BYLAWS
OF
MIRAMONTE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I: OFFICE

The Miramonte Homeowners Association, Inc. (the "Association") shall at all times maintain a registered office in the State of North Carolina and a registered agent at that address. The Association may also have such other offices as the Board of Directors shall determine.

ARTICLE II: DEFINITIONS

Unless the context requires otherwise, the terms defined in the Declaration of Covenants, Restrictions and Easements for Miramonte, recorded in the Wake County, North Carolina Registry (the ***"Declaration"***, the Declaration being incorporated herein in its entirety) shall have the same meanings for purposes of these Bylaws as are ascribed to them in the Declaration.

ARTICLE III: MEMBERS

Section 3.1 Membership. The Association shall have two classes of membership, Class A and Class B, which classes of membership shall have the rights conferred upon them by the Declaration, the Articles of Incorporation of the Association and these Bylaws.

Persons who hold an interest merely as security for the performance of an obligation are not Members, and the giving of a security interest shall not terminate a Member's membership. In no event shall there be more than one (1) membership per Lot owned. In the event of multiple Owners of a Lot, rights of use and enjoyment shall be as provided in the Declaration and in the Bylaws, but in no event shall more than one (1) vote be cast nor office held for each Lot owned.

In the event a Member is a corporation, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director, or other designated agent of such corporation, partner of such partnership, beneficiary or other designated agent of such trust, or manager of such other legal entity shall be eligible to represent such entity in the affairs of the Association. Such person's relationship with the Association shall terminate automatically upon the termination of such person's relationship with the entity which is the Member, which will create a vacancy in any elected or appointed position within the Association in which such person may have been serving, to be filled by the Board.

Section 3.2 Annual Meeting. A meeting of the Members of the Association shall be held annually at such time and place on such date as the Directors shall determine from time to time.

Section 3.3 Special Meetings. Special meetings of the Members may be called at any time by the President of the Association. Additionally, it shall be the duty of the President to call a special meeting of the Members upon being presented with a written request to do so signed (i) by a majority

of the members of the Board of Directors, or (ii) after the termination of the Class B membership, by the Members of the Association entitled to cast no less than twenty percent (20%) of the total vote of the Association.

Section 3.4 Notice of Meetings. It shall be the duty of the Secretary to give a notice to each Member of each meeting of the Members at least 21 days in advance of any annual or regularly scheduled meeting and at least seven days in advance of any other meeting. Each notice of a meeting shall state the purpose thereof, as well as the time and place where it is to be held, and shall be delivered personally or sent by United States mail, postage prepaid, to all Owners of record at such address or addresses as designated by such Owners or, if no other address has been so designated, at the address of their respective Lot.

Section 3.5 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any Association meeting, either before or after such meeting. Attendance at a meeting by a Member, whether in person or represented by proxy, shall be deemed a waiver by such Member of notice of the time, date, and place thereof unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice of all business transacted at such meeting unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

Section 3.6 Quorum. A quorum is composed of those Members attending a meeting or voting on a matter in person or by proxy, provided that, unless 20 percent or more of the voting power is present in person or by proxy, the only matters that may be voted upon at an annual or regular meeting of Members are those matters that are described in the meeting notice.

Section 3.7 Voting. On all matters upon which the Members are entitled to vote, each Member shall be entitled to cast one (1) vote for each Lot in which he shall own of record a fee interest or an undivided fee interest. When more than one (1) Person owns a Lot, the vote for such Lot shall be exercise as they determine between themselves, but in no event shall more than one vote be cast with respect to any Lot. If only one co-owner attempts to cast the vote for a Member Lot, it shall be conclusively presumed that such co-owner is authorized on behalf of all co-owners to cast the vote for such Lot. In the event of disagreement among co-owners and two or more of them attempt to cast a vote, such Persons shall not be recognized and such votes shall not be counted.

No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board, if that Member is shown on the books or management accounts of the Association to be more than (30) days delinquent in any payment due the Association or if the Member has had its voting rights suspended for the infraction of any provision of the Declaration, these Bylaws, or any rule of the Association. If the voting rights of a Member have been suspended, that Member shall not be counted as an eligible vote for purposes of establishing a majority or a quorum or for purposes of amending these Bylaws or the Declaration.

Section 3.8 Adjournments. Any meeting of the Members may be adjourned by the holders of a majority of the votes represented at the meeting to reconvene at a specific time and place. It shall not be necessary to give any notice of the reconvened meeting, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 3.9 Proxy. Any Member entitled to vote may do so by written proxy duly executed by such Member setting forth the meeting at which the proxy is valid. Only Members and their spouses or co-habitants may hold proxies. To be valid, a proxy must be signed, dated, and filed with the Secretary prior to the opening of the meeting for which it is to be used. Proxies may be delivered to the Board by personal delivery, U.S. mail, or facsimile transmission to any Board member to any Board member. Proxies may be revoked only by written notice delivered to the Association, except that the presence in person by the proxy giver at a meeting for which the proxy is given shall automatically invalidate the proxy for that meeting. A proxy holder may not appoint a substitute proxy holder unless expressly authorized to do so in the proxy.

Section 3.10 Consents. In the Board's discretion, any action that may be taken by the Association Members at any annual, regular, or special meeting may be taken without a meeting if the Board delivers a written consent form or written ballot to every Member entitled to vote on the matter.

(a) Ballot. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

All solicitations for votes by written ballot shall: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and (3) specify the time by which a ballot must be received by the corporation in order to be counted. A written ballot may not be revoked. The Association shall maintain such ballots in its file for at least three (3) years.

(b) Written Consent. Approval by written consent shall be valid only when the number of written consents received equals or exceeds the requisite majority of the voting power for such action. Executed written consents shall be included in the minutes or filed with the Association's records. If an action of the Members is approved by written consent hereunder, the Board shall issue written notice of such approval to all Members who did not sign written consents. Membership approval shall be effective ten (10) days after written notice is issued; provided, however, if the consent is to an amendment to the Declaration which must be recorded, the effective date shall be no earlier than the date of recording of such amendment

Section 3.11 Order of Business. At all meetings of the Association, Roberts Rules of Order (latest edition) shall govern when not in conflict with the Declaration, these Bylaws or the Articles of Incorporation.

ARTICLE IV: DIRECTORS

Section 4.1 Number. The initial number of directors on the Board of Directors shall be one (1). From and after the election of the first Board of Directors to be elected by the Class A Members, the Board of Directors shall consist of five (5) directors who shall be Members or spouses or cohabitants of Members, provided, however, that no Member and his or her spouse or cohabitant or co-Owner may serve on the Board at the same time. The two (2) directors receiving the most votes shall be elected for a term of two (2) years and the remaining three (3) directors elected shall have a term of one (1) year. At the expiration of the term of office of each Board member, and at each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years. The Board members shall hold office until their respective successors shall have been elected by the Association.

Section 4.2 Appointment and Election. Until the termination of the Class B membership, as provided in the Declaration and the Articles of Incorporation of the Association, the Board of Directors shall be appointed by the Class B member.

From and after the termination of the Class B membership, as provided in the Declaration and the Articles of Incorporation of the Association, the members of the Board of Directors (except for the members of the first Board of Directors to be elected after the termination of the Class B membership) shall be elected at each annual meeting of the Members of the Association.

Each Member entitled to vote shall be entitled to cast one (1) vote for each Lot owned by such member for each directorship to be filled on the Board of Directors. Cumulative voting shall not be permitted. The candidates receiving the most votes shall be elected. Voting for election of Board member shall be by secret written ballot (unless dispensed with by unanimous consent at such meeting at which such voting is conducted).

Section 4.3 Removal of Members of the Board of Directors. At any valid regular or special Association meeting, any one or more Board members may be removed with or without cause by a majority of the Members and a successor may then and there be elected to fill the vacancy created. Moreover, any director who has had two (2) consecutive unexcused absences from regularly scheduled Board meetings or missed more than one-third of the meetings of the Board during their term, or who is more than sixty (60) days past due in the payment of any assessment may be removed by the vote of a majority of the other directors. Any director whose removal has been proposed shall be given at least ten (10) days notice of the calling of the meeting to consider his or her removal and the purpose thereof and shall be given an opportunity to be heard at the meeting.

Section 4.4 Vacancies. Vacancies in the Board caused by any reason, except the removal of a director by vote of the membership, shall be filled by a vote of the majority of the remaining

directors, even though less than a quorum, at any Board meeting. The successor selected shall hold office for the remainder of the term of the director being replaced.

Section 4.5 Compensation. No fee or compensation shall be paid by the Association to directors for their services in said capacity unless such fee or compensation is approved by a majority of the votes of the Members cast at a duly convened meeting thereof, and in no event shall any director receive any compensation from the Association for serving as a director prior to the termination of the Class B membership. The directors shall, however, be entitled to reimbursement for reasonable expenses incurred by them in the performance of their duties upon Board approval of such expenses.

Section 4.6 Regular Meetings. Until such time as the Class B membership shall terminate, the Board of Directors shall not be required to hold regular meetings and the Board of Directors shall meet as often as the President of the Association shall determine. Thereafter, the Board of Directors shall meet no less frequently than once every six months, and, in all events, within thirty (30) days after the election or appointment of new directors.

Section 4.7 Special Meetings. Special meetings of the Board of Directors may be called at any time by the President, or by any two directors, on three (3) days notice to each director, which notice shall specify the time and place of the meeting. Notice of any such meeting may be waived by an instrument in writing executed before or after the meeting. Attendance in person at any meeting shall constitute a waiver of notice thereof.

Section 4.8 Waiver of Notice. Any director at any time, in writing, may waive notice of any Board meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any Board meeting shall also constitute a waiver of notice by him or her of the time and place of such meeting. If all directors are present at any Board meeting, no notice shall be required and any business may be transacted at such meeting.

Section 4.9 Conduct of Meetings. The President shall preside over all Board meetings, and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The presence of directors entitled to cast one-half of the votes of the Board shall constitute a quorum for the transaction of business. One or more directors who participate in a meeting by means of telephone or electronic communication shall be deemed present and in attendance for all purposes at such meeting, provided all persons participating in the meeting can hear each other.

Section 4.10 Open Meetings. All Board meetings shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless expressly authorized by the Board. Notwithstanding the above, the Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 4.11 Action Without a Meeting. Any Board action required or permitted to be taken at any meeting may be taken without a meeting if a majority of the directors consent in writing to such action. The written consents must describe the action taken and be signed by no fewer than a majority of the directors. The written consents shall be filed with the minutes of the Board.

Section 4.12 Duties and Powers. Except as specifically provided otherwise in the North Carolina Nonprofit Corporation Act, the Declaration, the Articles of Incorporation of the Association or these Bylaws, all powers inherent in or expressly granted to the Association may be exercised by the Board of Directors, acting through the officers of the Association, without any further consent or action on the part of the Members. The Board of Directors shall also have the responsibility of discharging all of the duties imposed upon the Board of Directors under the terms and provisions of the aforesaid instruments. By way of explanation, but not limitation, the Board of Directors shall have the power to and shall be responsible for the following:

(a) preparation and adoption of an annual budget, in which there shall be established the contribution of each class of Members to the Annual Expenses;

(b) making assessments to defray the Annual Expenses, establishing the means and methods of collecting such assessments, and establishing the due dates and period of the payments of the annual assessment;

(c) providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility as defined in the Declaration;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, repair, and replacement of the Area of Common Responsibility, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments and other fees or charges, depositing the proceeds thereof in a financial depository or institution which it shall approve, or otherwise investing the proceeds in accordance with any limitations set forth in the North Carolina Nonprofit Corporation Act, and using the proceeds to administer the Association;

(f) making and amending rules and regulations and imposing sanctions for violation thereof, including reasonable monetary fines as provided herein;

(g) suspending the membership rights of any Member of the Association, including the right to vote and use the Common Areas and the facilities located thereon, during the period of time such Member shall be delinquent in the payment of any assessment, assessment installment, or any other amount or amounts as shall be due and payable to the Association, or shall fail to comply with or abide by any rule or regulation adopted by the Board of Directors in regard to the Common Areas;

(h) opening of bank or other financial accounts on behalf of the Association and designating the signatories required;

(i) making or contracting for the making of repairs, additions, and improvements to, or alterations of the Area of Common Responsibility in accordance with the other provisions of the Declaration and these Bylaws, after damage or destruction by fire or other casualty;

(j) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association;

(k) obtaining and carrying insurance against casualties and liabilities, as provided in the Act and the Declaration, and paying the premium cost thereof;

(l) paying the costs of all services rendered to the Association or its Members and not directly chargeable to specific Members;

(m) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses recurred and

(n) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts or other associations or corporations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

(o) establishing an office and/or post office box as may be necessary for the transaction of the business of the Association.

Section 4.13 Management Agent. The Board may, but is not required to, hire a professional management agent or agents, at a compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize. The Board shall use reasonable efforts in any management contract to provide for termination of such contract with or without cause and without penalty, upon no more than thirty (30) days written notice, and for a term not in excess of one (1) year. The Board may delegate to one of its members the authority to act on behalf of the Board on all matter relating to the duties of the managing agent which might arise between meetings of the Board.

Section 4.14 Borrowing. The Board of Directors shall have the power to borrow money for any legal purpose subject to the approval of a two-thirds (2/3) of the Members present and voting in person or by proxy at a duly called meeting or by ballot.

Section 4.15 Committees. The Board shall have the authority to establish such committees as the Board may determine with such powers and duties that the Board shall authorize. The

members of all committees shall be appointed by the Board of Directors and shall serve at the pleasure of the Board. Any committee member may be removed with or without cause at any time and with or without a successor being named.

Each committee shall make recommendations to the Board of Directors with respect to the matters within the jurisdiction of such committee. The Board of Directors shall consider the recommendations of the committees in managing the affairs of the Association. The committees shall have no authority to transact business on behalf of the Association or to bind the Association, which authority is vested exclusively in the Board of Directors.

ARTICLE V: OFFICERS

Section 5.1 General Provisions. The officers of the Association shall consist of a President, a Vice President, a Secretary and a Treasurer. In addition, the Association shall have such other officers as the Board of Directors shall deem to be desirable in connection with the administration of the affairs of the Association. Any two or more offices may be held by the same persons, except the offices of President and Secretary.

Section 5.2 Appointment. All of the officers of the Association shall be appointed by, and shall serve at the pleasure of, a majority of the members of the Board of Directors.

Section 5.3 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Members and of the Board of Directors. The President shall manage, supervise and control all of the business and affairs of the Association, and shall have all of the powers and duties which are incident to the office of the president of a corporation organized under the North Carolina Nonprofit Corporation Act.

Section 5.4 Vice President. The Vice President shall perform the duties of the President whenever the President shall be absent or unable to perform such duties. If neither the President nor the Vice President shall be able to perform such duties, the Board of Directors shall appoint one of their members to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as the President may delegate to him from time to time.

Section 5.5 Secretary. The Secretary (a) shall attend all meetings of the Members and of the Board of Directors and shall keep the minutes thereof, (b) shall be responsible for the preparation and giving of all notices which are required to be given by the Declaration and these Bylaws, (c) shall perform the responsibilities of the Secretary under these Bylaws, (d) shall be the custodian of the books and records of the Association, (e) shall keep a register of the addresses of each Member of the Association, and (f) shall perform such other duties as are incident to the office of the secretary of a corporation organized under the North Carolina Nonprofit Corporation Act.

Section 5.6 Treasurer. The Treasurer shall be charged with the management of the financial affairs of the Association, and shall keep full and accurate financial records and books of account showing all receipts and disbursements and of the Association, and shall prepare all required

financial data. The Treasurer shall also perform all of the duties which are incident to the office of the treasurer of a corporation organized under the North Carolina Nonprofit Corporation Act.

Section 5.7 Compensation of Officers. The officers of the Association shall be entitled to the payment of such compensation as shall be approved by two-thirds (2/3) of the total members of the Board of Directors; provided, however, that prior to the termination of the Class B membership, in no event shall any officer receive any compensation from the Association for serving in such capacity. The officers shall, however, be entitled to reimbursement for reasonable expenses incurred by them in the performance of their duties upon Board approval of such expenses.

ARTICLE VI: MISCELLANEOUS

Section 6.1 Fiscal Year. The fiscal year of the Association shall be selected by the Board. Unless otherwise selected, the fiscal year shall be the calendar year.

Section 6.2 Certain Notices. Any Member who shall sell or lease any Lot in which he has a fee or undivided fee interest shall promptly give the Secretary a written notice of such sale or lease, which notice shall also set forth the name and address of such purchaser or lessee. The address so furnished for such purchaser or lessee shall be the address to which the Secretary shall send any notices to be sent to such purchaser or lessee, until such purchaser or lessee shall furnish the Secretary with another address for such purpose.

ARTICLE VII: AMENDMENTS

These Bylaws may be amended only in accordance with the following procedure: the Board of Directors shall first adopt a resolution proposing the amendment and recommending its adoption by the Members. Such proposed amendment shall then be presented to the Members at a meeting thereof duly called and held for the purpose of considering such proposed amendment. If such proposed amendment is approved by at least two-thirds (2/3) of the votes cast at such meeting, such amendment shall become effective; provided, however that the U.S. Department of Veterans Affairs (if it is then guaranteeing any Mortgage secured by any Lot and its regulations require) and/or the U.S. Department of Housing and Urban Development (if it is then insuring any Mortgage secured by any Lot and its regulations require) shall have the right to veto material amendments to these Bylaws for as long as the Class B membership shall not have terminated.

ARTICLE VIII: INDEMNIFICATION

Each person who is or was a director or officer of the Association, shall be indemnified by the Association against those expenses (including attorneys' fees), judgments, fines and amounts paid in settlement which are allowed to be paid or reimbursed by the Association under the laws of the State of North Carolina and which are actually and reasonably incurred in connection with any action, suit or proceeding, pending or threatened, whether civil, criminal, administrative or investigative, in which such person may be involved by reason of his being or having been a director

of officer of the Association. Such indemnification shall be made only in accordance with the laws of the State of North Carolina and subject to the conditions prescribed therein.

In any instance where the laws of the State of North Carolina permit indemnification to be provided to persons who are or have been an officer or director of the Association only on a determination that certain specified standards of conduct have been met, upon application for indemnification by any such person the Association shall promptly cause such determination to be made (i) by the Board of Directors by majority vote of a quorum consisting of directors not at the time parties to the proceeding; (ii) if a quorum cannot be obtained, by majority vote of a committee duly designated by the Board of Directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding; (iii) by special legal counsel selected by the Board of Directors or its committee in the manner prescribed in (i) or (ii), or if a quorum of the Board of Directors cannot be obtained under (i), and a committee cannot be designated under (ii), selected by majority vote of the full Board of Directors (in which selection directors who are parties may participate); or (iv) by the Members, but Members who are also directors who are at the time parties to the proceeding may not vote on the determination.

As a condition to any such right of indemnification, the Association may require that it be permitted to participate in the defense of any such action or proceeding through legal counsel designated by the Association and at the expense of the Association.

The Association may purchase and maintain insurance on behalf of any such persons whether or not the Association would have the power to indemnify such officers and directors against any liability under the laws of the State of North Carolina. If any expenses or other amounts are paid by way of indemnification, other than by court order, action by the Members or by an insurance carrier, the Association shall provide notice of such payment to the Members in accordance with the provisions of the laws of the State of North Carolina.

CERTIFICATION OF BYLAWS

I, the undersigned, do hereby certify:

That I am the duly elected and acting [Assistant] Secretary of Miramonte Homeowners Association, Inc., a North Carolina non-profit corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a Board of Directors meeting thereof held on the ____ day of _____, 20__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal of said Association this ____ day of _____, 20__.

_____(SEAL)
Name: _____
Title: _____