

BY-LAWS
OF
GREYSTONE ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is Greystone Association, herein referred to as the "Association". The principal office of the corporation shall be located at Raleigh, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

ARTICLE II

SECTION ONE. "Association" shall mean and refer to Greystone Association, its successors and assigns.

SECTION TWO. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions affecting property now within the jurisdiction of the Association and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION THREE. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the members, or designated classes of members, of the Association, including greenways and recreational areas.

SECTION FOUR. "Lot" shall mean and refer to any plot of land shown upon the last recorded subdivision map of the Properties on which such plot appears (provided said map has been approved by Declarant), with the exception of the Common Area, privately owned recreation areas, apartment areas and new residential areas.

SECTION FIVE. "Lot in Use" shall mean and refer to any lot on which a dwelling unit, other than an apartment has been fully constructed and occupied as a dwelling unit.

SECTION SIX. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

SECTION SEVEN. "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 for the performance of an obligation.

SECTION EIGHT. "Declarant" shall mean and refer to Ammons, Inc. and those of its successors and assigns, if any, to whom the rights of Declarant are expressly transferred hereafter, in whole or in part, as set forth in the Declaration.

SECTION NINE. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Wake County, North Carolina.

SECTION TEN. "Amenities" shall mean the facilities constructed, erected, or installed on the Common Area for the use, benefit and enjoyment of members.

ARTICLE III

MEMBERSHIP

SECTION ONE. MEMBERS. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants or record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessments by the Association. Ownership of such Lot shall be the sole qualification for membership. As evidence of each Owner's membership, each Owner shall deliver to the office of the Association a photocopy of the page(s) of his deed(s) which contains the name of the member and the Lot(s) owned by such member.

SECTION TWO. SUSPENSION OF MEMBERSHIP. During any period in which a member shall be in default in the payment of any annual or

special assessment levied by the Association the voting rights and right to use of the Common Areas (or portions thereof) such member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Area and facilities.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

SECTION ONE. Each member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Declaration. Any member may assign his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants or contract purchasers, who reside on the property. Such member shall notify the secretary in writing of the name of any such assignee. The rights and privileges of such assignee are subject to suspension to the same extent as those of the member.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

SECTION ONE. NUMBER. The affairs of this Association shall be managed by a Board of not less than three (3), nor more than fifteen (15) directors, who need not be members of the Association.

SECTION TWO. ELECTION. At the first annual meeting, the members shall elect one-third (1/3) of the directors for a term of one (1) year, one-third (1/3) of the directors for a term of two (2) years and one-third (1/3) of the directors for a term of three (3) years; and at each annual meeting thereafter the members shall elect one-third (1/3) of the directors for a term of three (3) years, and thereafter until their successors are elected and qualified.

SECTION THREE. REMOVAL. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

SECTION FOUR. COMPENSATION. No director shall receive compensation for any service he may render to the Association in the capacity of director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

SECTION FIVE. ACTION TAKEN WITHOUT A MEETING. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

MEETINGS OF DIRECTORS

SECTION ONE. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held annually, without notice, immediately after the annual meeting of members as provided in Article X, Section One. In addition, the Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings. Should said meetings fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

SECTION TWO. SPECIAL MEETINGS. Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) directors, after not less than three (3) days notice to each director.

SECTION THREE. QUORUM. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

SECTION ONE. NOMINATION. Nomination for election to the Board of Directors shall be made by a 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, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. 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. Such nominations may be made of members or non-members.

SECTION TWO. ELECTION. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION ONE. POWERS. The Board of Directors shall have power:

(a) To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) To 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 these By-Laws, the Articles of Incorporation or the Declaration;

(c) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(d) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

SECTION TWO. DUTIES. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such

statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

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

(c) As more fully provided herein and in the Declaration;

(1) To fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, as hereinafter provided in Article XII; and

(2) To send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid;

(e) To procure and maintain adequate liability insurance, and to procure adequate hazard insurance on property owned by the Association;

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

(g) To cause the Common Area and other areas within the jurisdiction of the Association to be maintained:

ARTICLE IX

COMMITTEES

SECTION ONE. The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes, such as:

1. A RECREATION COMMITTEE which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

2. A MAINTENANCE COMMITTEE which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Properties, and shall perform such other functions as the Board in its discretion, determines;

3. A PUBLICITY COMMITTEE which shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association;

4. AN AUDIT COMMITTEE which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular meeting as provided in Article XI, Section 8(d). The Treasurer shall be an ex-officio member of the Committee.

SECTION TWO. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

SECTION ONE. ANNUAL MEETINGS. The annual meeting of the members shall be held on the second Wednesday in the month of February of each year at the hour of 7:30 p.m., and at such place as is fixed by the Board of Directors. The Directors may change the date of the annual meeting from time to time.

SECTION TWO. SPECIAL MEETINGS. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of no fewer than the members who are entitled to vote one-fourth (1/4) of all of 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 THREE. NOTICE OF MEETINGS. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by hand delivery to the residence of members or by mailing a copy of such notice,

postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, date and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

SECTION FOUR. QUORUM. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

ARTICLE XI

OFFICERS AND THEIR DUTIES

SECTION ONE. ENUMERATION OF OFFICERS. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board may from time to time authorize by resolution.

SECTION TWO. ELECTION OF OFFICERS. The election of officers shall take place at the meeting of the Board of Directors following each annual meeting of the members.

SECTION THREE. TERM. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year (and continuing thereafter until their successors are elected and qualified) unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

SECTION FOUR. SPECIAL APPOINTMENTS. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

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

SECTION SIX. VACANCIES. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

SECTION SEVEN. MULTIPLE OFFICES. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section Four of this Article.

SECTION EIGHT. DUTIES. The duties of the officers are as follows:

PRESIDENT

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

VICE-PRESIDENT

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

SECRETARY

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of

the Association together with their addresses, and shall perform such other duties as required by the Board.

TREASURER

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE XII

ASSESSMENTS

SECTION ONE. CREATION OF PERSONAL OBLIGATION OF ASSESSMENTS.

Notwithstanding any provisions or inference herein to the contrary, no Lot shall be subject to the full annual or special assessment until it becomes a Lot in Use. The amount of assessment on each Lot which is not a Lot in Use shall be one-fourth (1/4) of the assessment applicable to a Lot in Use. The owner of a Lot in Use, by acceptance of a deed therefor shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvement, as provided in the Declaration. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due and shall not pass to his successors in title as a personal obligation unless expressly assumed by them.

SECTION TWO. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively for the purpose of promoting the beautification of the Properties, the recreation, health, safety, and welfare of the residents in the Properties, the enforcement of the Covenants and the rules of the Association, and, in particular, for the improvement and maintenance of the Properties and providing the services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area. Nothing herein shall mean that assessments may not be used for the beautification areas within

the subdivision but which are not part of the Common Areas, such as entrance signs, access easements crossing private property, median strips within public streets or the interior of cul de sacs.

SECTION THREE. BASIC AND MAXIMUM OF ANNUAL ASSESSMENTS. Until December 31, 1981, the basic and maximum annual assessment shall be not in excess of Sixty (\$60.00) Dollars per Lot in Use.

(a) For years after December 31, 1981, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership, by a percentage which may not exceed the greater of five (5%) percent per year or the percentage increase reflected in the U. S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates (published by the U. S. Bureau of Labor Statistics, Washington, D.C.), or such other Index as may replace the Consumer Price Index, for the twelve-month period ending the immediately preceding July 1.

(b) At any time after December 31, 1981, the maximum annual assessment may be increased^{by}an amount greater than that established by the Consumer Price Index formula in (a) by an affirmative vote of the members provided that any such change shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Article of Incorporation.

ASSESSMENT

(c) CRITERIA FOR ESTABLISHING ANNUAL ASSESSMENT. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of the sums derived by application of the Consumer Price Index formula provided in Subsection (a)

without the consent of members required by Subsection (b) of this Section 3.

(d) The Board of Directors may decrease the annual assessment from time to time if in its opinion such decrease is prudent.

SECTION FOUR. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS.

In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the time, place and purpose of the meeting. The amount of the proposed special assessment need not be stated in said notice.

SECTION FIVE. UNIFORM RATE. Both annual and special assessments must be fixed at a uniform rate for all Lots in Use and may be collected on a monthly, quarterly or annual basis. Assessments may be collected in advance or in arrears.

SECTION SIX. QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION THREE AND FOUR. At the first meeting called, as provided in Section Three and Four hereof, the presence at the meeting of members or of proxies entitled to cast sixty (60%) percent of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Section Three and Four, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Quorum

SECTION SEVEN. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES. Subject to the provisions of the Declaration, the annual assessments provided for herein shall commence as to

all Lots in Use and other Lots on the first day of the month following the conveyance of a portion of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year. The Board of Directors shall fix the amount of the annual assessment against each Lot in Use at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand at any time, furnish a certificate in writing, signed by an officer of the Association, setting forth whether the assessments on a specified Lot in Use have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

SECTION EIGHT. EFFECT OF NON-PAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessments or portions thereof which are not paid when due shall be delinquent. If the assessment or portion is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the lesser of the highest lawful rate or twelve (12%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, and interest, costs, late payment charges and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XIII

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XIV
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "Greystone Association" and in its center the words, "Corporate Seal".

ARTICLE XV
MISCELLANEOUS

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

IN WITNESS WHEREOF, we being all of the directors of GREYSTONE ASSOCIATION, have hereunto set our hands, this the 18th day of September, 1980.

J. Williams
Co. Ed. - W. Williams
Marion Williams