

BYLAWS
OF
CLUBHOUSE VILLAS AT WAKE FOREST
GOLF CLUB HOMEOWNERS ASSOCIATION, INC.

Table of Contents

<u>Article</u>	<u>Title</u>	<u>Page No.</u>
I	Plan of Lot Ownership	2
II	Definitions	2
III	Offices	4
IV	Association of Lot Owners	4
V	Board of Directors	6
VI	Meetings of Directors	10
VII	Officers	11
VIII	Operation of the Property	12
IX	Records and Audits	15
X	Operation Prior to Initial Meeting of Board	15
XI	Amendment of Bylaws	16
XII	Parliamentary Authority	16

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ARTICLE I

PLAN OF LOT OWNERSHIP

Section 1. Land. Built by Design, hereafter known as the "Declarant", is the owner of certain lands lying in Wake County, North Carolina, more particularly described in the Declaration of Covenants, Conditions and Restrictions (herein "Declaration") for Clubhouse Villas at Wake Forest Golf Club.

Section 2. Name of Subdivision. The lands to be subdivided by the Declarant shall be known as Clubhouse Villas at Wake Forest Golf Club (herein "Subdivision").

Section 3. Applicability of Bylaws. All present and future owners, mortgagees, lessees, and occupants of Lots within the Subdivision, and their agents, servants, and employees, and any other persons who may make use of the facilities of the Subdivision in any manner, are subject to the Declaration, these Bylaws and to the Rules and Regulations adopted pursuant hereto, and to any amendments thereto upon the same being duly adopted.

The acceptance of a deed or conveyance to, or the entering into of a lease to, or the act of occupancy of, a Lot by any person shall conclusively establish the acceptance and ratification by such person of these Bylaws (and any Rules and Regulations adopted pursuant hereto), the Articles of Incorporation of the Association, and the Declaration as they may be amended from time to time, and shall constitute and evidence an agreement by such persons to comply with those governing documents.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Clubhouse Villas at Wake Forest Golf Club Homeowners Association, Inc., the association of Lot Owners of Clubhouse Villas at Wake Forest Golf Club Subdivision.

Section 2. The "Property" shall mean all of the lands as are more fully described in the Declaration.

Section 3. "Declarant" shall mean Built by Design, and its successors and assigns to whom it shall make specific written assignment of its rights under the Declaration and these Bylaws.

Section 4. "Declaration" shall mean that Declaration of Covenants, Conditions and Restrictions for Clubhouse Villas at Wake Forest Golf Club and all amendments thereto, filed or to be filed in the Wake County Registry.

Section 5. "Board" shall mean the Board of Directors of the Association.

Section 6. "Rules and Regulations" shall mean those written actions of the Board, duly adopted, and amendments thereto, interpreting and applying the provisions of the Declaration and these Bylaws and establishing and prescribing the administration and management of the Subdivision and the use, operation, and maintenance of the Common Elements, including, but not limited to, the establishment and imposition of fines, fees and penalties for violation of the Declaration, Bylaws or Rules and Regulations.

Section 7. "Common Expenses" means and includes those items defined as "Common Expenses" in the Declaration.

Section 8. "Lot" or "Subdivision Lot" shall be that area in the Subdivision defined in the Declaration and designated for separate ownership or occupancy.

Section 9. "Lot Owner" shall mean any person, corporation, partnership, association, trust or other legal entity, or any combination thereof who, or which, owns a Subdivision Lot, or is lessee of a Subdivision Lot founded on a leasehold estate, including the Declarant.

Section 10. "Common Properties" shall be all that area in the Subdivision other than the Lots, as defined in the Declaration.

ARTICLE III

OFFICES

Section 1. The principal office of the Association shall be located at 1820 Bowling Green Trail, Raleigh, North Carolina 27614.

Section 2. The registered office of the Association may, but need not be, identical with the principal office, but shall be located in North Carolina.

Section 3. The Association may have such other offices, either within or without the State of North Carolina, as the Board may from time to time determine or as the affairs of the Association may require.

ARTICLE IV

ASSOCIATION OF LOT OWNERS

Section 1. Members. The qualification of members, the manner of their admission to membership and termination of such membership shall be as set forth in the Articles of Incorporation of the Association and the Declaration.

Section 2. Registration. It shall be the duty of each Lot Owner to register his name and the number of his Lot with the Secretary of the Association. If a Lot Owner does not so register, the Association shall be under no obligation to recognize his membership.

Section 3. Prohibition of Assignment. The interest of a member in the Association assets cannot be transferred or encumbered except as an appurtenance to his Lot.

Section 4. Annual Meetings. An annual meeting of the Association shall be held for the purpose of electing members of the Board of Directors and for the transaction of such other business as may be properly brought before the meeting. The annual meetings shall be held at 9:00 a.m. on the fourth Thursday of April of each year, unless such day shall be a legal holiday, in which event the meeting shall be held at the same time on the day next following which is not a legal holiday, and the first annual meeting shall be held on the fourth Thursday of April, 2007.

Section 5. Substitute annual meetings. If an annual meeting is not held on the day designated in the Bylaws, a substitute annual meeting may be called in the same manner as a special meeting. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 6. Special meetings. Special meetings of the Association may be called at any time by the President, a majority of the members of the Board of Directors or by the President upon the written request of the Owners of not less than twenty percent (20%) of the voting interests in the Subdivision.

Section 7. Place of meetings. All meetings of the Association shall be held at the Subdivision, or at such other place in Raleigh, North Carolina, as shall be designated in the notice of the meeting.

Section 8. Notice of meetings. Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed by first class mail, postage prepaid, not less than ten (10) nor more than fifty (50) days prior to the date of the meeting by the Secretary to each person entitled to vote at such meeting.

In the case of an annual meeting, substitute annual meeting, or special meeting, the notice of meeting shall state the time and place of the meeting as well as the items on the agenda to be considered, including, but not limited to, the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, or any proposal to remove an officer or director.

When a meeting is adjourned for thirty (30) days or more, notice of the reconvening of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it shall not be necessary to give notice of the reconvening of the adjourned meeting other than by an announcement at the meeting at which the adjournment is effective.

Section 9. Quorum. The presence in person or by proxy at the beginning of any meeting of members constituting twenty (20%) percent of the total votes entitled to be cast shall constitute a quorum. The Association shall not be entitled to cast votes allocated to Lots it owns. Unless otherwise expressly provided herein or required by North Carolina law, as now written or hereafter amended, any action, consistent with the notice of such meeting, may be taken at any meeting of the Association at which a quorum is present upon the affirmative vote of the members having a majority of the total votes present at such meeting.

If a quorum is not present at the opening of any meeting, the meeting may be adjourned from time to time by vote of a majority of the voting members present, either in person or by proxy, and shall be reconvened at the date and time determined at the adjourned meeting, subject to the notice requirements set forth in Section 8 of this Article. Upon the reconvening of any meeting adjourned for lack of a quorum, the quorum required at such subsequent meeting shall be one-half (1/2) that required at the preceding meeting.

Section 10. Voting members; proxies. There shall be one person with respect to each Lot who shall be entitled to vote at any meeting of the Association, herein referred to as the "voting member". The voting member may be the Owner of a Lot, or an Owner designated by a majority of the several Owners of a Lot, or may be some other person designated by such Owner or Owners to act as proxy on his or their behalf and who need not be an Owner. The Association may not cast a vote for any Lots owned by it. Designation of the voting member or of a proxy shall be made in writing to the Secretary and shall be revocable at any time prior to the meeting by actual notice to the Secretary by the Owner or a majority of the Owners, as the case may be. Once a meeting has been commenced a Lot Owner may not revoke a proxy given except by written notice of revocation delivered to the person presiding over the meeting. A proxy is void if not dated, and a proxy shall terminate at the time specified in the proxy or one year from date, whichever is earlier.

Section 11. Voting rights; multiple Owners. If only one of the multiple Owners of a Lot is present at a meeting of the Association, he is entitled to cast the vote allocated to the Lot. If more than one of the multiple Owners are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any one of the multiple Owners casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

Section 12. Voting rights; cumulative voting. The vote cast by, or on behalf of, the Owner or Owners of a Lot shall be one per Lot owned. In all elections for members of the Board of Directors, each voting member shall be entitled to vote its allocated interest for each director or directors to be elected, and the candidate or candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed elected. Cumulative voting shall not be permitted.

Section 13. Waiver of notice. Any Lot Owner, at any time, may waive notice of any meeting of the Association in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Lot Owner at any meeting of the Association shall constitute a waiver of notice by him of the time and place thereof except where a Lot Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully

called. If all of the voting members are present at any meeting of the Association, no notice shall be required, and any business may be transacted at such meeting.

Section 14. Informal action by Lot Owners. Any action which may be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such an action at a meeting and filed with the Secretary of the Association to be kept in the Association minute book.

Section 15. Order of Business. The order of business, as far as practical, at any member's meeting shall be:

1. calling of the roll and certifying of proxies;
2. proof of notice of meeting or waiver of notice;
3. reading and disposal of any unapproved minutes;
4. reports of officers;
5. reports of committees;
6. unfinished business;
7. new business;
8. adjournment.

ARTICLE V

BOARD OF DIRECTORS

Section 1. General powers. The business affairs of the Association shall be managed and directed by the Board of Directors of the Association or by such executive committees as the Board may establish pursuant to these Bylaws. If any of the authority of the Board of Directors is vested in any committee, one member of each such committee shall be a Board member.

Section 2. Initial Board. There shall be an initial Board of three directors, appointed by the Declarant, who shall serve until their successors are appointed or elected and qualified.

Section 3. Subsequent number, qualification and term of office. At each annual meeting of the members, the Declarant shall appoint the three (3) members to the Board of Directors until 120 days following conveyance by Declarant of seventy-five percent (75%) of the Lots.

Notwithstanding the foregoing the Declarant may, at any time, voluntarily surrender its right to appoint its three members of the Board of Directors before the occurrence of the earlier of the foregoing; but, as a condition of such surrender of right, Declarant may require that any action taken by the Board or the Association thereafter be subject to Declarant's approval. In the case of such surrender of right and the retaining of approval on Board or Association actions thereafter, the surrender of right and the actions which shall be subject to approval shall be set forth in a written instrument executed by Declarant and the Association and recorded in all counties in which the Subdivision is located.

At such time as Declarant's rights to appoint three members of the Board of Directors expires or is surrendered, as specified above, the terms of the three directors appointed by Declarant shall

thereupon immediately terminate and the vacancies thereby created shall be filled by the members of the Association upon a meeting called for that purpose by the remaining directors to serve until the next annual meeting of members. At the end of such period where Declarant's rights have terminated, or upon surrender of such rights: (i) if all Lots have not been transferred by Declarant, the Declarant for all purposes shall be deemed a Lot Owner and shall be entitled to vote in such elections as any other Lot Owner, and (ii) the term of office for a director shall be until the next annual meeting unless sooner removed as herein provided, or until his successor is duly elected. During the times when it has the right to designate Directors, the Declarant shall have the right in its sole discretion to replace any Director or Directors it appointed and to designate their successors.

Section 4. Election of directors. Except for the appointed directors provided for in Section 3 of this Article and as otherwise provided in Section 5 of this Article, the directors shall be elected at the annual meeting of the Association, and those candidates who receive the highest number of votes shall be elected.

Section 5. Removal. Any elected director may be removed from office, with or without cause by the affirmative vote of sixty-seven percent (67%) of the allocated interests of Lot Owners present and entitled to vote at a special meeting called for that purpose. If any directors are so removed, new directors may be elected at the same meeting.

Section 6. Vacancies. An elective vacancy occurring in the Board of Directors, including directorships not filled by the voting members, may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director.

Section 7. Compensation. The Board of Directors shall receive reimbursement for expenses, but shall receive no compensation for their services unless expressly allowed by the Association upon the affirmative vote of its members.

Section 8. Executive committees. The Board of Directors, by resolution adopted by a majority of the number of directors fixed by these Bylaws, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Association.

Section 9. Powers. The Board of Directors shall have the powers necessary for the administration of the affairs of the Association as specified by law, the Declaration or these Bylaws, and may do all such acts and things, except such acts as by law, by the Declaration, or by these Bylaws may not be delegated to the Board of Directors.

The Board of Directors shall not have the power to:

- (a) amend the Declaration;
- (b) elect members of the Board of Directors (except that the Board shall have the power to fill vacancies as hereinbefore set forth); or

(c) determine the qualifications, powers and duties, or terms of office of the Board members.

Section 10. Duties. It shall be the duty of the Board of Directors to:

- (a) Administer, operate, maintain and repair the Common Elements.
- (b) Determine the Common Expenses arising from the costs of administration, operation, care, upkeep, maintenance, repair and construction of the Common Elements, including, without limitation, reserves for repair, reconstruction or replacement.
- (c) Fix and assess in the manner provided by law and in the Declaration, the proportionate part of the Common Expenses of each Lot Owner within the Subdivision.
- (d) Collect and enforce the collection of Common Expenses in the manner provided by law and in the Declaration, including, but not limited to legal proceedings for the enforcement of liens.
- (e) Employ and dismiss personnel necessary to the maintenance and operation of the Common Elements.
- (f) Adopt, amend, publish and enforce reasonable Rules and Regulations that it deems advisable and necessary for the proper administration, operation, maintenance, conservation, and beautification of the Subdivision and for the health, comfort, safety, and general welfare of the Owners and occupants of the Lots. Copies of the published Rules and Regulations and amendments thereto shall be given to all the Owners and occupants and the Association and Subdivision shall be administered, operated and maintained in conformity with such rules and regulations.
- (g) Designate depositories for Association funds and the officers, agents and/or employees having the authority to deposit and withdraw such funds; and, in its discretion, to require such officers, agents or employees to be bonded in such amounts as it deems necessary.
- (h) Borrow money for the purpose of improving the Common Elements and facilities and in aid thereof to mortgage the Common Elements and sign all mortgages, deeds of trust, agreements, contracts, vouchers for payment of expenditures, deeds and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the President and the Secretary.
- (i) Procure and maintain adequate insurance of such nature and in such amounts as is provided in the Declaration, and such other insurance as the Board may deem necessary or appropriate, including, without limitation hazard insurance, liability insurance and officers and directors liability coverage.
- (j) Appoint such committees as are provided for in these Bylaws and the Declaration.
- (k) Exercise their powers in good faith and do and perform such other matters and things not expressly prohibited by law, the Declaration, or these Bylaws as are necessary and appropriate to the proper administration, operation and maintenance of the Association and the Subdivision.

(l) Give written notice of any default by the mortgagor of any Lot in the performance of such mortgagor's obligations under the Declaration or Bylaws which is not cured within thirty (30) days after default to any holder of a mortgage on such Lot who requests such notice.

(m) Prepare an annual budget in which there shall be established the assessments of each Lot Owner for the Common Expenses.

(n) Pay all taxes, charges and assessments which are or may become liens against any part of the Subdivision, other than Subdivision Lots and the appurtenances thereto, and assess the same against the members and their respective Subdivision Lots.

(o) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Common Elements and repairs to and restoration of the Common Elements, in accordance with these Bylaws, after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

(p) To enforce by legal means or proceedings the provisions of the Articles of Incorporation, the Bylaws, the Declaration and the Rules and Regulations promulgated hereunder.

(q) To regulate the use of the parking areas and facilities in the Common Elements.

(r) To establish fines and penalties for late payment of assessments and for violations of the Declaration, Bylaws and the Rules and Regulations.

(s) To impose reasonable charges for services especially provided to one or more Lot Owners which charges or costs should not otherwise be a Common Expense.

(t) To institute, defend or intervene on behalf of the Association in litigation or administrative proceedings affecting the Subdivision.

(u) To cause additional improvements to be made to the Common Elements.

(v) To incur liabilities and to encumber or sell the Common Elements as by law permitted.

(w) To grant easements, leases, licenses, and concessions through or over the Common Elements.

(x) To exercise all other duties to which similar organizations have the power to perform and as by law provided.

(y) To hire and terminate managing agents and to delegate to such agents such powers and duties as the Board shall determine, except such as are specifically required by the Declaration, the Articles, these Bylaws, or the Act, to be done by the Board or the members.

(z) To contract for the management of the Association and the Common Elements and to designate to such contractor all of the powers and duties of the Association.

Section 11. Persons who may serve. Every elected member of the Board shall be a Lot Owner or Co-owner or the spouse of a Lot Owner or Co-owner, unless the Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, in which event any officer, director, agent or employee of such corporation, partner of such partnership, beneficiary or trustee of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board, but members of the Board appointed by the Declarant need not be Owners.

Section 12. Liability of the Board. The members of the Board of Directors shall not be liable to the Lot Owners for any mistake of judgment, negligence or otherwise except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contracts shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. 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 of their liability as Lot Owners. It is also intended that the liability of any Lot Owner arising out of any contracts 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 proportions of the total liability thereunder as his interest in the Common Elements bears to the interest of all of the Lot Owners in the Common Elements. Every agreement made by the Board or by the manager on behalf of the Association shall provide that the members of the Board of Directors, or the manager, as the case may be, are acting only as agents for the Association, and shall have no personal liability thereunder (except as Lot Owners), and that each Lot Owner's liability thereunder shall be limited to such proportion to the total liability thereunder as his interest in the Common Elements of the Subdivision bears to the interest in said Common Elements of all Lot Owners in the Subdivision.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Organizational meeting. The initial Board of Directors shall meet prior to conveyance of the first Lot by the Declarant. No notice to the Directors shall be necessary in order to legally constitute such meeting, provided that a quorum shall be present.

Section 2. Regular meetings. A regular meeting of the Board shall be held immediately after and at the same place as the annual meeting or substitute annual meeting of the Association. The Board may provide by adoption of an appropriate resolution for the time and place for other regular meetings of the Board, but the Board shall meet at least once each calendar quarter.

Section 3. Special meetings. Special meetings of the Board may be called by or at the request of the President or by any two Directors. Such meetings may be held at any place within the city of the principal office.

Section 4. Notice of meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board shall give actual notice, oral or written, to all Directors of the time, place and purpose of such meeting at least two days prior thereto.

Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.

Section 5. Waiver of notice. Any member of the Board of Directors may give written waiver of notice at any time of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. If all of the members of the Board are present at any meeting thereof, no notice shall be required and any business may be transacted at such meeting.

Section 6. Quorum. A majority of the number of Directors fixed by these Bylaws shall be required for, and shall constitute a quorum for, the transaction of business at any meeting of the Board of Directors.

Section 7. Manner of acting. Except as otherwise provided in this section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

A vote of a majority of the number of Directors fixed by the Bylaws shall be required to adopt a resolution constituting an executive committee.

Section 8. Organization. Each meeting of the Board of Directors shall be presided over by the President and in the absence of the President, by the Vice President, and in the absence of the Vice President, by any person selected to preside by vote of the majority of the Directors present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and the Assistant Secretary, any person designated by the presiding officer of the meeting shall act as Secretary of the meeting.

Section 9. Informal action of Directors. Any action taken by a majority of the Directors without a meeting shall constitute Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

Section 10. Minutes. The Board, and all committees to which the Board shall have delegated any of its authority, shall keep minutes of all the proceedings of the Board and the committees.

Section 11. Fidelity bonds. The Board of Directors shall require any director, officer, employee or agent of the Association handling or responsible for Association funds to be covered by an adequate fidelity bond. The premiums on such bond shall constitute a Common Expense.

ARTICLE VII

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a president, a secretary, a treasurer and such vice presidents, assistant secretaries, assistant treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, except that the office of President and Secretary may not be held by the same person.

Section 2. Election and term. A director designated by the Declarant shall serve as President so long as the Declarant designates any Board members. All other officers of the Association shall be elected by the Board of Directors, and such elections may be held at the regular annual meetings of the Board; provided, however, that prior to the first annual meeting, the Declarant shall appoint the officers from among the initial Board.

Each officer shall hold office for a period of one (1) year or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualified.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board with or without cause, and any officer or agent appointed or designated by the Declarant may be removed by the Declarant with or without cause. Such removal, however, shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Compensation. No officer shall receive any compensation, from the Association for acting as such, but the Board may reimburse any officer for any direct expenses incurred by him in the performance of his duties as such officer and such reimbursement shall be a Common Expense.

Section 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall supervise and control the management of the Property. The President shall, when present, preside at all meetings of the Board and of the Association, and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed from time to time by the Board. The president shall have prepared, execute, certify and have recorded amendments to the Declaration on behalf of the Association.

Section 6. Vice President. The Vice President, and if there be more than one, the Vice Presidents shall, in the absence or disability of the President, have the powers and perform the duties of said office. In addition, each Vice President shall perform such other duties and have such other powers as shall be prescribed by the President.

Section 7. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Association and of the Board. He shall give, or cause to be given, all notices required by law and these Bylaws. He shall have general charge of the minute books and records of both the Association and of the Board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him from time to time by the President or by the Board of Directors.

Section 8. Treasurer. The Treasurer shall have custody of all Association funds and securities and shall receive, deposit, or disburse the same under the direction of the Board of Directors. He shall keep full and accurate records of the finances of the Association in books specially provided for that purpose. He shall cause a true statement to be prepared as of the close of each fiscal year setting forth, in reasonable detail, the assets and liabilities of the Association, the changes in surplus for such fiscal year, and the result of the operations of the Association. The statement shall be filed and kept available for inspection by any Lot Owner for a period of three (3) years and the Treasurer shall mail or otherwise deliver a copy of the latest statement to each Lot Owner and member of the Board of Directors annually on or before thirty (30) days prior to the annual meeting of the Association, covering the preceding fiscal year. The Treasurer shall also prepare and file all reports and returns required by Federal, State or local laws, and shall generally perform all other duties as may be assigned to him from time to time by the President or the Board of Directors.

Section 9. Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary or the Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the President or Board of Directors.

ARTICLE VIII

OPERATION OF THE PROPERTY

Section 1. Determination of common expenses and fixing of common expense. The Board of Directors, from time to time, and at least annually, shall prepare a budget for the Association, determine the amount of the "Common Expenses" payable by the Lot Owners to meet the expenses of the Association, and shall allocate and assess the Common Expenses of the Subdivision among the Lot Owners thereof as set forth in the Declaration. A part of the Common Expenses of the Subdivision shall include, among other things, and without limitation, the administrative expenses of the Association, and Subdivision maintenance, repair and replacement costs of the Common Elements, utilities costs, and the costs of all premiums for insurance obtained pursuant to the provisions of the Declaration. The budget of the Subdivision in the discretion of the Board, and as necessary, may include, without limitation, amounts for: funding deficits for any prior year; a reserve for working capital; a reserve for maintenance and replacement; and a general operating reserve.

Within thirty (30) days after adoption of a proposed budget for the Association, the Board of Directors shall provide a summary of the proposed budget to all Lot Owners and shall give notice for a date and time for a meeting of Lot Owners to consider ratification of the proposed budget. The meeting shall be held not less than fourteen (14) days nor more than thirty (30) days after mailing of the summary and notice. There is no requirement that a quorum of members be present. The budget, upon a vote of those members present at such meeting, shall be conclusively presumed to be ratified unless by a vote of a majority of all Lot Owners the budget is rejected. In the event of rejection of the proposed budget, the budget last ratified shall be in effect until a new budget is ratified under the procedure set forth above.

Section 2. Payment of Common Expenses. All Lot Owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article at such time or times as the Board shall determine.

No Lot Owner shall be liable for the payment of any part of the Common Expenses assessed against his Lot subsequent to a consummated sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Lot, together with his interest in the Common Elements (including limited Common Elements) as defined in the Declaration. A purchaser of a Lot shall be jointly and severally liable with the seller for the payment of the Common Expenses assessed against such Lot prior to the acquisition by the purchaser of such Lot, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor. Provided, that a first lien mortgagee or other purchaser of a Lot at a foreclosure sale of such Lot shall not be liable for, and such Lot shall not be subject to, a lien for the payment of Common Expenses assessed prior to such foreclosure sale, and such unpaid Common Expenses shall be deemed to be Common Expenses collectible from all of the Lot Owners, including such purchaser, his successors and assigns.

Section 3. Collection of assessments. After the first Lot is sold, the Board of Directors shall assess Common Expenses against the Lot Owners from time to time and at least annually and shall take prompt action to collect any Common Expenses due from any Lot Owner which remains unpaid for more than thirty (30) days from the due date of the payment thereof. In the event of an increase in such Common Expenses, the Board of Directors shall advise each Lot Owner, in writing, of such increased assessment at least one month prior to the date of which the first increased payment is due.

Section 4. Default in payment of Common Expenses. In the event of default by any Lot Owner in paying to the Board of Directors the Common Expenses as determined by the Board, such Lot Owner shall be obligated to pay interest at the highest rate permitted by law, but not to exceed twelve percent (12%) per annum on such Common Expenses from the due date thereof, together with any penalty established by the Board for nonpayment and with all expenses, including reasonable attorneys' fees incurred by the Board in any proceeding brought to collect such unpaid Common Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, together with penalties and the interest thereon and the expenses of the proceeding, including reasonable attorneys' fees in any action to recover the same brought against such Lot Owner, or by foreclosure of the lien on such Lot.

Section 5. Foreclosure of liens for unpaid Common Expenses. In any action brought by the Board to foreclose on a Lot because of unpaid Common Expenses, the Lot Owner shall be required to pay a reasonable rental for the use of his Lot, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Lot Owners, or on behalf of any one or more individual Lot Owners, if so instructed, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid Common Expenses may be maintainable without foreclosing or waiving the lien securing the same.

Section 6. Statement of Common Expenses. The Board of Directors shall promptly provide any Lot Owner, its grantee or contract purchaser making written request therefor, a written statement of all unpaid Common Expenses due from such Lot Owner.

Section 7. Abatement and restraint of violations by Lot Owners. The violation of any rule or regulation adopted by the Board, the breach of any Bylaw contained herein, or the breach of any provision of the Declaration shall give the Board the right, in addition to any other rights set forth in these Bylaws:

(a) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

(b) To assess against the Lot Owner a fine, not to exceed the maximum amount permitted by law, the procedures for which are set forth in the Declaration.

Section 8. Maintenance and repair. All maintenance, repairs and replacements to the Common Elements (unless necessitated by the negligence, misuse or neglect of a Lot Owner, his guests, lessees, employees, servants or invitees, in which case such expense shall be charged to such Lot Owner), shall be made by the Board and shall be charged to all Lot Owners as a Common Expense of the Subdivision.

Section 9. Additional, alterations, or improvements to Common Elements. No Lot Owner shall make any addition, alteration or improvement to the Common Elements.

Section 10. Use of Common Elements. (a) The use of the Common Elements and other property and appurtenances within the Subdivision shall be in accordance with the provisions regarding same as set forth in the Declaration.

(b) No use or practice shall be permitted at the Subdivision which is the source of annoyance to Lot Owners or which interferes with the peaceful possession and proper use of the Subdivision by the Lot Owners. All parts of the Subdivision shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate nor any fire or safety hazard allowed to exist. It shall be the responsibility of each Lot Owner and the Board of Directors to prevent the development of conditions which render the Subdivision, or any portion thereof, unclean, unsightly, or unkempt, or which substantially decreases the appearance of the area as a whole. No Lot Owner shall make or permit any use of the Common Elements which will increase the rate of insurance upon the Common Elements or which shall cause the cancellation of any insurance. No immoral, improper, offensive, or unlawful use shall be made of the Subdivision or any portion thereof. The size, type, and location of garbage receptacles shall be in accordance with reasonable standards established by the Board. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the Subdivision shall be the same as the responsibility for the maintenance and repair of the Subdivision concerned.

(c) Until all of the Lots of the Declarant referred to in Article I, Section 1, hereof have been sold, neither the Lot Owners nor the Board shall interfere with the sale of additional Lots. Declarant may make such use of the unsold Lots and the Common Elements as may facilitate such completion

and sale, including, but not limited to showing of the Lots and the display of signs and maintenance of a show Lot or Lots and sales office.

Section 11. Rules of conduct. Rules and Regulations concerning the use of the Common Elements may be promulgated and amended by the Board. Copies of such Rules and Regulations shall be furnished by the Board to each Lot Owner, and all amendments and new Rules and Regulations shall be furnished to Lot Owners prior to the time that amendment or new rule or regulation becomes effective.

Section 12. Utility charges. All charges for water, electricity, and other utilities used in connection with the maintenance and use of the Common Elements shall be a Common Expense of the Association.

ARTICLE IX

RECORDS AND AUDITS

The Board of Directors or the manager shall keep detailed records of actions of the Board and the manager, minutes of the meetings of the Board of Directors, minutes of meetings of the Association, and financial records and books of accounts of the Property, including a chronological listing of receipts and expenditures, which, among other things, shall contain the amount of each assessment of the Common Expenses against each Lot, the date when due, and amounts paid thereon, and the balance remaining unpaid, and including maintenance and repair expenses of the Common Elements and any other expenses incurred. The financial records and books of account shall be available for examination by any Lot Owner or his duly authorized agent or attorney at convenient hours on working days by prior arrangement with the Board or the manager. An outside audit of all receipts and expenditures of the Association and Property shall be rendered by the Board to all Lot Owners on or before the 120th day following the close of each fiscal year, covering the preceding year.

All books and records shall be kept in accordance with good and accepted accounting practices. A copy of the audit shall be furnished to all mortgagees of Lots who have requested the same.

ARTICLE X

OPERATION PRIOR TO INITIAL MEETING OF BOARD

Prior to the first meeting of the initial Board of Directors, all functions of the Association and of the Board of Directors as herein set forth shall be performed and carried out by the Declarant through its officers and agents.

ARTICLE XI

AMENDMENT OF BYLAWS

Section 1. Amendment by Owners. Except as provided in Section 2 below, these Bylaws may be amended by the affirmative vote of the voting members having at least sixty-seven percent (67%) of the aggregate allocated interests in the Common Elements, cast in person or by proxy at a meeting duly held in accordance with the provisions of the Bylaws, or by written agreement and, in addition, the consent of the Declarant so long as its rights to appoint directors has not expired as set forth in Section 3, Article V. Such amendment shall be executed in the name of the Association and recorded in the Office of the Register of Deeds of the county in which the Subdivision is located. No such amendment shall be effective until duly recorded as aforesaid.

Section 2. Amendment by Declarant or the Board. The Declarant, for so long as it controls the Board, and thereafter, the Board of Directors, may amend these Bylaws without the consent of the Owners:

(a) To conform to the requirements of any law or governmental agency having legal jurisdiction over the Subdivision or to qualify the Subdivision or any Lots therein for mortgage or improvement loans made or insured by a governmental agency or to comply with the requirements of law or regulations of any governmental corporation or agency regarding purchase of mortgage interests in Lots by such agency; and,

(b) To further completion and development of the Subdivision as by the Declaration or by law provided and to facilitate and exercise any rights reserved unto Declarant as provided by law or by the Declaration.

No amendments made pursuant to this Section 2 shall be effective until duly recorded in the Office of the Register of Deeds of the county in which the Subdivision is located.

Section 3. Amendment prior to sale of Lot. Declarant shall have the right to amend these Bylaws at any time prior to recording of the sale of the first Lot to an Owner by filing an amendment in the Office of the Register of Deeds for the county in which the Subdivision is located with a certificate certifying the fact that no sale has previously occurred.

ARTICLE XII

PARLIAMENTARY AUTHORITY

Robert's Rules of Order, Newly Revised, shall govern the conduct of Association proceedings when not in conflict with the Declaration, these Bylaws, the Articles, or any statutes of the State of North Carolina applicable thereto. The chairman of the meeting shall have the authority to appoint a parliamentarian.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting President of Clubhouse Villas at Wake Forest Golf Club Homeowners Association, Inc.; and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 2006.

IN WITNESS WHEREOF, I have executed this Certification in the name of and on behalf of Clubhouse Villas at Wake Forest Golf Club Homeowners Association, Inc. this _____ day of _____, 2006.

CLUBHOUSE VILLAS AT WAKE FOREST GOLF CLUB
HOMEOWNERS ASSOCIATION, INC.

By: _____