

EXHIBIT A
BYLAWS OF BEACON VILLAS AT COROLLA LIGHT ASSOCIATION

ARTICLE I
Identity

These are the Bylaws of Beacon Villas at Corolla Light Association, a North Carolina Nonprofit Corporation, (the "**Townhouse Association**"). The Articles of Incorporation (the "**Articles**") of the Townhouse Association have been filed in the Office of the North Carolina Secretary of State. The Townhouse Association shall serve the Owners of Beacon Villas at Corolla Light, a North Carolina Planned Community established pursuant to the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes (the "**Act**").

ARTICLE II
Purposes and Powers

The purposes and powers of the Townhouse Association are those established in Article 3 of the Act.

ARTICLE III
Membership; Members' Meetings and Voting

3.1. Members. Each Owner shall be a member of the Townhouse Association, and shall remain a member until he ceases to be an Owner. Membership shall be established by acquisition of fee title to a Lot. A new Owner designated in such deed or other instrument shall thereupon become a member of the Townhouse Association, and the membership of the prior owner as to the Lot designated shall be terminated. Each new Owner shall deliver to the Townhouse Association a true copy of such deed or instrument of acquisition of title.

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

3.3. Prohibition of Assignment. The interest of an Owner in the Townhouse Association assets cannot be transferred or encumbered except as an appurtenance to his Lot.

3.4. Meetings of Members. Meetings of members shall be governed by Section 47F-3-108 of the Act.

3.5. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence of Owners representing at least twenty percent (20%) of the total votes in the Townhouse Association shall constitute a quorum.

3.6. Voting. Voting of Members shall be governed by Section 47F-3-110 of the Act.

3.7. Proxies.

3.7.1. Members may cast votes in person or by proxy, subject to any limitations of North Carolina law relating to use of general proxies and subject to any specific provision to the contrary in the Declaration or these Bylaws.

3.7.2. Every proxy shall be in writing specifying the Lot for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Townhouse Association prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

3.7.3. Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Lot for which it was given, (b) receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, or (c) 11 months from the date of the proxy, unless a shorter period is specified in the proxy.

3.8. Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote if (1) written consent specifically authorizing the proposed action is signed by all Members pursuant to Section 55A-7-04 of the North Carolina Nonprofit Corporation Act, or (2) by written ballot signed by less than all of the Members, if the action is taken pursuant to the requirements of Section 55A-7-08 of the North Carolina Nonprofit Corporation Act.

ARTICLE IV
Executive Board

4.1. Initial Directors. The number of Directors constituting the initial Executive Board is identified in the Articles.

4.2. First Election. The first election of Directors by the members of the corporation shall not be held until after Turnover as defined in the Declaration. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in these Bylaws.

4.3. First Executive Board. The first Executive Board shall consist of a minimum of two (2) persons elected by the Declarant, whose names are set forth in these Bylaws, and successors to any thereof elected by the Declarant. The Declarant shall have the right to appoint Directors until Turnover. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before Turnover, but in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Townhouse Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. Declarant shall have the unilateral right to remove any person or persons selected by it to act and serve on the Executive Board and to replace such person or persons with another person or person to act and serve in the place of any director or directors so removed. Any director designated and selected by the Declarant need not be an Owner. Any representative

of the Declarant serving on the Board shall not be required to disqualify himself from any vote upon contract or matter between Declarant and the Townhouse Association where Declarant may have a pecuniary or other interest.

4.4. Number and Qualification of Directors. After Turnover, the Executive Board shall consist of at least three (3) natural persons, as determined at any annual meeting by the members. Each Director shall be an Owner or the individual nominee of an Owner which is other than an individual.

4.5. Election of Directors. After Turnover, the members shall elect the Directors by a majority of the votes cast in the election at the annual meeting of the members.

4.6. Term. The terms of the Directors shall be three (3) years each. After Turnover, terms shall be staggered. The Directors shall establish rules to implement the provision of this section. Once elected, a Director shall hold office until his successor has been duly elected.

4.7. Removal. Any member of the Executive Board, other than Directors appointed by the Declarant, may be removed by agreement of Members to which at least sixty-seven percent (67%) of the votes in the Townhouse Association are allocated, with or without cause. The successor may then be elected by the members to serve for the balance of the removed Director's term.

4.8. Vacancies. Any vacancy in the Board arising by death or resignation of a Director shall be filled by act of the remaining Directors, whether or not constituting a quorum, and a Director so elected shall serve for the unexpired term of his predecessor in office.

4.9. Regular Meeting. Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by postal mail, commercial overnight delivery service, electronic mail, telephone or fax at least seventy-two (72) hours prior to the meeting.

4.10. Special Meetings. Special meetings of the Board may be called by the President and shall be called by the President or the Secretary and held within ten (10) days after written request therefor signed by two (2) Directors is delivered to any other Director or the President or the Secretary. Not less than seventy-two (72) hours notice of such special meeting shall be given personally or by postal mail, commercial overnight delivery service, electronic mail, telephone or fax to each Director; provided that in case the President or any Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice.

4.11. Quorum; Adjournment if No Quorum. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. The signing by a Director of the minutes of a meeting shall constitute the presence of such Director at that meeting for the purpose of determining a quorum.

4.12. Manner of Acting. Each Director shall be entitled to one (1) vote. The act of a majority of the Directors present at a meeting shall constitute the act of the Board unless the

act of a greater number is required by the provision of applicable law, the Declaration or these Bylaws.

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

4.14. Open Meetings; Closed Sessions.

4.14.1. All Board meetings shall be open to all Members, but attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak. In such case, the President may limit the time any such individual may speak.

4.14.2. Closed Sessions. Meetings of the Board may be held in closed session, without giving notice and without the requirement that they be open to Members, if the subject matter of the closed session involves or includes:

4.14.2.1. personnel matters;

4.14.2.2. advice from the Board's attorney which requires confidentiality in order to preserve the attorney-client privilege;

4.14.2.3. pending litigation; or

4.14.2.4. actions involving enforcement of the Declaration, Bylaws or Rules adopted by the Board.

4.14. Board Action Without Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if such action is authorized in a writing, setting forth the action taken, signed by all Directors.

4.15 Compensation of Directors Restricted. Directors shall receive no compensation for their services, but may be paid for out-of-pocket expenses incurred in the performance of their duties as Directors.

ARTICLE
Officers

5.1. Designation of Officers. The officers of this Townhouse Association shall be a President, one Vice President, one Secretary, and one Treasurer. Each officer shall be an Owner or the individual nominee of an Owner which is other than an individual. A person may hold one or more of such offices at one time, except that the President shall not at the same time hold another office in the Townhouse Association. The Board may elect an assistant Secretary and an assistant Treasurer, and such other officers as in its judgment may be necessary.

5.2. Election of Officers. Officers of the Townhouse Association shall be elected by the Executive Board. Election shall be held annually at the first meeting of the Executive Board held after the annual meeting of the members, except that the first Executive Board shall elect Officers as soon as practical after filing of the Declaration.

5.3. Term. Each officer shall serve until his successor has been duly elected.

5.4. Removal. Any officer may be removed, with or without cause, and without notice, by the Executive Board.

5.5. Vacancy. Any vacancy in any office shall be filled by the Executive Board, and an officer elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

5.6. Powers and Duties of Officers.

(a) President. The President shall be the chief executive officer of the Townhouse Association; shall have all of the powers and duties incident to the office of a president of a corporation, including, but not limited to, the duty to preside at all meetings of the members, and the general supervision of officers in the management of the business and affairs of the Townhouse Association; and shall see that all actions and resolutions of the Executive Board are carried into effect.

(b) Vice President. The Vice President shall perform such duties of the President as shall be assigned to him by the President, and in the absence of the President shall perform the duties and functions of the President.

(c) Secretary. The Secretary shall keep the minutes of all meetings and action of the Executive Board and of the members; shall give all required notices to the Directors and members; shall keep the records of the Townhouse Association, except those kept by the Treasurer; shall perform all other duties incident to the office of a secretary of a corporation; and shall perform such other duties required by the Executive Board or the President.

(d) Treasurer. The Treasurer shall have custody of all intangible property of the Townhouse Association, including funds, security, and evidences of indebtedness; shall keep, or cause to be kept, the books of the Townhouse Association in accordance with good accounting practices and principals, and, upon request, shall submit them, together with all vouchers, receipts, records, and other papers to the Executive Board for examination and approval; shall deposit all moneys and other valuable effects in depositories designated by the Executive Board; shall disburse funds of the Townhouse Association as directed by the Executive Board; and shall perform all other duties incident to the office of a treasurer of a corporation.

5.7. Execution of Agreements, etc. All agreements, deeds, mortgages, and amendments to the Declaration or Bylaws, or other such instruments shall be executed by any two (2) officers, or by such other person or persons as may be designated by the Executive Board.

5.8 Compensation of Officers Restricted. No officer shall be compensated for his services in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing his duties.

ARTICLE VI
Indemnification of Directors and Officers

The Townhouse Association shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent as permitted by North Carolina General Statutes Chapter 55A, Article 8 as now enacted or hereafter amended or replaced with a comparable statute.

ARTICLE VII
Fiscal Management

7.1. Depository. The Executive Board shall designate a depository for the funds of the Townhouse Association, and may change such depository. Withdrawal of funds from such depository shall be only by checks signed by any two officers of the Townhouse Association, or any officer and one other person authorized by the Executive Board.

7.2. Fidelity Bonds. Fidelity bonds may be maintained by the Townhouse Association, in an amount determined by the Executive Board, covering each director and officer of the Townhouse Association, any employee or agent of the Townhouse Association and any other person, handling or responsible for handling funds of the Townhouse Association.

7.3. Payment Vouchers. Payment vouchers shall be approved by the Executive Board, provided that the Executive Board may delegate such authority to any officer or managing agent of the Townhouse Association.

7.4. Fiscal Year. The fiscal year of the Townhouse Association shall be from January 1 to December 31. The fiscal year shall be subject to change by the Executive Board in its discretion.

7.5. Books and Accounts. Books and accounts of the Townhouse Association shall be the responsibility of the Treasurer and shall be kept under the direction of the Treasurer. The books, records, and papers of the Townhouse Association shall be subject to inspection by any Member upon fifteen (15) days prior written notice. The Declaration, the Articles and the Bylaws of the Townhouse Association shall be available for inspection by any Member at the principal office of the Townhouse Association, where copies shall be made available for sale at a reasonable price.

7.6. Reserve Fund. The reserve fund for repairs and replacement shall be established by the Executive Board and shall be funded thereafter by regular installments rather than by extraordinary special assessments if at all possible. The reserve funds shall be maintained only in such amounts as deemed necessary or desirable by the Executive Board, subject, however, to the preceding sentence. To the extent maintained, funds therein shall be held in such accounts, and with such depositories as the Executive Board, in its discretion, selects.

ARTICLE VIII
Administration

8.1. The actions of the Board and of the Officers in conducting the Townhouse Association's business affairs, shall be evaluated and governed under the business judgment rule. The business judgment rule protects a director and officer from personal liability so long as the party claiming liability does not prove that the director or officer failed to: (i) serve in a manner the director or officer believes to be in the best interests of the Townhouse Association and the Members; (ii) serve in good faith; or (iii) act with such care as an ordinarily prudent person in a like position would use under similar circumstances.

8.2. The actions of the Board and Officers in conducting the Townhouse Association's governance affairs, shall be governed and evaluated under the rule of reasonableness. The rule of reasonable requires the Board and the Officers to act in a fair and nondiscriminatory manner and to adhere to the procedures established in the Declaration, Bylaws and Rules.

8.3. The Board and any committee which the Board appoints shall carry out its responsibilities in accordance with the operational standards set forth in the Declaration, Bylaws and Rules, or such higher standards as the Declarant and the Board may establish. Such standards shall, in all cases, meet or exceed the standards set by Declarant and the Board prior to Turnover. Operational standards may evolve as the needs and demands of the Planned Community change.

8.4. The burden of proof in any challenge to a decision of the Board or an Officer shall be on the party asserting liability.

8.5. It is intended that the highest and broadest duties which the directors and officers owe to the Members be those specifically set forth in this Section.

ARTICLE IX
Amendment

These Bylaws may be amended or repealed and new Bylaws may be adopted. The proposed new Bylaws shall be submitted by the Board of Directors to the members. The members may adopt, amend or repeal the Bylaws by a vote of **fifty-one percent (51%)** or more of the total votes of the Townhouse Association.

ARTICLE X
General Provisions

10.1. Rules and Regulations.

10.1.1. Adoption. The Executive Board may promulgate from time to time such rules and regulations as it deems reasonable and necessary governing the administration, management, operation, and use of the Common Elements so as to promote the common use and enjoyment thereof by members and occupants and for the protection and preservation thereof. In addition, the Executive Board may adopt such rules and regulations as it deems reasonable and necessary with respect to Lots to provide for the common good and enjoyment

of all members and occupants, including, without limitation, the right to adopt such rules and regulations with reference to tenants and leases. In no event shall any rules or regulations be inconsistent or materially more restrictive than the provisions contained in the Declaration and these Bylaws with respect to leases or tenants.

10.1.2. Uniform Application. All rules and regulations shall be equally and uniformly applicable to all Members, occupants and Lots, but need not be equally and uniformly applicable if it is determined that such unequal and nonuniform application is in the best interest of the Townhouse Association or if equal and uniform application is not practicable.

10.1.3. Copies Furnished. Copies of all such rules and regulations and any amendment thereto shall be furnished to all members, and a copy shall be posted or otherwise made available to members at the office of the Townhouse Association. However, failure to furnish, or post, or make available, such rules and regulations shall not affect in any way their validity or enforceability.

10.2. Parliamentary Authority. The most recent edition of *Robert's Rules of Order, Newly Revised* shall govern the conduct of Townhouse Association proceedings when not in conflict with the Declaration, these Bylaws, the Articles, the Act, or any statutes of the State of North Carolina applicable thereto. The Chairman of the meeting shall have the authority to appoint a parliamentarian.

10.3. Compliance with the Act; Conflict; Severability. These Bylaws are established in compliance with the Act, as amended. Should any of the terms, conditions, provision, paragraphs, or clauses of these Bylaws conflict with any of the provisions of said Act, the provision of said Act shall control unless the Act permits these Bylaws to override the Act, in which event these Bylaws shall control. In the case of any conflict between the provision of these Bylaws and the Declaration, the Declaration shall control. If any term, provision, limitation, paragraph, or clause of these Bylaws, or the application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforceability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

10.4. Compliance with Declaration. The Townhouse Association shall be responsible and shall comply with all terms of the Declaration filed for the Planned Community including but not limited thereto those provisions dealing with the maintenance of insurance, repairs and maintenance of the Common Elements, assessments and rights of entry.

End of the Bylaws