BYLAWS

OF

CLUB VILLAS TOWNHOMES ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is **CLUB VILLAS TOWNHOMES ASSOCIATION, INC.** (hereinafter referred to as the "Association"). The principal office of the Association shall be located at 111A Ward Street, Cary, North Carolina 27511. The location of the principal office of the Association may be changed by the Board of Directors. Meetings of Members and directors shall be held at such places within Wake County, North Carolina as shall be designated by the Board of Directors.

ARTICLE II - DEFINITIONS

(a)"Additional Property" is defined as all real property subjected to or annexed to this Declaration subsequent to the recording of this Declaration in the Registry, either by Supplemental Declaration or by merger or consolidation, as provided herein.

(b) "Amenities" shall mean the facilities constructed, erected or installed on the Sub-Association Common Areas for the use, benefit and enjoyment of Members.

(c) "Association" shall mean and refer to **CLUB VILLAS TOWNHOMES ASSOCIATION , INC.**, its successors and assigns.

(d) "Board" is defined as the Board of Directors of the Association. The Board is responsible for the management and administration of the Association. Unless otherwise specifically provided in this Declaration, other Governing Documents or applicable Legal Requirements, all rights, powers, easements, functions, services, obligations and duties of the Association may be performed or directed by the Board on behalf of the Association.

(e) "Builder" is defined as a Person, other than the Declarant, who is regularly in the business of constructing Dwellings on real property for resale to other Persons, and who purchases or becomes the Owner of one or more Lots or Development Parcels in The Properties for the purpose of constructing thereon a Dwelling for resale to other Persons.

(f) "Common Area or Common Property" is defined as all real property owned or leased by Wakefield Plantation Community Association, Inc., the Master Association.

(g) "Contiguous" is defined as including all of the following: adjacent to; across a public or private street right of way from; and separated from by an easement, Sub-Association Common Property or property owned by the City.

(h) "Declarant" is shall mean and refer to **PARAMOUNT HOMES, INC.**, and its successors and assigns.

(i) "Declarant Control Period" is defined as the period of time beginning at the time of recording of this Declaration in the Registry and ending on the first to occur of the following:

(1) December 31, 2007.

(2) the date on which the total number of votes entitled to be cast by the Class A Members of the Association equals the total number of votes entitled to be cast by the Declarant, as the Class B Member of the Association (the total number of votes of either of the three classes of Membership in the Association may be increased or decreased by the annexation of Additional Property or withdrawal of portions of the Property as provided herein), and in such instances Class B Membership may be reinstated.

(3) the date specified by the Declarant in a written notice to the Association.

(j) "Dwelling " shall mean and refer to a place of residence constructed upon a Lot within the Property.

(k) "Existing Property" is defined as the real property subjected to this Declaration as described in Article II and on **Exhibit A** attached hereto and incorporated by reference.

(l) "Landscape Sub-Association Easement" is defined as a type of Sub-Association Common Property consisting of an area within or Contiguous to The Properties that is reserved or established as an easement of the Association for the use, enjoyment or benefit of the Members and for the maintenance therein of any one or more of the following: plants, trees, flowers, bushes, other landscaping materials, fencing, signs, fighting equipment, irrigation equipment and other.

(m) "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties on which such plot appears (provided said map has been approved by Declarant and the City of Raleigh), with the exception of the Sub-Association Common Area and Limited Neighborhood Common areas, if any. It is recognized that Sub-Association and easements may be portions of a Lot.

(n) "Lot in Use" shall mean and refer to any Lot on which a dwelling unit has been substantially constructed and made substantially ready for occupancy as a dwelling unit. It is the intent that when a dwelling is ready for occupancy, excepting final punch list items and decorative

items to be selected by a home buyer, that the dwelling be subject to payment of full Association dues. In the event of a dispute, the ruling of the Board shall be binding. In addition to the foregoing, a Lot may become a Lot in Use by contractual agreement between the Declarant and the Owner of such Lot. Any dwelling for which a certificate of occupancy has been issued will be regarded as a "Lot in Use".

(o) "Limited Neighborhood Common Area" or "Limited Neighborhood Common Property" (the terms being used interchangeably herein) is defined as Sub-Association Common Property that is established by the Declarant or the Subdivision Association for the benefit of a particular phase or section within the subdivision or Lot located within The Properties and which has been designated by the Declarant or the Sub-Association, whichever has established same, as Limited Sub-Association Common Property. There may be Limited Neighborhood Common Area in one or more phases, sections, subdivisions, or Lot located within The Properties.

(p) "Master Association" is defined as Wakefield Plantation Community Association, Inc., a North Carolina nonprofit corporation incorporated or to be incorporated under the Act to serve as the Association under the Master Declaration, and its successors and assigns.

(q) "Member" shall mean and refer to every person or entity who holds Membership in the Association.

(r) "Owner" is defined as the owner of record as shown in the Registry, whether one or more Persons, of fee simple title to a Lot (and, with respect to the Declarant, Un-subdivided Land), but excluding those having an interest in the foregoing as a result of a contract, option to purchase, or as security for an obligation.

(s) "Property or Club Villas at Wakefield" or "Property" shall mean and refer to that certain existing property described in Exhibit A attached hereto and incorporated by reference and such additions and/or deletions thereto as may hereafter be brought within or taken from the jurisdiction of the Association as subjected to this Declaration or any Supplemental Declaration.

(t) "Sign Sub-Association Easement" is defined as a type of Sub-Association Common Property consisting of an area within or Contiguous to The Properties that is reserved or established as an easement of the Association for the use, enjoyment, or benefit of the Members and for the maintenance therein of any one or more of the following: signs and associated landscaping materials, lighting equipment, irrigation equipment and other associated equipment and devices. A Sign Sub-Association Easement may be established or reserved by a notation on a plat recorded in the Registry or by a written document recorded in the Registry.

(u) "Sub-Association Common Expenses" shall mean and include:

(1) All sums determined by the Board of Directors to be Sub-Association Common Expenses of the Association:
(2) Expenses for maintenance of the townhomes, as provided in this Declaration;

(3) Expenses of administration, maintenance, repair, restoration or replacement of the Sub-Association Common areas including private streets;
(4) Expenses declared to be Sub Association Common Expenses by the provisions of this Declaration or the Bylaws;
(5) Premiums for hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase;
(6) Ad valorem taxes and public assessment charges, if any, lawfully levied against Sub-Association Common Areas or other assets of the Association;
(7) Expenses agreed by the Members to be Sub-Association Common Expenses of the Association;
(8) Unpaid assessments resulting from the purchase of a dwelling at a foreclosure sale (such assessment shall be collectible from all Members of the Sub-Association, including the purchaser at the foreclosure sale, his successors and assigns).
(9) All other expenses incurred by the Association in performing its functions and providing services under this Declaration, including operating, Association management, administrative expenses and unexpected contingencies.

Provided, however, the term sub-Association common Expenses does not include the costs of the initial improvements constructed or placed in any Sub-Association Common Property by the Declarant.

(v) "Sub-Association" is defined as Club Villas Townhomes Association, Inc., a North Carolina nonprofit corporation organized and existing under the Act (or other legal entity allowed for such purpose by applicable Legal Requirements) for the purpose of owning, managing and Maintaining the Sub-Association Common Property associated with a particular phase, section or subdivision of The Properties. Any and all assessments imposed upon the Members of The Villages of Wakefield Plantation Sub-Association are in addition to any and all assessments imposed upon the same such Members of the Master Association by the Master Declaration.

(w) "Sub-Association Common Property or Sub-Association Common Area" (the terms being used interchangeably herein) is defined as all real property and Improvements thereon owned by the Association for the use, enjoyment and benefit of the Members, and all rights in and to all easements in or on real property together with all associated Improvements in or on such easements granted to or reserved by or on behalf of the Association (or by or on behalf of the Declarant for later transfer or assignment to the Association) for the enjoyment or benefit of its Members. Sub-Association Common Property typically will be established by an instrument or plat recorded in the Registry, and identified in such instrument as "Sub-Association Common Area", "Sub-Association Common Property", "Sub-Association Private Street", "Sub-Association Private Open Space", "Sub-Association Common Open Space", "Sub-Association Greenway", "Sub-Association Open Space", "Sub-Association Buffer", "Sub-Association Trail", or some other similarly descriptive term. Sub-Association Common Property also includes all "Landscape Sub-Association easements" and "Sign Sub-Association Easements" as defined herein. Neighborhood Common Property also includes

all Limited Sub-Association Common Property, which is a sub-classification of Neighborhood Common Property.

Sub-Association Common Property or Sub-Association Common Area also shall include all property from time to time included in the definition of "Common areas" contained in Section 10-3003 of the Raleigh City Code or in any replacement section of the Raleigh City Code. At the time of the execution of this Declaration, Section 10-3003 defines "Common areas" as "Property intended for the use and benefit of the residents of a particular development; common areas include (1) any private streets, (2) any storm water device including an impoundment area that serves more than one (1) individual Lot unless otherwise provided by covenants approved by the City Attorney or Deputy Attorney, (3) any utility line located outside public street rights-of-way and public utility easements, and not serving an individual Lot, (4) any site or facility designated on any recorded plat or in any declaration of covenant, and (5) any City Code required shared facility or open space."

(x) "Subdivision Plan" is defined as the most current development plan approved by the City of Raleigh, including a subdivision plan or cluster development plan for the applicable portion of The Properties governed by this Sub-Association. When two or more subdivision plans are approved for the same portion of The Properties, the most current and most specific plan controls.

(y) "The Properties" is defined as the Existing Property governed by this Sub-Association, together with all Additional Property that may be annexed.

(1) "Wakefield Plantation" is defined as the real property in Wake County, North Carolina, which is now or in the future a part of the Declaration for Wakefield Plantation, and all amendments thereto, Book 8099, Page 0180 Wake County Registry.

ARTICLE III

Meetings of Members

Section 1. Members. Declarant, for so long as it shall be an Owner, and every person or entity who is a record Owner of a fee simple or undivided fee simple interest in any dwelling unit or site that is subject by the Declaration to assessments by the Association shall be a Member of the Association; provided, however, that any such person or entity who holds such title or interest merely as security for the performance of an obligation shall not be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any dwelling unit or site which is subject to assessment by the Association. Ownership of a dwelling unit or site shall be the

sole qualification for Membership. The Board of Directors of the Association may make reasonable rules relating to the proof of ownership of a dwelling unit or site in **CLUB VILLAS AT WAKEFIELD.** No Owner shall have more than one Membership, except as expressly provided hereinafter.

Section 2. Member Class and Voting Rights. The Association (the "Board of Directors") or the "Board" shall have two (2) Class of voting Members:

Class A. Class A Members shall be all Owners with the exception of the Declarant, until its Class B Membership has converted to Class A Membership. Class A Members shall be entitled to one (1) vote for each dwelling unit or site in which they hold the required ownership interest.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each dwelling unit or site in which it holds the required ownership interest, provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs first:

(a) The total votes outstanding in Class A Membership equals the total votes outstanding in the Class B Membership; provided, that the Class B Membership shall be reinstated with all rights, privileges, responsibilities and voting power if, after conversion of the Class B Membership to Class A Membership, as provided hereunder, and before the time stated in sub-paragraph (b) below, additional lands are annexed to the Properties without the assent of the Class A Members on account of the development of such additional lands by the Declarant, all within the times and as provided for herein, or

(b) December 31, 2007. Thereafter, the Declarant may be entitled to one (1) vote per dwelling unit or site owned by it.

Section 3. Voting Right Suspension. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and for any period during which any assessment of a Member remains unpaid according to the provisions of Article IV, Section 8.

Section 4. Voting. The total vote of the Association shall consist of the sum of the votes of the Class A Members

and the votes of Class B Members present in person or by Proxy at a legally constituted meeting at which a quorum is present. The number of votes present at a meeting that will constitute a quorum shall be as set forth in the By-Laws, as amended from time to time. Notice requirements for all action to be taken by the Members of the Association shall be as set forth herein as the same may be amended from time to time. Quorum and notice requirements shall be as provided in By-Laws except when otherwise specified in the Declaration.

When more than one person holds an interest in any dwelling unit or Lot, all such persons shall be Members; and the vote for such dwelling unit or Lot shall be exercised as they among themselves determine; however, in no event may more than one vote be cast with respect to any one dwelling unit or Lot owned by Class A Members and in no event shall fractional votes be allowed. When one or more Co-Owners signs a proxy or purports to vote for his or her Co-Owners, such vote shall be counted unless one or more other Co-Owners is present and objects to such a vote or, if not present, submits a proxy or objects in writing delivered to the Secretary of the Association before the vote is counted. Cumulative voting is not allowed.

A persons or entity's Membership in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, but such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or this Declaration during the period of such ownership, or impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

Section 5. Right of Declarant to Representation on Board of Directors of the Association. Notwithstanding anything contained herein to the contrary, until December 31, 2007, or until Declarant shall have conveyed seventy-five percent (75%) of the Properties, whichever occurs first, Declarant (or its expressed assignee of the right granted in this section) shall have the right to designate and select any person or persons to serve on any Board of Directors, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association.

Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and replace such person or persons with another person or persons to act and serve in the place of any director or directors so

removed. Any director designated and selected by Declarant need not be an Owner. Any representative of Declarant serving on the Board of Directors of the Association shall not be required to disqualify himself from any vote upon any contract or matter between Declarant and the Association where Declarant may have pecuniary interest or other interest.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association. Each subsequent regular meeting of the Members shall be held in the same month of each year thereafter unless a different date is fixed by the Board of Directors.

Section 2. Special Meetings: Special meetings of the Members may be called at any time by the President or Board of Directors of the Association, or by any Member pursuant to the written request of the holders of not less than one-tenth of all votes of Class A and Class B Membership. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in said notice.

Section 3. Place of Meetings. Meetings of the Members shall be held at such place, within Wake County, as may be determined by the Board of Directors.

Section 4. Notice of Meeting: Except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws, written or printed notice stating the time and place of the meeting shall be delivered not less than ten nor more than fifty days before the date of any Membership meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each Member of record entitled to vote at such meeting; provided that such notice must be given not less than twenty days before the date of any meeting at which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered to the Member at his address as it appears on the record of Members of the association, with postage thereon prepaid.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute

annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Non-profit Corporation Act.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 5. Quorum: Except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws, the presence at the meeting of Members or of proxies entitled to cast, twenty percent (20%) of the votes appurtenant to each Class of Lots in combination (Class A and B) shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 6. Proxies: Voting may be either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney in fact. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot or may cease upon written notice of cancellation of proxy by Member.

Section 7. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the minute book of the Association.

Section 8. Loss of Right to Vote. The vote of any Member who is shown on the books or records of the Association to be more than sixty (60) days delinquent in any payment due the Association shall not be an eligible vote and shall not be counted for purposes of deciding any question so long as such delinquency is not cured, nor shall such Member be eligible to be elected to not remain on the Board of Directors.

ARTICLE V

Board of Directors

Section 1. General Powers: The business and affairs of the Association shall be managed by its Board of Directors.

Section 2. Number, Term and Qualifications: The number of directors constituting the Board of Directors shall be three. At the first annual meeting of the Association after which transition to homeowner control has taken place, the number of Directors may be increased to five (5). At this first annual meeting after transition, the Members may elect one director to serve for a term of one year, two directors to serve for a term of two years, and two directors to serve for a term of three years, should they elect to increase the number of directors to five (5). If the Members elect to continue to maintain a board of three (3) Members, they shall elect a one, two and three year director. At subsequent annual meetings thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term (s) is (are) expiring to serve for a term of three (3) years. Directors need not be Members of the Association.

Section 3. Election of Directors: Except as provided in Section 6 of this Article V, the directors shall be elected at the annual meeting of Members; and those persons who receive the highest number of votes shall be deemed to have been elected. If any Member so demands, the election of directors shall be by ballot. Cumulative and fractional voting are prohibited.

Section 4. Election. The directors may be elected by secret written ballot, if a Member so demands, at the annual meeting of the Members. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these By-Laws. The persons receiving the highest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Removal: Any director may be removed at any time with or without cause, by a majority vote of the Members.

Section 6. Vacancies: Any vacancy occurring in the Board of Directors may be filled by the selection of a successor by the remaining Directors, who shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the Directors.

Section 7. Compensation. No Director shall receive compensation for any service he may render to the Association in the capacity of Director. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties.

ARTICLE VI

Meetings of Directors

Section 1. Regular Meetings: A regular meeting of the Board of Directors shall be held at least quarterly, without notice and at such place and hour as may be fixed from time to time by the Board of Directors.

Section 2. Special Meetings: Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Informal Action by Directors. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is so taken.

Section 5. Chairman. A Chairman of the Board of Directors shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of President, a Chairman shall be elected by the Board of Directors to serve until

a new President is elected.

Section 6. Participation in Meetings by Means of Conference Telephone. Members of the Board of Directors, or any committee of the Board, may participate in a meeting of the Board or of such committee by means of a conference telephone or similar communications device by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers: The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Sub-Association Common Properties and the personal conduct of the Members and their guests thereon, and to establish fines and penalties for the infraction thereof;

(b) suspend a Member's voting rights during any period in which he shall be in default in the payment of any assessment levied by the Association pursuant to the provisions of the Declaration. Such rights may also be suspended after such notice and hearing as the Board, in its discretion, may determine, for a period not to exceed 60 days for infraction of the published rules and regulations of the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

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

(e) employ a manager, independent contractors, or such other employees or agents as it may deem necessary and prescribe their duties. In the event a contract is entered into with a management company to manage the affairs of the Association, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days notice;

(f) employ attorneys to represent the Association when necessary;

(g) To execute deeds or other legal documents to effectuate the transfer of Sub-association Common Areas as allowed under the Declaration; and

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by Members entitled to at lease one-fourth (1/4) of the votes appurtenant to Class A Lots;

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days before January 1 of each year;

(2) send written notice of each assessment to every Owner subject thereto at least fifteen (15) days before January 1 of each year; and

(3) as to any Lot for which an assessment is not paid within sixty (60) days after it becomes due, bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against such Lot.

(d) issue, or cause an appropriate office to the Association to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of such certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment as of the date of its issuance;

(e) procure and maintain adequate liability insurance covering the Association in an amount not less than $1,000,000.00, and adequate hazard insurance if available at reasonable cost, and adequate hazard insurance on the real and personal property owned by the Association;

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

(g) cause the Sub-Association Common Properties and all facilities erected thereon including private streets to be maintained;

(h) if necessary, establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements constructed on the Sub-Association Common Properties; and

(i) provide such notices to and obtain such consents from the Owners and holders of first deeds of trust on Lots within the Properties as is required by the Declaration or these By-Laws; and

(j) pay all ad valorem and public assessments levied against the real and personal property owned by the Association.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a President and Vice President, who shall at all times be Members of the Board of Directors, a Secretary, and a Treasurer and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors. Officers shall include a President, Vice President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

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

Section 4. Special Appointments: The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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

(a) President. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out, shall sign all leases, promissory notes, mortgages, deeds and other written instruments, and, in the absence of the Treasurer, shall sign all checks.

(b) Vice Presidents: The Vice President shall act in the place instead of the President in the event of his death, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, keep the corporate seal of the Association and affix it on all papers requiring a seal, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association and their addresses, and perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all funds of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks of the Association, shall keep proper books of account, shall cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members. Any or all of the duties may be delegated to a Management Company at the order of the Board of Directors.

ARTICLE IX

COMMITTEES

The Board of Directors of the Association may appoint a Nominating Committee, as provided in these By Laws, and shall appoint an Architectural Control Committee, as provided in the Declaration. The Board of Directors may appoint such other committees as it deems appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all time, during reasonable business hours, be subject to inspection by any Member or his authorized agent by appointment. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection at the principal office of the Association, where authorized copies, as outlined in a resolution by the Board of Directors, may be purchased at a reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in Article IV of the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum or the maximum interest rate charge as may be established by the Board of Directors, but said rate shall not exceed the maximum rate allowed under the laws of North Carolina. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot for which such assessment is due. Interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non use of the Sub-Association Common Area or abandonment of his unit.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words; **CLUB VILLAS TOWNHOMES ASSOCIATION, INC.**

ARTICLE XIII

AMENDMENTS AND CONFLICTS

Section 1. Amendments. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present at a meeting duly called for such purpose, in person or by proxy, except that the Federal Housing

Administration or the Veterans Administration shall have the right to veto amendments while there is a Class B Membership.

Section 2. Conflicts. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify: THAT I am duly elected and acting Secretary of the **CLUB VILLAS TOWNHOMES ASSOCIATION, INC.**, a North Carolina non-profit corporation, and that the foregoing By-Laws constitute the original By-Laws of said **CLUB VILLAS TOWNHOMES ASSOCIATION, INC.**, as a duly adopted at a meeting of the Board of Directors thereof, held on the 17th day of November, 1998.

IN WITNESS WHEREOF, I hereunto subscribed my name and affixed the seal of said **CLUB VILLAS TOWNHOMES ASSOCIATION, INC.** this 17th day of November, 1998.

Jennifer R. Carey

Secretary