant may maintain any Unit owned by Declarant as a sales office or model Unit.

Section 6.2. Nuisance. No obnoxious, offensive or unlawful activity shall be conducted within any Unit, or on or about the Common Elements, nor shall anything be done thereon or therein which may be or which may become an annoyance or nuisance to the other Owners, or endanger the health and safety of any Owner.

Section 6.3. Prohibitions on Use of Common Elements. The Common Elements shall not be used for storage of supplies, personal property or trash or refuse of any kind except that common trash receptacles may be placed at various locations on the Common Elements at the discretion of the Executive Board. Sidewalks, yards, driveways, and parking areas shall not be obstructed in any way, or used for other than their intended purposes. In general, no activity shall be carried on nor conditions maintained by any Owner either in his Unit or upon the Common Elements which despoils the appearance of the Property.

Section 6.4. Parking. No Owner or any employee, agent, or invitee of any Owner, shall park, store or keep any vehicle on the Property except wholly within the portions of the Common Elements designated as parking areas by the Association. No boat, boat trailer, motor home, travel trailer, camper or other recreational vehicle may be stored overnight in the exterior parking areas on the Property.

Section 6.5. Regulations. Reasonable regulations governing the use of the Property may be made and amended from time to time by the Executive Board. Copies of such regulations and amendments thereto shall be furnished by the Association to all Owners upon request.

Section 6.6. Leases of Units. Any lease of a Unit or portion thereof shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Condominium Documents and that any failure by the lessee to comply with all of the terms of such Condominium Documents shall constitute a default under the lease. No Unit may be leased for a period shorter than thirty (30) days.

Section 6.7. No Timeshares. No interest in any Unit may be subjected to a time share program, as that term is defined in N.C.G.S. §93A-41(10).

Section 6.8. Hazardous Activities. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Common Elements or any Unit.

Section 6.9. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on the Property or in any dwelling located thereon except that up to two (2) common household pets, weighing not more than fifty (50) pounds each, may be kept or maintained in each Unit, provided they are not kept or maintained for commercial purposes. Each Owner shall hold the Association harmless from any claim resulting from any action of his pet.

Section 6.10. Utilities. Total electrical usage in any Unit shall not exceed the capacity of the circuits for that Unit as labeled on the circuit breaker boxes, and no electrical device causing overloading of the standard circuits may be used in any Unit without permission of the Executive Board. All clothes dryers will have lint filters, and all stove hoods will have grease screens, and such screens and filters shall be used at all times and kept clean, and in good order and repair, by the Owner of the Unit in which they are located. There shall be no floor load

in excess of forty (40) pounds per square feet, unless an engineering determination of the floor load capacity in the area of heavy use is approved by the Executive Board.

Section 6.11. Architectural Control. No building, landscaping, fence, wall or other structure (including a satellite dish or antenna) shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration to either the Unit or the Common Elements be made, until the plans and specification showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by Executive Board.

Section 6.12. Signs. No signs or other advertising devices shall be displayed on or about the exterior of any Unit, or in the Common Elements, except for a name plate or sign not exceeding twenty-four (24) square inches in area on the main door to each Unit. In addition, any Owner shall have the right to display a "For Sale" or "For Rent" sign, not in excess of 18" by 24" in size, in the window of his Unit. Notwithstanding the foregoing, Declarant shall have the right to maintain upon the Property advertising signs during the Declarant Control Period, provided those signs comply with applicable governmental regulations.

Section 6.13. Maintenance. The Association shall be responsible for the maintenance and repair of all Common Elements that are not Limited Common Elements, including the foundation, floor slab, structure, siding and roof of each Building, all common utility lines and mechanical systems, and all paved and landscaped areas. The Owner of each Unit is responsible for the maintenance and repair of the interior of his Unit and all Limited Common Elements appurtenant thereto, including the patio or balcony area, and all utility lines and mechanical systems exclusively serving his Unit. Each Owner shall keep his respective Unit and its appurtenant Limited Common Elements in a clean, neat and orderly condition and in a good state of maintenance and repair. If an Owner fails to comply with the standards or requirements of the Association relative thereto, the Association shall assess the defaulting Owner the cost thereof and shall undertake to effect said compliance.

ARTICLE VII. THE ASSOCIATION

Section 7.1. Organization of Association. A nonprofit North Carolina corporation known and designated as The Reserve at Bishops Park Homeowners Association, Inc. (the "Association") has been organized to provide for the administration of the Property, and the Association shall administer the operation and maintenance of the Property and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation, the Bylaws, and the North Carolina Condominium Act. A true copy of the Bylaws of the Association is attached hereto as Exhibit B. Every Owner shall be required to be and shall automatically be a member of the Association by virtue of his ownership interest in a Unit.

Section 7.2. Allocation of Votes in Association. The total number of votes in the Association shall be ninety-six (96) and each Unit shall be allocated one (1) vote. The votes in the Association are equally allocated to all Units.

Section 7.3. Powers; Lien for Assessment. In the administration of the operation and management of the Property, the Association shall have and it is hereby granted the authority and power to enforce the provisions of this Declaration, to levy and collect assessments in the manner provided in Article IX below and in Section 8 of the Bylaws, and adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Executive Board may deem to be in the best interest of the Association in accordance with the Bylaws. Any sum assessed by the Association remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on the Unit with respect to which such sum was assessed upon filing in accordance with N.C.G.S. §47C-3-116, and shall be enforceable by the Association in accordance with N.C.G.S. §47C-3-116 and Section 8 of the Bylaws.

Section 7.4. Declarant Control Period. During the Declarant Control Period, Declarant reserves the right to appoint and remove any Executive Board members; provided, however, (i) that not later than 60 days after conveyance of twenty-five percent (25%) of the Units to Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Owners other than Declarant; and (ii) that not later than 60 days after conveyance of fifty percent (50%) of the Units to Owners other than Declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Owners other than Declarant.

ARTICLE VIII. EASEMENTS AND PROPERTY RIGHTS

Section 8.1. Access by the Association. The Executive Board, or any person authorized by it, shall have the right of access to each Unit and to the Limited Common Elements to the extent necessary for performance by the Association of its obligations of maintenance, repair, or replacement of the Common Elements.

Section 8.2. Encroachment Easements. If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if such encroachment shall occur hereafter as a result of the settling or shifting of any Building, there shall exist a valid easement for the encroachment and for the maintenance of same for so long as that Building shall stand. In the event any Building, any Unit, or any portion of the Common Elements shall be partially or totally destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings, and shall thereafter be rebuilt, encroachment of parts of the Common Elements upon any Unit or upon any portion of the Common Elements due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as that Building shall stand.

Section 8.3. Easements over Common Elements. Declarant, during the Declarant Control Period, and the Executive Board, at any time, may grant easements for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair and replace water lines; pipes; ducts; sewer lines; and water lines; gas mains; telephone and television or cable television wires, cables and equipment; electrical conduits; and wires over, under, along and on any portion of the Common Elements (other than the Limited Common Elements); and each Owner hereby grants to Declarant or the Executive Board, as applicable, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing. During the Declarant Control Period, Declarant shall have an easement over the Common Elements (other than the Limited Common Elements) as may be reasonably necessary to complete the construction of the Buildings and the other improvements within the Property.

Section 8.4. Emergency Access. In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Owner is present at the time of such emergency, the Executive Board, or any other person authorized by it, shall have the right to enter any Unit or its Limited Common Elements for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs not performed by the Owners, and such right of entry shall be immediate.

Section 8.5. Relocation of Boundaries; Subdivision; Partitioning.

(a) Relocation of Boundaries Between Adjoining Units. The boundaries between adjoining Units may be relocated upon application to the Association by the Owners of such adjoining Units ("adjoining Owners") and upon approval by the Association of such application; provided, however, that no such relocation of boundaries shall be permitted to occur unless consented to in writing by all Mortgagees holding a Mortgage on any Unit whose boundaries are relocated. Any such application to the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by a plat detailing the proposed relocation of boundaries. Unless the Association determines within 30 days after submission to it of the application that the proposed relocation of boundaries is unreasonable, the application shall be deemed approved. Any relocation of boundaries shall not affect the interests in the Common Elements allocated to each Unit. Upon approval of the proposed relocation of boundaries, the Association shall cause to be prepared and filed, at the adjoining Owners' expense, an amendment to this Declaration and a plat which identifies the Units involved, describes and depicts the altered boundaries, and gives the dimensions of the altered Units. Such amendment shall also contain operative words of conveyance and be signed by the adjoining owners and consented to by their Mortgagees, if any, and shall be indexed by the Register of Deeds in the names of the adjoining Owners.

(b) Subdivision of Units. No Unit may be subdivided.

(c) Partitioning. The interests in the Common Elements allocated to each Unit shall not be conveyed, devised, encumbered, partitioned or otherwise dealt with separately from said

Unit, and the interests in the Common Elements allocated to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such interests are not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, mortgage or other instrument which purports to grant any right, interest or lien in, to or upon the Unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit's allocated interests in the Common Elements unless the same purports to convey, devise, encumber or otherwise deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the identifying number assigned thereto on the Plans and herein without limitation or exception shall be deemed and construed to affect the entire Unit and its allocated interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its allocated interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

Section 8.6. Conveyance or Encumbrance of Common Elements. While the Property remains subject to this Declaration and to the provisions of the North Carolina Condominium Act, no conveyances of or security interests or liens of any nature shall arise or be created against the Common Elements without the prior written consent of at least eighty percent (80%) of all Owners, including at least eighty percent (80%) of all Owners other than Declarant, and at least eighty percent (80%) of all Mortgagees. Every agreement for the performance of labor or the furnishing of materials to the Common Elements, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and that the right to file a mechanic's lien or other similar lien by reason of labor performed or material furnished is subordinated to this Declaration and to the lien of assessments for Common Expenses provided for in Section 7.2 of this Declaration. Nothing in this Section 8.6 shall be construed to limit the right of any Owner to convey or to encumber his allocated interest in the Common Elements as an appurtenance to and in connection with the conveyance or mortgaging of his Unit.

Section 8.7. Nature of Interest in Unit. Every Unit, together with its allocated interest in the Common Elements, shall for all purposes constitute a separate parcel of real property, and the Owner of each Unit shall be entitled to the exclusive fee simple ownership and possession of his Unit, subject only to the covenants, conditions, restrictions, easements, uses, limitations, obligations, rules, and regulations set forth in the Condominium Documents or adopted by the Executive Board of the Association.

ARTICLE IX. ASSESSMENTS

Section 9.1. Taxes. Every Unit, together with its allocated interest in the Common Elements, shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law. Each Owner shall be liable solely for the amount taxed against his individual Unit, provided, however, the Units will not be separately assessed until calendar year 1998 with respect to Wake County and the City of Raleigh ad valorem taxes.

Section 9.2. Common Expenses. Except as otherwise provided in this Declaration or in the Bylaws, each Owner shall contribute a percentage share of the Common Expenses equal to such Owner's percentage allocated interest in the Common Elements, all in accordance with the definition of "Common Expenses" set forth in Section 1.5 above; the Bylaws; and the provisions of the North Carolina Condominium Act. Due dates for payment of such Common Expenses shall be established by the Executive Board and shall be collected at least monthly.

Section 9.3. Common Surplus. The term "Common Surplus" means and refers to all funds and other assets of the Association, including excess of receipts of the Association from assessments, rents, profits and revenues from whatever source, over the amount of Common Expenses. The Common Surplus shall be owned by the Owners in the same proportion that the allocated interest of each Owner's Unit bears to the total of all such allocated interests in the Common Elements; provided, however, that said Common Surplus shall be held by the Association in the manner and subject to the terms, provisions and conditions of this Declaration imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance proceeds, which shall be made in the manner provided in Section 10.6, or upon termination of the Condominium, any attribution or distribution of Common Surplus which may be made from time to time shall be made to the then Owners in accordance with their percentage interests in Common Surplus.

ARTICLE X. INSURANCE

Section 10.1. Property Insurance. The Executive Board shall obtain and maintain at all times a policy of property insurance on the Buildings (ISO special form or its equivalent) in an amount not less than one hundred percent (100%) of the replacement cost of the Buildings at the time such insurance is purchased and at the time of each renewal thereof (exclusive of the cost of the Land, excavation, foundations, streets and other paved areas), with a commercially reasonable deductible not in excess of \$10,000.00. The policy shall provide that each Owner is an insured Person with respect to his Unit and his allocated interest in the Common Elements; shall contain clauses providing for waiver of subrogation against any Owner, and any Owner's employees or agents; shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and all insureds, including all Owners and Mortgagees; shall provide that no act or omission by any Owner will preclude recovery upon such policy; and shall provide that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance. Each property insurance policy shall provide that adjustment of loss shall be made by the Executive Board as insurance trustee. Each property insurance policy shall provide for the issuance of certificates or mortgagee endorsements to Mortgagees.

Section 10.2. Liability Insurance. The Executive Board shall be required to obtain a policy of commercial general liability insurance in such limits as the Executive Board may, from time to time, determine, covering each member of the Executive Board, the managing agent, if

any, and each Owner with respect to liability arising out of the use, ownership, maintenance, or repair of the Common Elements; provided, however, that in no event shall the limits of such policy ever be less than \$1,000,000 per occurrence. The liability insurance policy shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that it may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to the Association and to all insureds. The Executive Board shall review such limits annually.

Section 10.3. Fidelity Coverage. The Executive Board may obtain such fidelity coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association as it may deem necessary. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Executive Board, but in no event less than one-half the annual budgeted amount of Common Expenses, or the amount required by any Mortgagee, whichever is greater.

Section 10.4. Other Insurance Policies. The Executive Board shall be authorized to obtain such other insurance coverage, including statutory worker's compensation coverage, as the Executive Board shall determine from time to time desirable or necessary.

Section 10.5. Premiums. Premiums upon insurance policies purchased by the Executive Board, and any amounts paid as a result of a deductible, shall be paid by the Executive Board and charged as a Common Expense.

Section 10.6. Distribution of Insurance Proceeds. All insurance policies procured by the Executive Board shall provide that all losses shall be adjusted with and all proceeds shall be payable to the Executive Board as insurance trustee. The sole duty of the Executive Board as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes set forth herein and for the benefit of the Owners and their Mortgagees in the following shares:

(a) Proceeds on account of damage to the Common Elements shall be held in undivided shares for each Owner and his Mortgagee, if any, each Owner's share to be the same as such Owner's allocated interest in the Common Elements.

(b) Proceeds on account of damage to Units shall be held in the following undivided shares:

(1) When the damage is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage to each such Owner's unit, which cost shall be determined by the Executive Board.

(2) When the damage is not to be restored, an undivided share for each Owner, such share being the same as each such Owner's Unit's allocated interest in the Common Elements.

(c) In the event a mortgagee endorsement or certificate has been issued with respect to a Unit, the share of the Owner shall be held in trust for the Mortgagee and the Owner as their respective interests may appear.

(d) Proceeds of insurance policies received by the Executive Board as insurance trustee shall be distributed to or for the benefit of the Owners in the following manner:

(1) If it is determined, as provided in Article XI below, that the damaged property with respect to which the proceeds are paid shall not be reconstructed or repaired,

(a) the proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the rest of the Condominium;

(b) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the owners of these Units and Units to which those Limited Common Elements were allocated or to their Mortgagees, as their interests may appear as specified in the Mortgage encumbering such Unit(s); and

(c) the remainder of the proceeds shall be distributed to all Owners or Mortgagees, as their interests may appear, in proportion to their allocated interest in the Common Elements.

(2) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after payment of such repair costs shall be distributed to the beneficial Owners and their Mortgagees, if any, jointly.

Section 10.7. Insurance Obtained by Owners. Each Owner shall obtain and keep continuously in force additional property insurance upon his personal property, and such other insurance coverage as he may desire. Each Owner shall obtain and maintain a policy of individual liability insurance in the amount of at least \$100,000 for bodily injury, including deaths of persons and property damage, arising out of a single occurrence. Each Owner shall file a copy of each such individual policy with the Association within thirty (30) days after purchase.

ARTICLE XI.
DUTY TO REPAIR OR RECONSTRUCT

Section 11.1. Reconstruction and Repair. In the event of damage to or destruction of any Building as a result of fire or other casualty, the Executive Board shall arrange for the prompt restoration and replacement of the damaged or destroyed Building unless (1) the Condominium is terminated in accordance with the provisions of Article XIV below, or (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance, (3) the Unit Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) of Owners of Units not to be rebuilt and one hundred percent of Owners of Units to which are assigned Limited Common Elements not to be rebuilt, or (4) if the damage or destruction occurs during the Declarant Control Period, Wachovia Bank of North Carolina, N.A., its successor or assign (the "Bank"), as the beneficiary under a first lien deed of trust on the unreleased portions of the Condominium, elects not to rebuild or restore the damaged or destroyed Building and to receive the insurance proceeds payable with respect to such damage or destruction, pursuant to the rights granted to the Bank under its deed of trust. Unless one of the preceding four conditions occurs, the Executive Board shall arrange for the prompt repair and restoration of the damaged or destroyed Building, not including any decoration or covering for walls, ceilings, or floors, or furniture, furnishings, fixtures or equipment (unless the subject insurance policy covers a portion or all of such loss, in which event the Executive Board shall repair or replace such damaged property), and the Executive Board shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments and in accordance with the provisions of Section 10.6(d)(2) of this Declaration. Any payment for repair and restoration in excess of the insurance proceeds shall constitute a Common Expense. Any reconstruction or repair shall be in accordance with the Plans. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned under N.C.G.S. §47C-1-107(a).

Section 11.2. Obligations of Owners. Each Owner will, at his sole cost and expense, keep and maintain his Unit in good order and repair in accordance with the Plans, and will make no structural addition, alteration or improvement to his Unit without the prior written consent of the Executive Board, except as authorized under N.C.G.S. §47C-2-111. Upon the failure of an Owner to so maintain his Unit, the Executive Board shall be authorized to maintain, repair or restore such Unit, and the cost thereof shall be charged to such Owner and constitute a lien on the Unit until paid.

ARTICLE XII.
UNITS SUBJECT TO CONDOMINIUM DOCUMENTS

All present and future Owners, tenants, and occupants of the Units shall be subject to and shall comply with the provisions of this Declaration, the Bylaws, and any rules and regulations as may be adopted in accordance with the Bylaws, as all of the foregoing may be amended and supplemented from time to time. The acceptance of a deed of conveyance or the entering into

of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the Bylaws and any rules and regulations which may be adopted are accepted and ratified by such Owner, tenant or occupant, and an agreement that such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such Unit as though such provisions were made a part of each and every deed of conveyance or lease.

ARTICLE XIII. AMENDMENT TO AND SUPPLEMENT OF DECLARATION

Except as is otherwise specifically authorized herein, this Declaration may be amended only by the vote not less than seventy-five percent (75%) of the Owners of Units, and not less than seventy-five percent (75%) of the Mortgagees, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws. Except to the extent expressly permitted by the other provisions of this Declaration, any amendment which amends or alters the percentage of allocated interests of any Unit in the Common Elements, increases the number of Units, changes the boundaries of any Unit, changes the use to which any Unit is restricted, or modifies the terms of this Article XIII, shall require the written approval of all Owners, together with the consent of all their respective Mortgagees. No amendment to the Declaration shall be effective until executed on behalf of the Association by any officer designated for that purpose and recorded in the office of the Register of Deeds of Wake County, North Carolina. No amendment to this Declaration shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the written consent of such Mortgagee. During the Declarant Control Period, no amendment to this Declaration shall be effective without the written consent of Declarant and the Bank.

ARTICLE XIV. TERMINATION

The Condominium may be terminated and the Property removed from the provisions of the North Carolina Condominium Act by the agreement of all of the owners of Units, as evidenced by execution of a termination agreement, or ratification thereof, by such Owners, provided that all the Mortgagees of the Units consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred to the percentage of undivided interest of the Owners who shall own the Property as tenants in common following such termination, which shall be the percentage of undivided interest of such Owner in the Common Elements.

ARTICLE XV. RIGHTS RESERVED TO MORTGAGEES

Section 15.1. Rights of Mortgagees to Examine Books and Records. Any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage, shall have the right to examine, during normal business hours and upon reasonable notice, the books and records of the Association, including copies of the Condominium Documents, as amended, and the financial

statements of the Association, and to be furnished, upon written request, at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year. If any Mortgagee requests, and agrees to pay the cost of the audit, the financial statement shall be audited by an independent certified public accountant.

Section 15.2. Mortgagee's Rights to Notice. If any Mortgagee, or any guarantor or insurer of a loan secured by a Mortgage, has served written notice of its desire to receive notices under this Section 15.2 upon the Association by certified mail, return receipt requested, addressed to the Association and sent to its address stated herein, identifying the Mortgage that it holds, guarantees, or insures, which notice designates the place to which notices are to be given by the Association to such party, then such party shall have the right to receive from the Association prompt written notice of the following:

(a) Default under any of the terms and provisions of the Condominium Documents by any Owner owning a Unit encumbered by a Mortgage held, insured, or guaranteed by such party.

(b) Any loss or damage to or condemnation or taking of the Common Elements or any loss or damage to or condemnation or taking of a Unit encumbered by a Mortgage held, insured or guaranteed by such Mortgagee.

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action by the Association, the Executive Board, or the Owners, which under the terms of the Condominium Documents requires the consent of all or any portion of the Mortgagees.

The failure of any Mortgagee to respond within thirty (30) days to any written request of the Association, sent by registered or certified mail, return receipt requested, for approval of an addition or amendment to the Condominium Documents wherever Mortgagee approval is required shall constitute an implied approval by that Mortgagee of the proposed addition or amendment.

Section 15.3. Other Mortgagee Rights. Notwithstanding any other provision of this Declaration or the Bylaws, the Association may not change the period for collection of regularly budgeted Common Expenses to other than monthly without the consent of all Mortgagees that have served written notice to the Association as provided in Section 15.2 above. Any representative of a Mortgagee may attend and address any meeting that an Owner may attend.

Section 15.4. Enforcement. The provisions of this Article XV are for the benefit of all Mortgagees and their successors, and may be enforced by any of them by any available means.

ARTICLE XVI.
CONDEMNATION

In the event all or any part of the Property shall be taken in condemnation or by eminent domain, the award for such taking shall be distributed in accordance with the procedure set forth in N.C.G.S. §47C-1-107, subject, however, to the right, if any, to receive all or part of such award reserved to any Mortgagee under its Mortgage, or the Bank under its deed of trust on the released portions of the Condominium, to the extent such right may be enforceable under applicable law.

ARTICLE XVII.
MISCELLANEOUS PROVISIONS

Section 17.1. Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability of the remainder of this Declaration, and in such event, all the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

Section 17.2. Waiver. No provisions contained in the Declaration 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 17.3. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

Section 17.4. Law Controlling. This Declaration and the Condominium Documents shall be construed and controlled by and under the laws of the State of North Carolina.

Section 17.5. Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership as provided in the North Carolina Condominium Act. Throughout this Declaration wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

ARTICLE XVIII.
ENFORCEMENT; ARBITRATION

Section 18.1. Actions by Owners. If the Association, the Executive Board, or any Owner shall fail to perform any obligation imposed upon them by the Condominium Documents, and such failure shall cause an immediate risk of substantial economic loss to any Owner, or shall significantly jeopardize the physical condition of the Property, or any part thereof, then any Owner shall have the right to perform such obligation and to exercise any authority otherwise delegated to the Association, or the Board, or any other Owner, necessary to perform such

obligation. If an obligation so performed was the obligation of an Owner, the reasonable cost of performing such obligation shall be immediately due and payable from the Owner who has failed to perform the obligation to the Owner who performed it. If an obligation so performed was the obligation of the Association or the Executive Board, the reasonable cost of performing such obligation shall be a Common Expense.

Any Owner may also bring a civil action against any other Owner, or against the Association, or against the Executive Board, or any one of more of them, to enforce any obligation imposed hereunder.

Section 18.2. Arbitration. Each Owner, by accepting a deed to a Unit, agrees that any Owner may require that any unresolved matter between the Owners or before the Executive Board or before the Association be submitted to binding arbitration pursuant to the Uniform Arbitration Act set forth in N.C.G.S. §1-567.1 et seq. as the same shall be amended from time to time. The fees and expenses of arbitration shall be paid as set forth in the award and shall not be a Common Expense unless all Owners so agree in writing.

ARTICLE XIX. CONSENT OF MORTGAGEE

The Land and the Buildings are currently encumbered by the lien of a Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, dated December 10, 1996, executed and delivered by Declarant to New Salem, Inc. as Trustee for Wachovia Bank of North Carolina, N.A. A Consent of Mortgagee executed by Wachovia Bank of North Carolina, N.A. and New Salem, Inc. as Trustee, consenting to the execution and recordation of this Declaration, is attached to and made a part of this Declaration.

SIGNATURES FOLLOW.

1036261985

IN WITNESS WHEREOF, Declarant has executed and sealed this Declaration the day and year first above written.

BURCAM CAPITAL I, L.L.C., a
North Carolina limited liability company (SEAL)

By: BURCAM CAPITAL ADVISORS, INC.,
a North Carolina corporation, Manager

By: 
C. Neal Coker, President

ATTEST:


Mamie H. Coker, Secretary

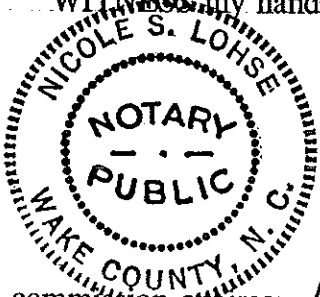
[CORPORATE SEAL]

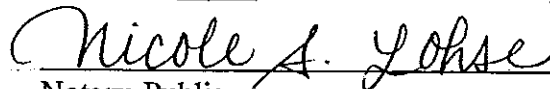
STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Nicole S. Lohse, Notary Public for said County and State, do hereby certify that Mamie H. Coker personally appeared before me this day and acknowledged that she is the Secretary of Burcam Capital Advisors, Inc., a North Carolina corporation and manager of Burcam Capital I, L.L.C., a North Carolina limited liability company, and that by authority duly given and as the act of the company, the foregoing instrument was signed by C. Neal Coker, President, sealed with its corporate seal, and attested by herself as Secretary.

WITNESS my hand and official seal, this the 28th day of January, 1997.




Notary Public

[Official Stamp or Seal]

My commission expires: 6-17, 1997.

CONSENT OF MORTGAGEE
THE RESERVE AT BISHOPS PARK CONDOMINIUM

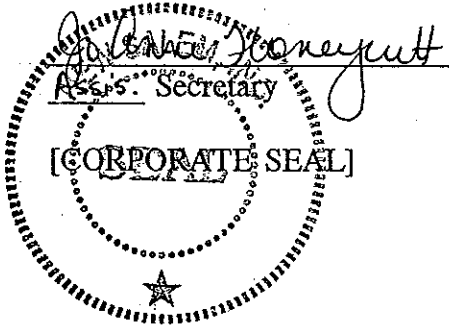
WACHOVIA BANK OF NORTH CAROLINA, N.A., being the Beneficiary under that certain Deed of Trust from Declarant to New Salem, Inc., Trustee, recorded in Book 7257 at Page 283 of the Wake County, North Carolina Public Registry, conveying the property described on Exhibit A attached to this Declaration, hereby consents to the recordation of this Declaration and the imposition of the provisions hereof and the provisions of the North Carolina Condominium Act to the real property described in Exhibit A. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between the Beneficiary and Declarant the relationship of partnership or of joint venture, nor shall it be deemed to impose upon the Beneficiary any of the liabilities, duties or obligations of the Declarant under the Declaration. Beneficiary executes this Consent of Mortgagee solely for the purposes set forth above. The Trustee also joins in and executes this Consent as Trustee for the purposes set forth above.

TRUSTEE:

NEW SALEM, INC.

By: *Laura Jean Hodges*
Print Name: Laura Jean Hodges
Vice President

ATTEST:



ATTEST:

John E. Honeycutt
Asst. Secretary
(CORPORATE SEAL)

BENEFICIARY

WACHOVIA BANK OF NORTH CAROLINA, N.A.

By: *Martin W. Borden*
Print Name: MARTIN W. BORDEN
VICE President

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Linda Anderson, Notary Public for said County and State, do hereby certify that Joanne Honeycutt personally appeared before me this day and acknowledged that he/she is ASSIST- Secretary of New Salem, Inc., Trustee, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its VICE- President, sealed with its corporate seal, and attested by him/her as its ASSIST- Secretary.

WITNESS my hand and official seal, this the 29th day of January, 1997.

Linda Anderson
Notary Public

[Official Stamp or Seal]

My commission expires: 12-20, 1997.

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Linda Anderson, Notary Public for said County and State, do hereby certify that John G. Hunt personally appeared before me this day and acknowledged that he/she is ASSIST- Secretary of Wachovia Bank of North Carolina, N.A., a national banking association, and that by authority duly given and as the act of the association the foregoing instrument was signed in its name by its VICE- President, sealed with its corporate seal, and attested by him/her as its ASSIST- Secretary.

WITNESS my hand and official seal, this the 29th day of January, 1997.

Linda Anderson
Notary Public

[Official Stamp or Seal]

My commission expires: 12-20, 1997.

EXHIBIT A

Legal Description
for
4.173 Acre Parcel
City of Raleigh, Wake County, North Carolina

Situated in the City of Raleigh, Wake County, North Carolina, being a 4.173 acre parcel, more particularly bounded and described as follows:

Commencing at a 3/4" iron pipe set on the westerly right-of-way of Wirewood Drive, having NC Grid Coordinates (Y) N = 744509.167, (X) E = 2103438.6796 and being the TRUE PLACE OF BEGINNING for the parcel herein described. Said point being S 41°03'33" W, 2224.60 feet (ground distance-combined grid factor 0.99990484) from NCGS "Masonic", having NC Grid Coordinates (Y) N = 746186.4276, (X) E = 2104899.7436, NAD83 Datum.

Thence 39.27 feet along the westerly right-of-way of Wirewood Drive and the arc of a curve to the right, having a radius of 25.00 feet, a chord bearing and distance of S 41°13'32" W, 35.36 feet to a 3/4" iron pipe set on the northerly right-of-way of Washington Street;

Thence S 86°13'31" W, 70.08 feet along the northerly right-of-way of Washington Street to a 3/4" iron pipe set;

Thence 498.13 feet along the northerly right-of-way of Washington Street and the arc of a curve to the left, having a radius of 350.08 feet and a chord bearing and distance of S 45°27'43" W, 457.16 feet to a 3/4" iron pipe set;

Thence 35.90 feet along the northerly right-of-way of Washington Street and the arc of a curve to the right, having a radius of 25.00 feet and a chord bearing and distance of S 45°50'14" W, 32.89 feet to a drill hole in the sidewalk on the southerly right-of-way of Nichols Drive;

Thence S 86°58'31" W, 101.69 feet along the northerly right-of-way of Nichols Drive to a drill hole in the sidewalk;

Thence 39.95 feet along the northerly right-of-way of Nichols Drive and the arc of a curve to the right, having a radius of 25.00 feet and chord bearing and distance of N 47°14'44" W, 35.83 feet to a 3/4" iron pipe set on the easterly right-of-way of St. Mary's Street;

Thence 255.08 feet along the easterly right-of-way of St. Mary's Street and the arc of a curve to the right, having a radius of 1454.94 feet and a chord bearing and distance of N 03°33'23" E, 254.75 feet to a drill hole in the sidewalk;

Thence N 27°24'31" E, 83.80 feet along the easterly right-of-way of St. Mary's Street to a 3/4" iron pipe set;

Thence N 10°03'31" E, 140.00 feet along the easterly right-of-way of St. Mary's Street to a 3/4" iron pipe set;

Thence N 46°05'31" E, 56.62 feet to a 3/4" iron pipe set on the southerly right-of-way of Wade Avenue;

Thence N 82°07'31" E, 175.12 feet along the southerly right-of-way of Wade Avenue to a 3/4" iron pipe set;

Thence N 62° 41'31" E, 190.59 feet along the southerly right-of-way of Wade Avenue to a 3/4" iron pipe set;

Thence 40.90 feet along the southerly right-of-way of Wade Avenue and the arc of a curve to the right having a radius of 25.00 feet and a chord bearing and distance of S 70°26'25" E, 36.49 feet to a 3/4" iron pipe set on the westerly right-of-way of Wirewood Drive;

Thence S 23°34' 29" E, 73.95 feet along the westerly right-of-way of Wirewood Drive to a 3/4" iron pipe set;

Thence 187.64 feet along the westerly right-of-way of Wirewood Drive and the arc of a curve to the right, having a radius of 542.97 feet and chord bearing and distance of S 13°40'29" E, 186.71 feet to the TRUE PLACE OF BEGINNING, containing 4.173 acres of land as surveyed by W.K. Dickson & Co., Inc. in November of 1996.

Reference is hereby made to a map of survey by W.K. Dickson & Co., Inc. titled "ALTA/ACSM Survey of Canterbury Park" dated November 18, 1996.

EXHIBIT C

Building Street Addresses	Unit Numbers
1001 Wirewood Drive Raleigh, NC	1001-101; 1001-102; 1001-201; 1001-202; 1001-301; 1001-302
1011 Wirewood Drive Raleigh, NC	1011-101; 1011-102; 1011-103; 1011-104; 1011-201; 1011-202; 1011-203; 1011-204; 1011-301; 1011-302; 1011-303; 1011-304
1021 Wirewood Drive Raleigh, NC	1021-101; 1021-102; 1021-201; 1021-202; 1021-301; 1021-302
1031 Wirewood Drive Raleigh, NC	1031-101; 1031-102; 1031-201; 1031-202; 1031-301; 1031-302
1041 Wirewood Drive Raleigh, NC	1041-101; 1041-102; 1041-103; 1041-104; 1041-201; 1041-202; 1041-203; 1041-204; 1041-301; 1041-302; 1041-303; 1041-304
1051 Wirewood Drive Raleigh, NC	1051-101; 1051-102; 1051-201; 1051-202; 1051-301; 1051-302
1071 Wirewood Drive Raleigh, NC	1071-101; 1071-102; 1071-201; 1071-202; 1071-301; 1071-302
1061 Wirewood Drive Raleigh, NC	1061-101; 1061-102; 1061-103; 1061-104; 1061-201; 1061-202; 1061-203; 1061-204; 1061-301; 1061-302; 1061-303; 1061-304
1081 Wirewood Drive Raleigh, NC	1081-101; 1081-102; 1081-201; 1081-202; 1081-301; 1081-302
921 Washington Street Raleigh, NC	921-101; 921-102; 921-201; 921-202; 921-301; 921- 302
911 Washington Street Raleigh, NC	911-101; 911-102; 911-103; 911-104; 911-201; 911- 202; 911-203; 911-204; 911-301; 911-302; 911-303; 911-304
931 Washington Street Raleigh, NC	931-101; 931-102; 931-201; 931-202; 931-301; 931- 302

2021 RESERVE @ BISHOPS PARK HOA

POOL RULES ADDENDUM

Thank you for your understanding and cooperation to help maintain the safety of our community during these challenging times. The HOA Board of Directors, in coordination with York Properties, Inc., the pool contractor and legal counsel, have updated rules and policies that will allow the pool to be open and available.

PLEASE REVIEW these additional **Pool Rules** and the posted **Notice** regarding COVID-19 before entering the pool area.

- **The danger of exposure to the COVID-19 virus exists. Individuals entering the pool facilities are specifically warned: neither the HOA, its management company, nor the pool operator can guarantee the premises are sanitized to the degree that would prevent the spread of COVID-19.**
- **Every individual entering the pool facilities is responsible for his or her own protection and enters at his or her own risk.**
- **Pool/deck area capacity will be strictly limited to 24 total.**
- **Out of respect for other residents, please limit your pool facility use time to 2 hours.**
- **Please limit your time in the water to no more than 30 minutes, so that others may swim.**
- **Do not enter the pool area if your presence will result in exceeding 24 people in the pool/deck area.**
- Do not use the pool facilities if you or anyone in your household has a cough, fever or other symptoms of illness, has had such symptoms in the last 14 days, or has tested positive for COVID-19 within the last 14 days. If you or anyone in your household has tested positive for COVID-19, it is strongly recommended you notify our management company, York Properties, Inc.
- All users are responsible for cleaning their own furniture before use. Wipes are provided. DISPOSE OF THE WIPES IN THE TRASH AND NOT DOWN THE TOILET.
- Users are responsible for practicing social distancing within the facility as publicly recommended or required, and using personal protective equipment (gloves, masks, etc.) in accordance with CDC guidelines. Please wash hands thoroughly before leaving the bathroom.
- Members shall be responsible for removing all personal items (towels, clothing, etc.) when they leave the pool, and any items left after the pool closes for the day will be discarded.

This Addendum shall supplement the previously adopted Pool Rules. To the extent this Addendum is in conflict with the previously adopted Pool Rules, this Addendum shall control. This Addendum and the additional Rules contained herein shall be in effect until otherwise revoked or revised by the Board of Directors to comply with further state or local orders and ordinances.

Reserve @Bishops Park HOA Board members will be monitoring the pool regularly to ensure capacity restrictions are followed.

*Violations of these rules shall be enforced to the fullest extent allowed under the Association's Declaration and Bylaws including, but not be limited to, loss of pool privileges and/or fines. **The pool may be closed for use at any time, and without notice, if the Board of Directors determines that it is unsafe to continue to operate the pool facilities for any reason.***

POOL RULES FROM THE RULES & REGULATIONS

21. POOL RULES: The pool is for residents only. Owners who rent their units transfer their pool access to their tenant.

- 1) The pool is open from dawn to dusk.
- 2) No running.
- 3) No boisterous or rough play.
- 4) Noise, music, and other activities will be kept at a reasonable volume level so as not to disturb other residents.
- 5) No diving allowed.
- 6) No children allowed without an adult.
- 7) Adults should not swim alone.
- 8) No person under the influence of alcohol or drugs should use the pool.
- 9) No person with skin, eye, ear or nasal infections allowed in the pool.
- 10) No person with communicable disease allowed in the pool.
- 11) No animals or pets allowed in the pool or on the deck.
- 12) There is no lost and found. Any item left at the pool will be disposed of by the pool company at the end of each day.
- 13) No glass allowed in the pool or on the deck. Broken glass in the pool area requires the pool to be drained, professionally cleaned, and refilled at significant cost to the association.
- 14) All persons using pool do so at their own risk. Association is not responsible for accidents or injuries.
- 15) The Association reserves the right to deny use of the pool to anyone at any time.
- 16) Pool is for private use of residents and guests only. No more than two (2) guests are allowed per unit.
- 17) Telephone is located between restrooms and *is for emergency use only.*

RULES AND REGULATIONS

Revised October 28, 2019

Revised July 27, 2021

Revised January 24, 2023

Revised September 17, 2024

The rules herein contained were formulated by members of the Board of Directors and the property manager. They include restatements of the Declaration of Condominium, Articles of Incorporation, and Bylaws. All rules listed apply to owners, renters and their guests.

1. **NOISE:** No noxious, offensive, unlawful, or improper activity shall be carried on in any unit, or in the common areas and facilities, nor shall anything be done therein which will be an annoyance or nuisance to other Unit Owners or occupants. If possible, excessive noise should be settled between neighbors; otherwise, call the Raleigh Police Department. The disturbance should also be reported to York Properties, Inc. at 821-1350. A fine of \$100.00 per occurrence may be issued to the unit owner. In addition, with specific reference to the pool area, owners and/or their renters/guests will be asked to leave the pool area and required to pay any fees incurred from York Security for the handling of such disturbance.
2. **ANIMALS:** No animals, livestock, or poultry of any kind shall be kept or maintained on the property or in any dwelling located thereon except that up to two (2) common household pets, weighing not more than fifty (50) pounds each, may be kept or maintained in each unit, provided they are not kept or maintained for commercial purposes. Being located within the City of Raleigh, The Reserve at Bishops Park Condominiums shall conform to all Raleigh ordinances pertaining to pets. Further, for the health, safety, welfare, comfort, and convenience of all residents the following rules shall be observed governing pets: a. All pets of homeowners, residents and/or their guests must be on a leash while on the Reserve's common or limited common areas. b. No animal may be leashed to any stationary object in or on the common areas. c. As per City Ordinance, the excrement of pets of homeowners, residents and/or guests must be removed from the Reserve's common or limited common areas. Fines of \$25.00 per occurrence may be issued by the Association for violations of any of the above pet rules.
3. **INSURANCE:** Nothing shall be done or kept in any unit or in the common areas and facilities which could increase the rate of insurance on the common areas and facilities or any other unit without the prior written consent of the Board of Directors. No unit Owner shall permit anything to be done or kept in his unit or in the common areas and facilities which could result in the cancellation of insurance on any unit or any part of the common areas and facilities, or which would be in violation of any law.

RULES AND REGULATIONS

Revised October 28, 2019

Revised July 27, 2021

Revised January 24, 2023

Revised September 17, 2024

4. **GRILLS:** The use of open flame appliances (such as charcoal grills, hibachis, smokers, or any appliance that contain loose heat storage material such as lava rocks) is prohibited on porches or balconies at The Reserve. This rule complies with Section 504.8 of the Fire Prevention Code of the City of Raleigh which bans the use of open flame appliances in multifamily dwellings. Charcoal grills may be used by ground floor residents, in the area in front of their own unit, but must be at least 10 feet from the building when in use. This rule complies with Section 504.8 of the Fire Prevention Code of the City of Raleigh. It is the user's responsibility to return the grill to his/her porch once cooled after use. A unit owner will be held personally liable for all damage caused by fire that is a result of a violation of any portion of the above rule.

PROPANE GRILLS/PROPANE TANKS: Storage of propane tanks, or use or storage of grills equipped with propane tanks, on the property of The Reserve is strictly prohibited (see also Section 504.8 of the Fire Prevention Code of the City of Raleigh). A unit owner will be held personally liable for all damage caused by fire that is a result of a violation of the rule by a qualified contractor approved by the board.

5. **EXTERIOR DECORATIONS:** Homeowners are not allowed to attach any decorations, hanging plants, ceiling fans, flagpole holder or any other decoration resulting in a building's exterior being punctured by any type of fastener. Any puncture of the buildings' exteriors will violate the warranties of the newly installed siding, trim, and other exterior materials. A fine of \$100.00 per day may be issued to the unit owner until repair is complete in addition to repairing or replacing the damaged siding and any other related damage.
6. **BIRD FEEDERS:** Only one bird feeder is permitted on each patio or balcony. Bird feeders are not to be attached to any glass surfaces or mounted to any other part of the common area.
7. **FLAGS:** No flags, windsocks or banners shall be flown on or from any common area or facility.
8. **ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY OWNERS:** No owner shall make any structural addition, alteration, or improvement in or to his Unit or to any Limited Common Element, or any change (See also Rule #17 "Satellite Dishes") in the exterior appearance

RULES AND REGULATIONS

Revised October 28, 2019

Revised July 27, 2021

Revised January 24, 2023

Revised September 17, 2024

thereof, until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Board of Directors. Making any unapproved change that results in a building's exterior siding, trim, and other materials being punctured by a nail, screw, or other fastener, or otherwise altered without approval, is not allowed. "Puncture" includes any penetration, perforation, or alteration that compromises the structural integrity or appearance of the siding, trim, or other exterior materials. Adhesive tape and adhesive hooks may be used, subject to reasonable use and removal guidelines. Violations may result in a fine of \$100.00 per day for as long as the violation exists, in addition to repairing or replacing the damaged siding and any other related damage by a qualified contractor approved by the board.

9. ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY OWNERS: No owner shall make any structural addition, alteration, or improvement in or to his Unit or to any Limited Common Element, or any change (See also Rule #17 "Satellite Dishes") in the exterior appearance thereof, until the plans and specification showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing by the Board of Directors. Making any unapproved change that results in a building's exterior siding, trim and other materials being punctured by a nail, screw, or other fastener is not allowed. Violations will result in a fine of \$ 100.00 per day for as long as the violation exists in addition to repairing or replacing the damaged siding and any other related damage by a qualified contractor approved by the board.
10. ENTRIES/PORCHES/BALCONIES/STAIRWELLS: Entries, porches, balconies, and stairwells are a prominent part of the structure of the condominiums and therefore need to be aesthetically appealing. They should not be used for storage purposes. Well-maintained deck furniture and planters are appropriate on a unit's dedicated side porch. No garbage cans are allowed at front doors or on porches or balconies. No rugs, clothing, towels, and other household linens shall be draped over any open porch or balcony railing in any unit regardless of the length of time. No clothesline shall be visible on any open porch or balcony in any unit, regardless of the length of time. Only appropriate doormats are allowed at front doors and on porches. No carpet pieces should be used as doormats at front doors. Ceiling fans are not allowed to be installed on a unit's side porch. Ceiling coverings whether lattice or flat material are not allowed to be installed on a unit's side porch. Doorbell cameras may ONLY be installed on the front door or on the trim around the front door.

RULES AND REGULATIONS

Revised October 28, 2019

Revised July 27, 2021

Revised January 24, 2023

Revised September 17, 2024

11. **WINDOWS & DOORS:** All exterior window screens, doors and storm doors shall be of a uniform style and color approved by the Board. See the attached storm door criteria.
12. **BALCONIES:** Liquids and/or solid wastes are not to be swept or caused to pass through to the units below. Violations occurring for the first time will result in a fine of \$25.00. All subsequent violations will be \$50.00. The Board of Directors suggests that indoor/outdoor carpet may help homeowners on the second and third floors to avoid potential violations.
13. **PARKING:** No owner or any employee, agent, or invitee of any owner, shall park, store or keep any vehicle on the property except wholly within the portions of the Common Elements designated as parking areas by the Association. No boat, boat trailer, utility trailer, motorhome, travel trailer, camper or other recreational vehicle may be stored overnight in the exterior parking areas on the property. Unlicensed vehicles, vehicles with expired license, and vehicles considered not "road worthy" (e.g., inoperable, with flat tires, excessive oil leaks), are not allowed in the Reserve's parking lots. Vehicles illegally parked in "Handicapped" or "No Parking" areas are subject to immediate towing, and all others are tagged and given 48 hours' notice before towing. If extenuating circumstances exist, please contact York Properties immediately after your vehicle has been tagged.
14. **TRASH DISPOSAL:** All trash shall be disposed of in the dumpsters in various locations on the property. No garbage/trash cans are allowed at front doors or on patios or decks. Any trash left outside of a unit will be picked up at the owner's expense. All recycling must be put in the recycling dumpster. Carboard boxes must be broken down. If the recycling dumpster is full, please take your items to the Jaycee Park located on Wade Avenue. All mattresses, construction material, furniture or other bulk items must be taken to the local dump. If items are left outside the dumpsters, they will be picked up at the owner's expense. Please do not place any items next to the trash or recycle dumpsters.
15. **SIGNS:** No signs or other advertising devices shall be displayed on or about the exterior of any Unit, or in the Common Elements, except for a nameplate or sign not exceeding twenty-four (24) square inches in area on the main door to each Unit. In addition, any Owner shall have the right to display a "For Sale" or "For Rent" sign, not in excess of 18" by 24" in size, in the window of his Unit.

RULES AND REGULATIONS

Revised October 28, 2019

Revised July 27, 2021

Revised January 24, 2023

Revised September 17, 2024

16. **YARD SALES:** No use of common area for commercial purposes.
17. **FEES:** Assessments are due on the first day of each month. A late fee of the greater of twenty dollars (\$20.00) per month or ten percent (10%) of any assessment installment unpaid will be charged for dues received after the 10th of each month. There will be a charge of \$20.00 for any payment or draft returned NSF. Collection of past due assessment will follow the procedures described in the association's bylaws.
18. **SATELLITE DISHES:** The FCC, through the Telecommunications Act of 1996 (Telecom Act), ruled that a condominium unit owner is allowed to install a satellite dish, less than one meter in diameter, in any area within his/her exclusive use and control, defined as "limited common area." Here at The Reserve, with few exceptions, each unit owner's "limited common area" is his/her porch or balcony (including the railing and walls within the porch or balcony). The Telecom Act notes that pre-approval by a HOA before installation of a satellite dish within the limited common area is not required; however, your HOA Board of Directors does retain the right to require that a satellite dish be removed, relocated or adjusted should it not be installed and fully contained within the "limited common area" of your unit, as defined above. Although not required, sharing your plans with the HOA Board before installation is advised.

A unit owner is prohibited from installing a satellite dish in any "common area" of the property. "Common area" includes any area outside of the unit owner's "limited common area," and includes the siding and roof of the building. When a satellite dish is removed or relocated, it is the unit owner's responsibility to return the site to its preinstallation condition, or to reimburse the HOA for any cost it incurs to do so.

19. **PROVISION OF OWNER AND RESIDENT CONTACT INFORMATION:** All owners are required to complete the HOA's Contact Information form and submit it to the HOA's Property Manager or Board President within 30 days of receiving the request to do so. Owners are also required to provide updated information within 30 days of any changes to any of the information contained in the Contact Information form. Any failure to comply with the above requirement will result in a fine of between \$50 and \$100 for as long as the violation exists. (Effective April 1, 2014)

RULES AND REGULATIONS

Revised October 28, 2019

Revised July 27, 2021

Revised January 24, 2023

Revised September 17, 2024

20. INSPECTION AND REPLACEMENT OF HOT WATER HEATERS: Owners are required to replace any hot water

heater that is ten years old or more. The Association shall cause a licensed plumber to inspect every unit and compile a list of date of installation of the hot water heater servicing every Unit in the condominium. The Board of Directors shall notify the Owner of each unit of the date his or her hot water heater was installed and the date by which replacement shall occur, which may be immediately in cases where existing water heaters are more than 10 years old. For all hot water heaters that are less than 10 years old at the time of this initial inspection, the Association will send notice to each owner 3 months in advance of the 10th anniversary of the installation of the hot water heater for the applicable Unit. Within 30 days of installation of any hot water heater, Owners are required to provide the Association with documentation of the replacement, including the style of water heater, the date of installation, and the dates of any applicable warranty period.

Additionally, Owners are required to check the base of the hot water heater for water seepage twice annually, by January 30 and July 30, and replace any hot water heater that exhibits signs of seepage. The Association may require certification of such inspection by the Owner.

In the event any Owner fails to replace a hot water heater as required herein, upon reasonable notice the Association may enter the unit pursuant to authority contained in the Declaration and Bylaws and replace the hot water heater, and the costs of the same shall become an assessment against the unit subject to collection in the same manner as those assessments set forth in Article VI of the Declaration. Such right of entry does not preclude enforcement of this rule by any other means allowed by law, including pursuant to provisions of the Condominium Act or the Declaration.

Each owner shall coordinate and cooperate with the Association's plumber to provide access to the unit for the purpose of completing the inspection and any necessary repairs.

20. BULLETIN BOARD RULE: The community bulletin boards are for the sole purpose of communication from the Board to the Association. No notices by homeowners or others are allowed to be posted without the express permission of the Board.

21. POOL RULES: The pool is for residents only. Owners who rent their units transfer their pool access to their tenant.

RULES AND REGULATIONS

Revised October 28, 2019

Revised July 27, 2021

Revised January 24, 2023

Revised September 17, 2024

- 1) No running.
- 2) No boisterous or rough play.
- 3) Noise, music, and other activities will be kept at a reasonable volume level so as not to disturb other residents.
- 4) No diving allowed.
- 5) No children allowed without an adult.
- 6) Adults should not swim alone.
- 7) No person under the influence of alcohol or drugs should use the pool.
- 8) No person with skin, eye, ear or nasal infections allowed in the pool.
- 9) No person with communicable disease allowed in the pool.
- 10) No animals or pets allowed in the pool or on the deck.
- 11) No glass allowed in the pool or on the deck. Broken glass in the pool area requires the pool to be drained, professionally cleaned, and refilled at significant cost to the association.
- 12) All persons using pool do so at their own risk. Association is not responsible for accidents or injuries.
- 13) Pool is for private use of residents and guests only. No more than two (2) guests are allowed per resident. 14) Association reserves the right to deny use of the pool to anyone at anytime.
- 15) This pool is open from dawn to dusk.
- 16) Telephone is located between restrooms and *is for emergency use only*.

21. BICYCLE STORAGE – Bicycles not stored at private residences must be stored in the common area racks in the parking lot. Bicycles stored in the common area racks must be secured and labeled with the bicycle owner's name and condo building and unit number. Bicycles stored in the common area racks must be maintained and be in working condition. Bicycles that are no longer rideable may not be stored in the common area racks. Bicycles not meeting these requirements and left in the common area racks will be removed from the property.

23. MOVEABLE STORAGE CONTAINERS - A moveable storage container may be placed in either the Washington Street or Wirewood Drive parking lots, so long as it will fit into a parking space. The container shall not block any drive lane, create any obstruction for the trash and recycling services for the association or be placed so that it is adjacent to a sidewalk. The person who rents the moveable storage container must notify the association manager prior to placing it on the Association's property.

RULES AND REGULATIONS

Revised October 28, 2019

Revised July 27, 2021

Revised January 24, 2023

Revised September 17, 2024

24. **INSPECTIONS AND MAINTENANCE:** All inspections and maintenance arranged by the Reserve at Bishops Park are for the safety of the residents and community and are mandatory. Types of inspections/maintenance include but are not limited to, a chimney, water heater, dryer vent, termite, condensate line cleaning, and breezeway and community power washing. If required, you must be available to let the technician in and follow the instructions outlined in the email/notice. The Reserve at Bishops Park Homeowner Association or Vendor will not be responsible if items that were required to be removed are damaged. Homeowners will be responsible for paying additional fees if the Vendor needs to return because they were not home.

END OF RULES AND REGULATIONS DOCUMENT

970249062

0-0416690

FILED

435 pm

JAN 24 1997

EFFECTIVE
ELAINE F. MARSHALL
SECRETARY OF STATE
NORTH CAROLINA

ARTICLES OF INCORPORATION
OF
THE RESERVE AT BISHOPS PARK HOMEOWNERS ASSOCIATION, INC.

I, the undersigned, being a natural person of full age, make these Articles of Incorporation for the purpose of forming a nonprofit corporation pursuant to the provisions of Chapter 55A of the North Carolina General Statutes.

ARTICLE I

NAME

The name of the corporation is The Reserve at Bishops Park Homeowners Association, Inc.

ARTICLE II

DURATION

The period of duration of the corporation shall be perpetual.

ARTICLE III

PURPOSES

The purposes for which the corporation is organized are:

(a) To provide for the management, maintenance, preservation, administration and operation of The Reserve at Bishops Park Condominium, a condominium organized pursuant to Chapter 47C of the North Carolina General Statutes, the North Carolina Condominium Act, as set forth in that certain Declaration of Condominium to be recorded in the Office of the Register of Deeds for Wake County, North Carolina (the "Declaration");

(b) To promote the health, safety and welfare of the "Owners" (as defined in the Declaration) and residents within the jurisdiction of this corporation; and

(c) To engage in any and all lawful activities incidental to the foregoing purposes, except as restricted herein.

ARTICLE IV

TAX STATUS

The corporation shall have all the powers granted non-profit corporations under the laws of the State of North Carolina. Notwithstanding any other provision of these Articles of Incorporation, the corporation hereby elects tax-exempt status under Section 528 of the Internal Revenue Code of 1986. The corporation shall not carry on any activities prohibited by a corporation electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future United States Internal Revenue law or for any analogous law of the State of North Carolina. No part of the net earnings of the corporation shall inure to the benefit of its members, directors, officers, or other persons except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the corporation.

ARTICLE V

DISTRIBUTION OF ASSETS UPON DISSOLUTION

Upon dissolution of the corporation, the assets thereof shall, after all liabilities and obligations of the corporation have been paid, or adequate provision made therefor, be dedicated to an appropriate public agency to be used for purposes similar to those for which the corporation was created or, in the event that such dedication is refused acceptance, distributed to any association or associations organized for purposes similar to those set forth in Article III above, all in accordance with any further provisions of the bylaws of the corporation.

ARTICLE VI

MEMBERSHIP AND VOTING RIGHTS

The corporation shall have members. Such membership shall be limited to the owners of condominium units in The Reserve at Bishops Park Condominium, and every owner of a unit shall automatically be a member of the corporation. The rights, powers and privileges of members of the corporation, including voting rights, are set forth in the Declaration and the Bylaws attached thereto.

ARTICLE VII

REGISTERED AGENT AND OFFICE

The address of the initial registered office in the State of North Carolina is 4101 Lake Boone Trail, Raleigh, Wake County, North Carolina 27607, and the name of the initial registered agent at such address is Gary K. Joyner, Esq.

ARTICLE VIII
EXECUTIVE BOARD

The affairs of the corporation shall be managed by an Executive Board of three (3) members, who need not be members of the corporation. The number of members of the Executive Board may be changed by amendment of the bylaws of the corporation. The names and addresses of the persons who are to act as initial members of the Executive Board until they are replaced as provided in the Bylaws are:

<u>Name</u>	<u>Address</u>
C. Neal Coker	603 St. Mary's Street Raleigh, North Carolina 27605
Mamie H. Coker	603 St. Mary's Street Raleigh, North Carolina 27605
Evelyn Hughes	603 St. Mary's Street Raleigh, North Carolina 27605

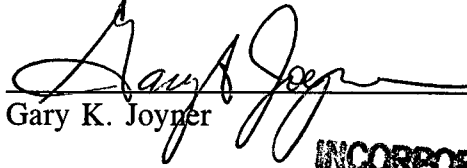
ARTICLE IX
INDEMNIFICATION

To the fullest extent permitted by the North Carolina Nonprofit Corporation Act as it exists or may hereafter be amended, no person who is serving or who has served as a director of the corporation shall be personally liable to the corporation or any of its members for monetary damages for breach of any duty as a director. No amendment or repeal of this article, nor the adoption of any provision to these Articles of Incorporation inconsistent with this article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal, or adoption.

ARTICLE X
INCORPORATOR

The name and address of the incorporator is: Gary K. Joyner, Esq., 4101 Lake Boone Trail, Raleigh, North Carolina 27607.

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this 23rd day of January, 1997

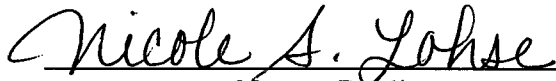
 (SEAL)
Gary K. Joyner
INCORPORATOR

STATE OF NORTH CAROLINA

WAKE COUNTY

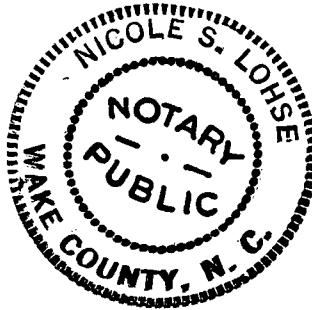
This is to certify that on this 23rd day of January, 1997, before me, Nicole S. Lohse, a Notary Public of Wake County, North Carolina, personally appeared Gary K. Joyner, who executed the foregoing Articles of Incorporation of The Reserve at Bishops Park Homeowners Association, Inc., and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this 23 day of January, 1997.


Notary Public

My Commission Expires:

6-17-97



1036\261988

The principal office address, which is the same as the mailing address, of the Corporation is 603 St. Mary's Street, Raleigh, Wake County, North Carolina, 27605.