

BYLAWS
OF
POWELL PLACE TOWNHOME ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Powell Place Townhome Association, Inc. hereinafter referred to as the "Association". The principal office of the corporation shall be located at 200 Pinner Weald Way, Suite 101, Cary, North Carolina, or at such other location in the State of North Carolina so designated by the Board of Directors of the Association. Meetings of members and directors may be held at such places within the State of North Carolina as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to Powell Place Townhome Association, Inc., its successors and assigns.

Section 2. "Declaration" shall mean the Declaration of Covenants, Conditions, and Restrictions for Powell Place Townhomes, recorded in Book 1246, Page 698, Chatham County Registry, as amended.

Section 3. "Properties" or "Property" shall mean and refer to that certain real property described in the Declaration affecting the Property now within the jurisdiction of the Association and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Lot" shall mean and refer to any townhouse lot subdivided from a tract of land shown upon any recorded subdivision map of the Property, as such maps may be from time to time amended. The entire Property of Powell Place Townhomes shall be comprised of Lots only which shall be owned in fee simple by Lot Owners. None of the Property of Powell Place Townhomes shall be owned in common or by the Powell Place Townhome Association.

Section 5. "Member" shall mean and refer to every person or entity who or which holds membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to Powell Place Towns, LLC, its successors and assigns, to whom the rights of Declarant hereunder may be expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose.

Section 8. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee or other legal entity.

ARTICLE III
MEMBERSHIP

Section 1. Every record Owner of a Lot which is subject to assessment shall be a member of the Association, except that the Declarant shall be a member with respect to Lots owned by it and Builder Resource and Development Limited Partnership without regard to whether such Lots are subject to assessment. Except with

respect to the Declarant, membership shall be appurtenant to, and may not be separated from, ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the vote for such Lot shall be exercised as they among themselves determine, or as set forth in the Bylaws, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting is prohibited.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned by it and Builder Resource and Development Limited Partnership including Lots later added pursuant to annexation of additional property as set forth in the Declaration. The Class B membership shall cease and be converted to Class A membership with one vote for each Lot owned on the happening of either of the following events, whichever occurs earlier:

- a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; but provided, that the Class B membership shall be reinstated if thereafter and before the time stated in Subparagraph (b) below, such additional lands are annexed to the Property without the assent of Class A members on account of the development of such additional lands by the Declarant or Builder Resource and Development Limited Partnership, all as provided for in the Declaration, or
- b) ten (10) years from the date of conveyance of the first Lot by Builder Resource and Development Limited Partnership, or earlier at the election of Declarant.

Section 3. 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 the Articles and Bylaws of the Association and according to the provisions of the Declaration or these Bylaws.

ARTICLE IV ASSOCIATION MEETINGS

Section 1. Organizational Meeting. If not earlier, the initial meeting of the Association shall be held on a date to be established by the Declarant in May, 2007.

Section 2. Annual Meetings. The annual meeting of the Association for the election of directors and for any other necessary business shall be held at a time and place as determined by the Board.

Section 3. Special Meetings. Special meetings of the Association may be called by the President, at any time, by a majority of the members of the Board of Directors, or upon the written request of Members having at least 25% of all the votes of the entire membership or who are entitled to vote one-fourth (1/4) of the votes of the Class A membership.

Section 4. Place of Meetings. All meetings of Members shall be held at such place as may be designated by the Board of Directors in the Notice of Meeting.

Section 5. Notice of Meetings. Written or printed notices stating the time and place of a meeting of Members shall be delivered or mailed not less than ten (10) or more than thirty (30) days prior to the date of such meeting to each person entitled to vote at such meeting. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 6. Quorum. A quorum shall be deemed present throughout any meeting of the Members until adjourned if the Members, in person or by proxy, entitled to cast more than one-fourth (1/4) of the votes of each class of membership are present at the beginning of such meeting.

Section 7. Voting Rights. There shall be one person with respect of each Lot who shall be entitled to vote at any meeting of the Association. Such person shall be known and hereafter referred to as a "Voting Member". Such Voting Member may be the Lot Owner or some other person designated by such Lot Owner to act as proxy on his, her or their behalf and who need not be a Lot Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Lot Owners or Owners. An owner of more than one Lot shall possess one vote for each Lot owned.

Section 8. Lot Owners. "Lot Owners" shall mean and refer to those persons who own Lots in the property subject to the Declaration and are entitled to membership as provided in the Declaration.

Section 9. Voting. In all elections for members of the Board of Directors, each Voting Member shall be entitled to vote on a non-cumulative voting basis and the candidates receiving the highest number of votes with respect to the offices to be filled shall be deemed to be elected.

Section 10. Presiding Officer. The President, or in his or her absence, the Vice-President, shall serve as chairman of every meeting unless some other person is elected to serve as Chairman by a majority vote of the votes represented at the meeting. The Chairman shall appoint such persons as he or she deems required to assist with the meeting.

Section 11. Adjournments. Any meeting of the Lot Owners, whether or not a quorum is present, may be adjourned by the holders of a majority of the votes represented at the meeting to reconvene at a specified time or place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. At any such reconvened meeting at which a quorum is represented or present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 12. Availability of Project Documents. The Association shall assure that current copies of the Declaration, Articles of Incorporation, Bylaws, and other rules concerning the Powell Place Townhomes as well as its own books, records, and financial statements are readily available for inspection by Lot Owners or by holders, insurers, and guarantors of first mortgages that are secured by Lots. These documents will be available during normal business hours.

Section 13. Availability of Audited Financial Statements. Once the Association has been established for a minimum of one full fiscal year, the Association shall provide for the availability of an audited statement for the preceding fiscal year to the holder, insurer, or guarantor of any first mortgage that is secured by a Lot in the project on submission of a written request for it.

Section 14. Rights of Action. The Association, and any aggrieved Lot Owner, shall have the right of action against Lot Owners who fail to comply with the provisions of the Declaration, Bylaws, Articles of Incorporation and other rules properly enacted by the Association.

ARTICLE V BOARD OF DIRECTORS

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

Section 2. Number, Term of Office and Qualifications. The number of directors shall be no less than three (3) and no more than five (5), to be elected by the Members at their initial meeting. Each director shall hold office for a

two-year term or until his or her death, resignation, retirement, removal or disqualification or his or her successor is elected and qualifies; provided, however, that the terms of some directors may be altered at the initial election for the purpose of staggering terms. The Board shall establish a schedule whereby the terms of the directors shall be staggered. No director shall serve for more than three consecutive terms.

Section 3. Nomination. After election of the initial Board of Directors, nomination for election to the Board of Directors shall be made by Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 4. Election of Directors. Except as provided in Section 2 of this Article, the directors shall be elected at the annual meeting of Members and the persons who shall receive the highest number of votes shall be the elected directors. Election to the Board of Directors shall be by secret ballot. Cumulative voting is not permitted.

Section 5. Removal of Directors. The Board of Directors or any individual director may be removed from office with or without cause by a vote of two-thirds (2/3) of the votes held by Members present at a meeting at which a quorum is present. If any such directors are so removed, new directors may be elected at the same meeting.

Section 6. Vacancies. A vacancy in the Board of Directors created by reason of the removal of a director may be filled for the unexpired term, and until the Members shall have elected a successor, by affirmative vote of a majority of the directors remaining in office.

Section 7. Compensation of Directors. Directors shall not receive compensation for their services as directors. A director may serve the Association in a capacity other than that of director and receive compensation as determined by the Board of Directors for services rendered in that other capacity.

Section 8. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things except such acts as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors, but not be limited to the following:

- a) Exercise for the Association all powers, duties and authority vested in or delegated to this Association not reserved to the membership by other provisions of those Bylaws, the Articles of Incorporation or the Declaration.
- b) Determination of the common expenses required for the affairs of the Association, including without limitation, the operation and maintenance of the Property.
- c) Levying and collection of the assessments from Members as provided in the Declaration.
- d) Employment and dismissal of the personnel deemed necessary for the maintenance and operation of the Association.
- e) Declaring the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three consecutive regular meetings of the Board.
- f) The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Property, and for the health, comfort, safety and general welfare of the owners and occupants of the Property. Written notice of such rules and regulations shall be given to all owners and occupants and the entire Property shall at all times be maintained subject to such rules and regulations.

- g) Opening of bank accounts on behalf of the Association and designating signatories required therefor.
- h) Keeping a complete record of all its acts and corporate affairs and if requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote, presenting a statement thereof to the Members at the annual meeting of the Members or at any special meeting.
- i) Making of repairs, additions, improvements to or alterations to the Property and repairs to and restoration of the Property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- j) Procuring insurance as required by the Declaration.

Section 9. Managing Agent. The Board of Directors for the Association may engage the services of any person, firm, or corporation to act as managing agent at compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize. The Board may delegate to the Managing Agent all of the powers granted to the Board of Directors by these Bylaws other than the powers in Section 7(a) and Section 7(e) of this Article.

Section 10. Committees. The Board of Directors may appoint an Architectural Control Committee as provided in the Declaration and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be at a time and place as determined by the Board, but in no case less frequently than quarterly.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) directors or upon written request of Class A Members entitled to cast one-fourth (1/4) of the Class A Member votes.

Section 3. Place of Meetings. All meetings of the Board of Directors shall be held at any place within the State of North Carolina as the Board of Directors may from time to time establish for regular meetings or as set forth in a duly executed waiver of notice of such meeting or as may be otherwise agreed upon in advance of the meeting by a majority of the directors.

Section 4. Notice of Meetings. Special meetings shall be called on not less than five (5) days prior notice. Notice of a special meeting need not state the purpose thereof and such notice shall be directed to each director at his or her residence or usual place of business by mail, cable, telegram, facsimile or may be delivered personally. The presence of a director at a meeting shall constitute a waiver of notice of that meeting except only when such director attends the meeting solely for the purpose of objecting to the transaction of any business thereat, on the ground that the meeting has not been lawfully called, and does not otherwise participate in such meeting.

Section 5. Quorum and Manner of Acting. A quorum shall be deemed present throughout any meeting of the Board of Directors if persons entitled to cast a majority of the votes in that body are present at the beginning of the meeting.

Section 6. Vote Required for Action. Except as otherwise provided in this section, the act of a majority of the directors present at the meeting at which a quorum is present at the time shall be the act of the Board of Directors.

Section 7. Action by Directors Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent thereto shall be signed by all the directors and such written consent is filed with the minutes of the proceedings of the Board. Such consent shall have the same force and effect as a unanimous vote of the Board of Directors.

Section 8. Adjournments. A meeting of the Board of Directors without a quorum present may be adjourned by majority of the directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting which was adjourned. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

Section 9. Minutes. The Board shall keep written minutes of its proceedings.

Section 10. Liability. The members of the Board of Directors shall not be liable to the Members for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent they are Members. It is also intended that the liability of any Member arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his or her liability for assessments pursuant to the Declaration. Every agreement made by the Board or by the managing agent on behalf of the Association shall incorporate by reference all of the terms and provisions of the said Declaration and these Bylaws.

ARTICLE VII OFFICERS

Section 1. Number of Officers. The Association's officers shall be a President, Vice-President, Secretary and Treasurer, and such other officers as may be appointed in the Board's discretion to perform such duties as the Board may determine. No two (2) offices may be held by one (1) person, except the offices of Treasurer and Secretary, and no officer shall sign or execute any document in more than one (1) capacity.

Section 2. Election, Term of Office and Qualifications. Each officer shall be chosen by the Board of Directors and shall hold office for no less than one and no more than three years and in a staggered manner, all as determined by the Board. The officers need not be Lot Owners.

Section 3. Removal. Any officer may be removed, either with or without cause, by vote of a majority of the whole Board of Directors at any meeting with respect to which notice of such purpose has been given to the members thereof.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these Bylaws for regular appointments or elections to such offices.

Section 6. President. The President shall be the chief executive officer and subject to the instructions of the Board of Directors, shall have general charge of the Association's business affairs and property and control over its other officers, agents and employees. He or she shall preside at all meetings of the Members and of the Board of Directors at which he or she may be present. The President shall do and perform such other duties as from time to time may be assigned to him or her by the Board of Directors. The President shall sign all leases, promissory notes, mortgages, deeds, and other written instruments and may sign all checks.

Section 7. Vice-President. At the request of the President, or in his or her absence or disability, the Vice-President shall perform all the duties of the President and when so acting shall have all the powers of and be subject to all restrictions upon the President. The Vice-President shall perform such other duties and have such other authority as from time to time may be assigned to him or her by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of the Association and the Board of Directors, and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by the provisions of North Carolina law. He or she shall be custodian of the Association's records, books, reports, statements, certificates and other documents and of the Associations' seal, and see that the seal is affixed to all

documents requiring such seal. He or she shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association. In general, he or she shall perform all duties and possess all authority incident to the office of Secretary, and he or she shall perform such other duties and have such other authority as from time to time may be assigned to him or her by the Board of Directors.

Section 9. Assistant Secretary. The Assistant Secretary, if such an officer is appointed by the Board of Directors, shall be authorized to attest to all documents on behalf of the Association and affix the Association's seal thereto. His or her duties shall be ministerial only and limited to executing all documents in proper corporate form as from time to time may be necessary.

Section 10. Treasurer. The Treasurer shall have supervision over the Association's funds, receipts and disbursements of the Association. He or she shall keep full and accurate accounts of the Association's finances in accordance with the instructions of the Board of Directors. The Treasurer shall make reports of same to the Board of Directors upon request. The Treasurer shall perform all duties that may be assigned to him or her from time to time by the Board of Directors. The reports and records of the Association shall be available for inspection by the Lot Owners and duly authorized agents or attorneys of Lot Owners at convenient hours of working days. The Treasurer shall require that an outside audit be conducted at least once a year on the books and records of the Association. The Treasurer may, if the Board approves, delegate any of the foregoing duties to a person or company employed by the Association to provide management, financial or accounting services.

Section 11. Duties of Officers May Be Delegated. In case of the absence of any officer of the Association or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being provided a majority of the entire Board of Directors concurs therein.

ARTICLE VIII AMENDMENT OF BYLAWS

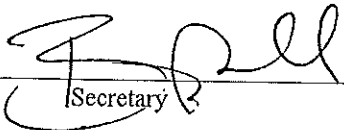
Section 1. These Bylaws may be amended by a two-thirds (2/3) vote of each class of members cast in person or by proxy at a meeting held in accordance with the provisions of the Bylaws. The Declarant, for so long as it shall retain control of the Association, and, thereafter, the Board of Directors, may amend these Bylaws as shall be necessary, in its opinion, and without the consent of any owner, to correct clerical errors in these Bylaws.

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

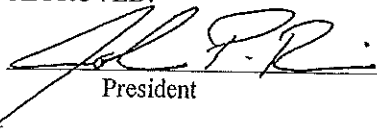
ARTICLE IX CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "POWELL PLACE TOWNHOME ASSOCIATION, INC." and in its center the word "Corporate Seal".

The foregoing were adopted as the Bylaws of POWELL PLACE TOWNHOME ASSOCIATION at the first meeting of the Board of Directors on July 5, 2006.


Secretary

APPROVED:


President