

BY-LAWS
OF
ST. ALBAN'S SQUARE NEIGHBORHOOD ASSOCIATION, INC.

Article I
Name, Principal Office, and Definitions

1.1. Name. The name of the corporation is St. Alban's Square Neighborhood Association, Inc. ("Association").

1.2. Principal Office. The principal office of the Association shall be located in Mecklenburg County, North Carolina. The Association may have such other offices, either within or outside the State of North Carolina, as the Council of Stewards may determine or as the affairs of the Association may require.

1.3. Definitions. The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for the New Neighborhood Around St. Alban's Square in Davidson, North Carolina filed in the Mecklenburg County Register of Deeds, as it may be amended ("Declaration"), unless the context indicates otherwise.

Article II
Association: Membership, Meetings, Quorum, Voting, Proxies

2.1. Membership. The Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

2.2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Council, either within the Properties or as convenient as is possible and practical.

2.3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Council so as to occur during the third quarter of the Association's fiscal year on a date and at a time set by the Council.

2.4. Special Meetings. Special meetings may be called by the President, a majority of the Council, or by members representing 10% of the total Class "A" votes in the Association.

2.5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the members shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than 10 nor more than 60 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

Pursuant to N.C.G.S. §47F-3-108, the items on the agenda, including the general nature of any proposed amendment to the Declaration or these By-Laws, any budget changes, and any proposal to remove a steward or officer, for any meeting shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at its address as it appears on the records of the Association, with postage prepaid.

2.6. 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 meeting of the members, either before or after such meeting. Attendance at a meeting by a member or the member's proxy shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member or proxy specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, members or their proxies holding a majority of the votes represented at such meeting may adjourn the meeting to a time not less than 5 nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to members in the manner prescribed for regular meetings.

The members represented at a duly called or held 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, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting. The voting rights of the members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies. At all meetings of members, each member may vote in person (if a corporation, partnership or trust, through any officer, steward, partner or trustee duly authorized to act on behalf of the member) or by proxy, subject to the limitations of North Carolina law. All

proxies shall be in writing specifying the Unit(s) for which it is given, signed by the member or its duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to any meeting for which it is to be effective, the absence of any of such information shall render the proxy void. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of any Unit for which it was given, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member who is a natural person, or of written revocation, or 11 months from the date of the proxy, unless a shorter period is specified in the proxy.

2.10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners, members, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

2.11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence, in person or by proxy, of members representing 25% of the total Class "A" votes in the Association shall constitute a quorum at all meetings of the Association.

2.12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the members may be taken without a meeting, without prior notice and without a vote, if written consent specifically authorizing the proposed action is signed by all members entitled to vote thereon. Such consent shall be filed with the minutes of the Association, and shall have the same force and effect as a vote of the members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

Article III

Council of Steward: Number, Powers, Meetings

A. Composition and Selection.

3.1. Governing Body; Composition. The affairs of the Association shall be governed by a Council of Stewards, each of whom shall have one equal vote. Except with respect to stewards appointed by the Class "B" member, the stewards shall be members or residents; provided, no Owner and resident representing the same Unit may serve on the Council at the same time. A "resident" shall be any natural person 18 years of age or older whose principal place of residence is a Unit within the Properties. In the case of a member which is not a natural person, any officer, steward, partner, employee or trust officer of such member shall be

eligible to serve as a steward unless otherwise specified by written notice to the Association signed by such member; provided, no member may have more than one such representative on the Council at a time, except in the case of stewards appointed by the Class "B" member.

3.2. Number of Stewards. The Council shall consist of three to seven stewards, as provided in Sections 3.3 and 3.5. The initial Council of Stewards shall consist of three stewards as identified in the Articles of Incorporation.

3.3. Stewards During Class "B" Control Period. Subject to the provisions of Section 3.5 below, the stewards shall be selected by the Class "B" member acting in its sole discretion and shall serve at the pleasure of the Class "B" member until the first to occur of the following:

- (a) when 75% of the total number of Units proposed by the Master Plan for the property described on Exhibits "A" and "B" of the Declaration have certificates of occupancy issued thereon and have been conveyed to Persons other than Builders;
- (b) December 31, 2007; or
- (c) when, in its discretion, the Class "B" member so determines.

3.4. Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of stewards by the Class "A" members, the Council shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a steward may file as a candidate for any position to be filled by votes of Class "A" members. The Council shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of stewards in a fair, efficient, and cost-effective manner.

Except with respect to stewards selected by the Class "B" member, nominations for election to the Council may also be made by a Nominating Committee. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Council, and three or more members or representatives of members. The Council shall appoint the members of the Nominating Committee not less than 30 days prior to each annual meeting to serve a term of one year and until their successors are appointed, and such appointment shall be announced at each annual meeting.

The Nominating Committee may make as many nominations for election to the Council as it shall in its discretion determine. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates.

Each candidate shall be given a reasonable, uniform opportunity to communicate his or her qualifications to the members and to solicit votes.

(b) Election Procedures. Each Owner may cast the entire vote assigned to his Unit for each position to be filled. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Stewards may be elected to serve any number of consecutive terms.

3.5. Election and Term of Office. Notwithstanding any other provision of these By-Laws:

(a) Within 30 days after the time that Class "A" members other than Builders own 25% of the Units proposed by the Master Plan for the property described in Exhibits "A" and "B" of the Declaration, or whenever the Class "B" member earlier determines, the President shall call for an election by which the Class "A" members shall be entitled to elect one of the three stewards. The remaining two stewards shall be appointees of the Class "B" member. The steward elected by the Class "A" members shall not be subject to removal by the Class "B" member and shall be elected for a term of two years or until the happening of the event described in subsection (b), whichever is shorter. If such steward's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term.

(b) Within 30 days after the time that Class "A" members other than Builders own 50% of the Units proposed by the Master Plan for the property described in Exhibits "A" and "B" of the Declaration, or whenever the Class "B" member earlier determines, the Council shall be increased to five stewards. The President shall call for an election by which the Class "A" members shall be entitled to elect two of the five stewards. The remaining three stewards shall be appointees of the Class "B" member. The stewards elected by the Class "A" members shall not be subject to removal by the Class "B" member and shall be elected for a term of two years or until the happening of the event described in subsection (c) below, whichever is shorter. If such stewards' terms expire prior to the happening of the event described in subsection (c) below, successors shall be elected for a like term.

(c) Within 90 days after termination of the Class "B" Control Period, the President shall call for an election by which the Class "A" members shall be entitled to elect three of the five stewards, who shall serve as at-large stewards. The remaining two stewards shall be appointees of the Class "B" member. The stewards elected by the Class "A" members shall not be subject to removal by the Class "B" member and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting is scheduled to occur within 90 days after termination of the Class "B" Control Period, this subsection shall not apply and stewards shall be elected in accordance with subsection (d) below.

(d) Not later than the first annual meeting after the termination of the Class "B" Control Period, the existing Council shall resign. The number of stewards shall be increased to seven stewards and an election shall be held. The three stewards receiving the largest number of votes shall be elected for a term of three years and the next two receiving the next largest number of votes shall be elected for a term of two years. The remaining two stewards shall be elected for a term of one year.

Upon the expiration of the term of office of each steward elected by the Class "A" members, a successor shall be elected to serve a term of three years. The stewards elected by the Class "A" members shall hold office until their respective successors have been elected.

3.6. Removal of Stewards and Vacancies. Any steward elected by the Class "A" members may be removed, with or without cause, by members holding a majority of the votes entitled to be cast for his or her election. Any steward whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a steward, a successor shall be elected by the Class "A" members to fill the vacancy for the remainder of the term of such steward.

Any steward elected by the Class "A" members who has three or more consecutive unexcused absences from Council meetings, or who is more than 30 days delinquent (or is the representative of a member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the stewards present at a regular or special meeting at which a quorum is present, and the Council may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a steward elected by the Class "A" members, the Council may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Class "A" members shall elect a successor for the remainder of the term.

This Section shall not apply to stewards appointed by the Class "B" member nor to any steward serving as a representative of the Founder. The Class "B" member shall be entitled to appoint a successor to fill any vacancy on the Council resulting from the death, disability, or resignation of a steward appointed by or elected as a representative of the Class "B" member.

B. Meetings.

3.7. Organizational Meetings. The first meeting of the Council following each annual meeting of the membership shall be held within 10 days thereafter at such time and place as the Council shall fix.

3.8. Regular Meetings. Regular meetings of the Council may be held at such time and place as a majority of the stewards shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter.

3.9. Special Meetings. Special meetings of the Council shall be held when called by written notice signed by the President or Vice President or by any two stewards. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

3.10. Notice; Waiver of Notice.

(a) Notices of Council meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each steward by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the steward or to a person at the steward's office or home who would reasonably be expected to communicate such notice promptly to the steward; or (iv) facsimile, computer, fiberoptics, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the steward's telephone number, fax number, electronic mail address, or sent to the steward's address as shown in the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least five business days before the date set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(b) The transactions of any meeting of the Council, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the stewards not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any steward who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11. Telephonic Participation in Meetings. Members of the Council or any committee designated by the Council may participate in a meeting of the Council or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12. Quorum of Council. At all meetings of the Council, a majority of the stewards shall constitute a quorum for the transaction of business, and the votes of a majority of the stewards present at a meeting at which a quorum is present shall constitute the decision of the Council, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of stewards, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Council cannot be held because a quorum is not present, a majority of the stewards present at such meeting may adjourn the meeting to a time not less than 5 nor more than 30 days from the date of the original meeting upon the affirmative vote of a majority of those present in person or by proxy. At the reconvened meeting, a quorum shall be one-half of the quorum requirement and any business which might have been transacted at the meeting originally called may be transacted without further notice. If the reduced quorum is not present the meeting may be adjourned to a later date upon affirmative vote of a majority of those present in person or by proxy, and the quorum for such meeting shall be reduced by one-half of that required for the previous meeting.

3.13. Compensation. Stewards shall not receive any compensation from the Association for acting as such unless approved by members representing a majority of the total Class "A" votes in the Association at a regular or special meeting of the Association. Any

steward may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other stewards. Nothing herein shall prohibit the Association from compensating a steward, or any entity with which a steward is affiliated, for services or supplies furnished to the Association in a capacity other than as a steward pursuant to a contract or agreement with the Association, provided that such steward's interest was made known to the Council prior to entering into such contract and such contract was approved by a majority of the Council, excluding the interested steward.

3.14. Conduct of Meetings. The President shall preside over all meetings of the Council, and the Secretary shall keep a minute book of Council meetings recording all Council resolutions and all transactions and proceedings occurring at such meetings.

3.15. Notice to Owners; Open Meetings. Subject to the provisions of Section 3.16, all meetings of the Council shall be open to all members, but members other than stewards may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a steward. In such case, the President may limit the time any member may speak. Notwithstanding the above, the President may adjourn any meeting of the Council and reconvene in executive session, and may exclude members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.16. Action Without a Formal Meeting. Any action to be taken at a meeting of the stewards or any action that may be taken at a meeting of the stewards may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the stewards, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.17. Powers. The Council shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these By-Laws, the Articles, and as provided by law. The Council may do or cause to be done all acts and things as are not directed by the Declaration, Articles, these By-Laws, or North Carolina law to be done and exercised exclusively by the membership generally.

3.18. Duties. The duties of the Council shall include, without limitation:

(a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses;

(b) levying and collecting such assessments from the Owners;

(c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;

(d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the

compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the stewards' best business judgment, in depositories other than banks;

(f) making and amending use restrictions and rules in accordance with the Declaration;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) maintaining, making, or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules of the Association and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association shall not be obligated to take action to enforce any covenant, restriction, or rule which the Council reasonably determine is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Council reasonably determine that the Association's position is not strong enough to justify taking enforcement action;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules, and all other books, records, and financial statements of the Association, as provided in Section 6.4;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Neighborhood; and

(o) indemnifying a steward, officer or committee member, or former steward, officer or committee member of the Association to the extent such indemnity is required under North Carolina law, the Articles of Incorporation or the Declaration.

3.19. Right of Class "B" Member to Disapprove Actions. So long as the Class "B" membership exists, the Class "B" member shall have a right to disapprove any action, policy, or program of the Association, the Council, and any committee which, in the sole judgment of the Class "B" member, would tend to impair rights of the Founder or Builders under the Declaration or these By-Laws, or interfere with development of or construction on any portion of the Neighborhood, or diminish the level of services being provided by the Association.

(a) The Class "B" member shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Council or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Council meetings with Sections 3.8, 3.9, 3.10, and 3.11 and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "B" member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

The Class "B" member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Council and/or the members of the subject committee. The Class "B" member, acting through any officer or steward, agent, or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, or the Council or the Association. The Class "B" member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.20. Management. The Council of Stewards may employ for the Association a professional management agent or agents at such compensation as the Council may establish, to perform such duties and services as the Council shall authorize. The Founder, or an affiliate of the Founder, may be employed as managing agent or manager.

The Council may delegate to one of its members the authority to act on behalf of the Council on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Council.

3.21. Accounts and Reports. The following management standards of performance shall be followed unless the Council by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Council;

(f) commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (Any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Council resolution); and

(g) an annual report consisting of at least the following shall be made available to all members within 120 days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such annual report may be prepared on an audited, reviewed, or compiled basis, as the Council determines by an independent public accountant; provided, upon written request of any

holder, guarantor, or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement.

3.22. Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, the Council shall obtain member approval in the same manner provided for Special Assessments in Section 9.5 of the Declaration if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 10% of the budgeted gross expenses of the Association for that fiscal year.

3.23. Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other owners or residents associations, within and outside the Neighborhood; provided, any common management agreement shall require the consent of a majority of the total number of stewards of the Association.

3.24. Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Council shall have the power to impose reasonable monetary fines, which shall constitute a lien upon the Unit of the violator, and to suspend an Owner's right to vote for violation of any duty imposed under the Declaration, these By-Laws, or any Association rules. In addition, the Council may suspend any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any assessment or other charges owed to the Association. In the event that any occupant, tenant, employee, guest or invitee of a Unit violates the Declaration, By-Laws, or a rule and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Council, the fine shall be assessed against the Unit and the Owner thereof upon notice from the Association. The failure of the Council to enforce any provision of the Declaration, By-Laws, or any rule shall not be deemed a waiver of the right of the Council to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder or under the Declaration, the Council or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing to the Council or the Covenants Committee, if one has been appointed pursuant to Article V; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided, the Council or Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted 10 day period, the hearing shall be held before the Covenants Committee, if one, or if none, then before the Council in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard.

Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, steward, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Council. To exercise this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within 10 days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Council may elect to enforce any provision of the Declaration, these By-Laws, or the rules of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) or, following compliance with the dispute resolution procedures set forth in Article XV of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Unit for purposes of exercising this power of self-help shall not be deemed as trespass.

Article IV **Officers**

4.1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Council; other officers may, but need not be members of the Council. The Council may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Council prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary. The Secretary shall arrange for the preparation, execution, certification, and recordation of any amendments to the Declaration on behalf of the Association.

4.2. Election and Term of Office. The Council shall elect the officers of the Association at the first meeting of the Council following each annual meeting of the members, to serve until their successors are elected.

4.3. Removal and Vacancies. The Council may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Council. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

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

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Council resolution.

4.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of stewards under Section 3.13.

Article V **Committees**

5.1. General. The Council may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Council may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2. Covenants Committee. In addition to any other committees which the Council may establish pursuant to the Declaration, these By-Laws and, specifically, Section 5.1, the Council may appoint a Covenants Committee consisting of at least three and no more than seven members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Council may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.24 of these By-Laws.

Article VI **Miscellaneous**

6.1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless the Council establishes a different fiscal year by resolution.

6.2. Parliamentary Rules. Except as may be modified by Council resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration, or these By-Laws.

6.3. Conflicts. If there are conflicts between the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Council shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any member, or the duly appointed representative of any of the foregoing, at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, By-Laws, and Articles of Incorporation, any amendments to the foregoing, the rules of the Association, the membership register, books of account, and the minutes of meetings of the members, the Council, and committees. The Council shall provide for such inspection to take place at the office of the Association or at such other place within the Properties as the Council shall designate.

(b) Rules for Inspection. The Council shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Stewards. Every steward shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a steward includes the right to make a copy of relevant documents at the expense of the Association.

6.5. Notices. Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, and other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a member, at the address which the member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such member; or

(b) if to the Association, the Council, or the managing agent, at the principal office of the Association or the managing agent, or at such other address as shall be designated by notice in writing to the members pursuant to this Section.

6.6. Amendment.

(a) By Class "B" Member. Until conveyance of the first Unit to a Person other than a Builder, the Class "B" member may amend these By-Laws, subject to the approval requirements set forth in Article XVI of the Declaration, if applicable. Thereafter, the Class "B" member may amend these By-Laws if such amendment is specifically required to enable the U.S. Department of Veterans Affairs, the U.S. Department of Housing and Urban Development, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation to make, purchase, insure, or guarantee mortgage loans on the Units; however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of members representing at least 51% of the total Class "A" votes in the Association, and the consent of the Class "B" member, if such exists. In addition, the approval requirements set forth in Article XVI of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon Recordation, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Founder or the Class "B" member without the written consent of Founder, the Class "B" member, or the assignee of such right or privilege.

If a member consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such member has the authority so to consent and no contrary provision in any Mortgage or contract between the member and a third party will affect the validity of such amendment.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of St. Alban's Square Neighborhood Association, Inc., a North Carolina nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Council of Stewards thereof held on the 1st day of June, 2000.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 1st day of June, 2000.

Judith W. Workman [SEAL]
Secretary

Recorded in Register of Deeds
Mecklenburg County, NC
June 1, 2000
Book 11326, Page 875 - 963

EXHIBIT "D"

BY-LAWS

OF

ST. ALBAN'S SQUARE

NEIGHBORHOOD ASSOCIATION, INC.

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