

**Bylaws
of
Arlington Place Property Owners Association, Inc.**

November 2006

Article I – Organization and Principal Office; Definitions

Section 1.1 Organization. Arlington Place Property Owners Association, Inc. (the “Association”) is a property owners’ association organized as a nonprofit corporation under the North Carolina Planned Community Act, set forth in Chapter 47F of the General Statutes, and the North Carolina Nonprofit Corporation Act, set forth in Chapter 55A of the General Statutes.

Section 1.2 Principal Office. The principal office of the Association shall be located in North Carolina at such place as the Executive Board shall designate.

Section 1.3 Definitions. The following terms, as used in these Bylaws, shall have the following meanings:

(a) “Articles of Incorporation” shall mean the Articles of Incorporation of the Association filed in the office of the Secretary of State of North Carolina on September 27, 2006, as the same may be amended from time to time.

(b) “Community” shall mean the property now or hereafter made subject to the Master Declaration in accordance with the provisions thereof.

(c) “Declarant” shall mean Burton Farm Development Company, LLC, a North Carolina limited liability company, and its successors and assigns as provided in the Master Declaration.

(d) “Master Declaration” shall mean the Master Declaration of Covenants, Conditions, Restrictions and Easements for Arlington Place dated October 30, 2006 and recorded in Book 481 at Page 375, Pamlico County Registry, as the same may be amended from time to time.

(e) “Owner” shall mean the owner as shown in the land records of Pamlico County, North Carolina, whether one or more Persons, of fee simple title to a Homesite, Townhome Lot, Residential Condominium Unit, Unimproved Tract or Other Property, as those terms are defined in the Master Declaration, but shall not include a Person having an interest solely as security for an obligation.

(f) “Person” shall mean a natural person or a corporation, limited liability company, partnership, association, trust or other legal entity.

(g) “Period of Declarant Control” shall mean the period beginning on the date of the Master Declaration and continuing until December 31, 2030, or such earlier date

that Declarant, in its discretion, terminates such Period of Declarant Control by giving written notice thereof to the Association.

Article II- Membership, Voting and Meetings of Owners

Section 2.1 Membership and Voting Rights. Each Owner shall be a member of the Association and shall have voting rights as provided in the Master Declaration.

Section 2.2 Annual Meetings. An annual meeting of the Owners shall be held at such time and place as the Executive Board may determine. The purpose of the annual meeting shall be to review the annual budget of the Association and for such other purposes as specified in these Bylaws or as the Executive Board shall determine. After the Period of Declarant Control one or more directors shall be elected at each annual meeting, as hereinafter provided.

Section 2.3 Special Meetings. Special meetings of the Owners may be called at any time by the President or by the Executive Board, or upon written request of Owners having ten percent (10%) of the votes entitled to be cast.

Section 2.4 Location of Meetings. Meetings of Owners shall be held at such places within Pamlico County, North Carolina, or an adjoining county, as the Executive Board shall determine.

Section 2.5 Notice of Meetings. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the Secretary shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each property in the Community, or to any other mailing address designated in writing by the Owner of such property, or sent by electronic means, including by electronic mail over the internet, to an electronic mailing address designated in writing by the Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda.

Section 2.6 Quorum. A quorum is present throughout a meeting of the Owners if persons entitled to cast ten percent (10%) of the votes all the Owners are present in person or by proxy at the beginning of the meeting. In the event that business cannot be conducted at a meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy and the quorum requirement at the next meeting shall be one-half of the quorum applicable to the meeting adjourned for lack of a quorum; and this provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

Section 2.7 Voting Requirements. Unless a greater vote or voting by class is required by law, the Articles of Incorporation, the Master Declaration, or these Bylaws, if a quorum is present the affirmative vote of a majority of the votes cast is the act of the Owners.

Section 2.8 Voting by Co-Owners. If two or more co-owners own a property in the Community and only one of the co-owners is present at a meeting of the Owners, the co-owner who is present is entitled to cast the vote(s) allocated to that property. If more than one of the co-owners is present, the vote(s) allocated to that property may be cast only in accordance with

the agreement of a majority in interest of the multiple co-owners. Majority agreement is conclusively presumed if any one of the co-owners casts the votes allocated to that property without protest being made promptly to the person presiding over the meeting by any of the other co-owners of the property.

Section 2.9 Proxies. The vote(s) allocated to a property in the Community may be cast pursuant to a proxy duly executed by the Owner. If two or more co-owners own a property, each co-owner may vote or register protest to the casting of vote(s) by the other co-owners of the property through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term, and in any event a proxy shall automatically terminate upon conveyance of such property.

Section 2.10 Rules of Order. Except as otherwise provided herein, meetings of Owners shall be conducted in accordance with the most recent edition of Robert's Rules of Order Newly Revised.

Article III – Executive Board Function and Duties

Section 3.1 Function of Executive Board. The affairs of the Association shall be managed under the direction of an Executive Board (members of the Executive Board are sometimes referred to herein as “Executive Board members” or as “directors”). Except as otherwise provided by law, the Articles of Incorporation, the Master Declaration, or these Bylaws, the Executive Board may act in all instances on behalf of the Association.

Section 3.2 Duties of Executive Board. It shall be the duty of the Executive Board to: (a) cause to be kept a record of all meetings and actions of the Executive Board; (b) oversee the officers and agents of the Association; (c) adopt an annual budget for the Association; (d) as more fully provided in the Master Declaration, fix the amount of the annual assessment against each type of property in the Community, cause written notice of each assessment to be sent to each Owner subject thereto, and take such steps as it shall deem appropriate to enforce the lien against any property for which assessments are not paid or bring an action at law against the Owner personally obligated to pay the same; (e) upon demand by any Owner and payment of a reasonable charge, cause an officer to issue a certificate stating whether any assessment remains unpaid; (f) cause the Association to maintain appropriate insurance as provided for in the Master Declaration; (g) cause all officers or employees having fiscal responsibilities to be bonded or covered by fidelity insurance as provided for in the Master Declaration; and (h) cause maintenance of the Common Elements to be performed as provided in the Master Declaration.

Article IV – Executive Board Terms, Appointment and Election

Section 4.1 Number of Directors. During the Period of Declarant Control the Executive Board shall consist of not less than one (1) or more than five (5) natural persons, who need not be Owners. After the Period of Declarant Control the Executive Board shall consist of five (5) natural persons, at least a majority of whom shall be Owners.

Section 4.2 Term of Office. During the Period of Declarant Control a director shall hold office until removed by Declarant or until Declarant appoints a successor. At the initial meeting of the Owners after the Period of Declarant Control two directors shall be elected to serve until the next annual meeting of the Owners and three directors shall be elected to serve until the second annual meeting following such initial meeting. After such initial meeting the Owners shall elect directors for staggered terms of two (2) years, so that the terms of two directors shall expire at one annual meeting of the Owners and the terms of the other three directors shall expire at the next annual meeting.

Section 4.3 Appointment and Removal of Directors by Declarant. During the Period of Declarant Control, Declarant shall have the right to appoint all of the directors of the Association. Declarant shall have the right to remove any director appointed by Declarant, without cause, and appoint another person to replace such removed director. The appointment or removal of a director by Declarant shall be made in writing and delivered to any officer of Association or presented at a meeting of the Owners.

Section 4.4 Nomination and Election of Directors by Owners. After the Period of Declarant Control, the nomination and election of directors by the Owners shall be conducted in the following manner:

(a) A Nominating Committee consisting of two (2) or more Owners appointed by the Executive Board shall make nominations for election of directors at the annual meeting of the Owners. The Nominating Committee shall make as many nominations for election to the Executive Board as it shall deem appropriate. Nominations may also be made from the floor at the meeting of Owners.

(b) Election of directors to the Executive Board shall be by written ballot. At such election the Owners or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 4.5 Removal of Directors by Owners. Any director elected by the Owners may be removed from the Executive Board, with or without cause, by a majority vote of all Owners present and entitled to vote at any meeting of the Owners at which a quorum is present.

Section 4.6 Vacancies. During the Period of Declarant Control, Declarant may fill any vacancy on the Executive Board. After the Period of Declarant Control a vacancy on the Executive Board may be filled for the unexpired term by an affirmative vote of a majority of the directors, or by the sole director, remaining in office.

Section 4.7 Compensation. No director shall receive compensation for any service rendered as a director of the Association. Directors may be reimbursed for actual and reasonable expenses incurred in the performance of their duties, as determined by the Executive Board.

Article V – Executive Board Meetings and Action Without Meeting

Section 5.1 Regular Meetings. Regular meetings of the Executive Board shall be held at such time and place and with such notice as shall be determined by the Executive Board. At regular intervals, the Executive Board shall provide Owners an opportunity to attend a portion of an Executive Board meeting and to speak to the Executive Board about their issues or concerns. The Executive Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

Section 5.2 Special Meetings. Special meetings of the Executive Board shall be held when called by the President of the Association, or by any two directors, with not less than three (3) days notice to each director.

Section 5.3 Location of Meetings. Meetings of the Executive Board shall be held at such places within North Carolina as may be designated by the Executive Board or the officer(s) calling the meeting.

Section 5.4 Quorum and Voting. A quorum of the Executive Board consists of a majority of the directors in office immediately before a meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present is the act of the Executive Board unless the vote of a greater number is required by law or by these Bylaws.

Section 5.5 Waiver of Notice. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

Section 5.6 Rules of Order. Except as otherwise provided herein, meetings of the Executive Board shall be conducted in accordance with the most recent edition of Robert's Rules of Order Newly Revised.

Section 5.7 Action Without Meeting. The directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written consent of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board.

Article VI – Officers and Their Duties

Section 6.1 Principal Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The President, Vice President and Secretary must be appointed from among the members of the Executive Board. The Treasurer need not be a member of the Executive Board. No one person may hold more than one of the offices of President, Vice President or Secretary.

Section 6.2 Appointment and Term. The Executive Board shall appoint the principal officers of the Association annually at its first meeting following the annual meeting of Owners. The principal officers of the Association shall hold office for a term of one (1) year or until their successors are appointed. An individual may be reappointed for successive terms.

Section 6.3 Duties of Officers. The duties of the principal officers are as follows:

(a) President. The President shall be the chief executive officer of the Association. The President shall preside at meetings of the Executive Board and oversee management of the Association. The President shall have such other authority and perform such other duties as the Executive Board may prescribe.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of the absence, inability or refusal to act of the President. The Vice President shall have such other authority and perform such other duties as the Executive Board may prescribe.

(c) Secretary. The Secretary shall cause notice of meetings to be given as provided in these Bylaws. The Secretary shall record or cause to be recorded all votes, and keep or cause to be kept the minutes of all meetings and proceedings, of the Executive Board and of the Owners. The Secretary shall have such other authority and perform such other duties as the Executive Board may prescribe.

(d) Treasurer. The Treasurer shall deposit or cause to be deposited all moneys of the Association in the name of the corporation in a depository designated by the Executive Board, and shall keep or cause to be kept accounts of receipts, expenditures, assets and liabilities of the Association. The Treasurer shall have such other authority and perform such other duties as the Executive Board may prescribe.

Section 6.4 Special Appointments. The Executive Board may appoint 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 Executive Board may prescribe.

Section 6.5 Resignation and Removal. The Executive Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Executive Board, the President or 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 6.6 Vacancies. The Executive Board may appoint someone to fill a vacancy in any office, and the officer so appointed shall serve for the remainder of the unexpired term of such office.

Section 6.7 Amendments to Master Declaration. Any amendment to the Master Declaration by Declarant shall be executed by an officer or authorized agent of Declarant and recorded in the Pamlico County Registry. Any amendment to the Master Declaration approved by the Owners in accordance with the provisions of the Master Declaration shall be executed by the President or Vice President and recorded in the Pamlico County Registry.

Article VII – Committees; Management Contracts

Section 7.1 Committees. The Executive Board shall appoint a Nominating Committee as provided in these Bylaws. The Executive Board may appoint such other committees as it deems necessary or appropriate. When a committee is created or appointed the Executive Board shall determine and specify whether the committee is a committee of the Board with authority to

act on behalf of the Executive Board or an advisory committee for the purpose of making recommendations to the Executive Board.

Section 7.2 Management Contracts. The Executive Board may authorize the Association to employ or contract for the services of a manager and delegate to such manager any or all of the powers and duties of the Association, except those required by law, the Articles of Incorporation, the Master Declaration, or these Bylaws to have specific approval of the Executive Board or the Owners.

Article VIII – Financial Matters and Association Records

Section 8.1 Annual Budget. The Association shall have an annual budget. Unless otherwise determined by the Executive Board, the budget for the next year shall be presented at the annual meeting of the Owners. Within thirty (30) days after adoption of a proposed budget, the Executive Board shall provide to all Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Owners rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

Section 8.2 Assessments; Interest and Late Charges. As more fully provided in the Master Declaration, each Owner is obligated to pay assessments to the Association. Each assessment is secured by a continuing lien upon the property against which the assessment is made. Any past-due assessment or installment thereof shall bear interest at the rate of eighteen percent (18%) per year. The Association may also impose charges for late payment of assessments in an amount determined by the Executive Board, not to exceed the greater of twenty dollars (\$20.00) per month or ten percent (10%) of any assessment installment unpaid. The Association may bring an action at law against the Owner personally obligated to pay the assessment, or foreclose the lien against the property. Costs and expenses, including reasonable attorney fees, incurred by the Association in connection with any such action shall be added to the amount due.

Section 8.3 Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 8.4 Financial Statements. The association shall keep accurate records of all cash receipts and expenditures and all assets and liabilities. The Association shall make an annual income and expense statement and balance sheet available to all Owners at no charge and within 75 days after the close of the fiscal year to which the information relates. A more extensive compilation, review or audit of the Association's books and records for the current or immediately preceding fiscal year may be required by the Executive Board or by a vote of the Owners at any annual meeting or a special meeting duly called for that purpose.

Section 8.5 Association Records. All financial and other records, including records of meetings of the Owners and meetings of the Executive Board, shall be made reasonably available for examination by any Owner and the Owner's authorized agents as required by law.

Article IX – Fines, Suspension of Privileges and Adjudicatory Hearings

The Association shall have power to impose reasonable charges for late payment of assessments and, after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to an Owner's property in the Community) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer. Further, the Association shall have power, after notice and an opportunity to be heard, to impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to an Owner's property in the Community) for reasonable periods for violations of the Master Declaration, these Bylaws, or any rules and regulations of the Association. A hearing shall be held before the Executive Board or an adjudicatory panel appointed by the Executive Board to determine if any Owner should be fined or if privileges or services should be suspended pursuant to such powers. Any adjudicatory panel appointed by the Executive Board shall be composed of Owners who are not officers or directors of the Association. The Owner charged shall be given notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. If it is decided that a fine should be imposed, a fine not to exceed one hundred dollars (\$100.00), or such greater amount allowed by law, may be imposed for the violation and without further hearing, for each day more than five (5) days after the decision that the violation occurs. Such fines shall be assessments secured by liens under applicable law and the Master Declaration. If it is decided that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured. The Owner may appeal the decision of an adjudicatory panel to the full Executive Board by delivering written notice of appeal to the Executive Board within fifteen (15) days after the date of the decision. The Executive Board may affirm, vacate or modify the prior decision of the adjudicatory panel.

Article X – Miscellaneous

Section 10.1 Conflicting Provisions. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control. In the case of any conflict between the Master Declaration and these Bylaws, the Master Declaration shall control.

Section 10.2 Amendments. During the Period of Declarant Control the Executive Board may amend these Bylaws, without approval by the Owners, upon approval by a majority of the directors in office at the time the amendment is adopted. After the Period of Declarant Control any amendment to the Bylaws must be approved by the Owners, by two thirds of the votes cast or a majority of the votes entitled to be cast on the amendment, whichever is less. Notwithstanding the foregoing, no amendment that would abridge, amend or modify any right of Declarant may be adopted or become effective without the prior written consent of Declarant.

Certification of Bylaws

I hereby certify that I am the duly appointed and acting Secretary of Arlington Place Property Owners Association, Inc., and that the Executive Board of the Association adopted the foregoing Bylaws on November 1, 2006.

Secretary