EXHIBIT "B"

BYLAWS

OF

THE DEVAUN PARK

COMMUNITY ASSOCIATION

Article I
Name And Location

Section 1. Name and Location.

The name of the corporation is "THE DEVAUN PARK COMMUNITY ASSOCIATION, INC." hereinafter referred to as the "Association." The principal office of the Association shall be located at the Development, or at such other place as may be designated by the Board.

Article II

Definitions

Section 1. Incorporation.

The definitions contained in the Proclamation are incorporated by reference herein.

(a) The Proclamation.

"Proclamation" shall mean and refer to the Devaun Park Proclamation of Protective Covenants, recorded in the Brunswick County Register of Deeds, Brunswick County, North Carolina, and subsequent amendments thereto.

Article III

Meeting Of Members And Voting

Section 1. Annual Meeting.

The first meeting of the Members, whether an annual or a special meeting, shall be held on the second Saturday of December which is more than nine (9) months following the date of the close of the sale of the first Unit in the Development. Subsequent annual meetings of the Members shall be held thereafter at an hour and place within thirty (30) days of the same month and day of such first meeting, as set by the Board.

Section 2. Special Meetings.

Special meetings of the Members shall be promptly scheduled at any time by the Board upon vote of a majority of the Board of Aldermen or upon written request of the President. A special meeting of the Members shall be called upon written demand delivered to the Secretary by the Members representing ten percent (10%) of the total voting power of the Association, notice of which shall be by written notice to all Members within thirty (30) days of the Secretary's receipt of the demand. For purposes of determining the ten percent (10%), the record date shall be thirty (30) days before delivery of the written demand. Upon the failure of the Association to send notice of a special meeting within thirty (30) days following delivery of written demand as aforesaid, any Member signing the demand may set the time and place of the special meeting and give notice

thereof to all Members in accordance with the North Carolina Planned Community Act and the North Carolina Nonprofit Corporation Act.

Section 3. Notice and Place of Meetings.

Unless otherwise provided in the Proclamation, the Articles of Incorporation, in these By-Laws, the North Carolina Planned Community Act or in the North Carolina Nonprofit Corporation Act, written notice of each meeting of the Members, annual or special, shall be given by, or at the direction of, the Secretary, by mailing a copy of such notice, first class mail, postage prepaid, at least thirty (30) but not more than sixty (60) days before such meeting to each Member, 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. In the case of written demand of Members representing thirty-three percent of the total voting power of the (33%) Association, written notice of such meeting shall be given not more than thirty (30) days after written demand is delivered to the Association. The notice of any meeting shall specify the place, day and hour of the meeting, the items on the agenda, and shall provide for voting by proxy. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal: (a) removing a Aldermen without cause; (b) filling vacancies in the Board of Aldermen by the Members; (c) amending the Proclamation, Bylaws or Articles of Incorporation or (d) any budget changes. Meetings shall be held within the Development or at a meeting location as close to the Project as practical.

Notice of a meeting of Members need not be given to any Member who signs a waiver of notice, in person or by proxy, either before or after the meeting. The waiver must be delivered to the Association for inclusion in the minutes or filing with the corporate records. Attendance of a Member at a meeting, in person or by proxy, shall of itself constitute waiver of notice, except when the Member attends a meeting solely for the purpose of stating his objection, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened. Objection by a Member shall be effective only if written objection to the holding of the meeting or to any specific action so taken is filed with the Secretary of the Association.

Section 4. Quorum.

Unless otherwise provided herein, in the Declaration, the Articles of Incorporation, the North Carolina Planned Community Act or the North Carolina Nonprofit Corporation Act, the presence of Members representing one-third (1/3) of the votes of all Members, in person or by proxy, shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum of one-third (1/3) of the votes of all Members is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough Members to leave less than such required quorum, provided that Members representing twenty percent (20%) of the total votes of the Association remain present in person and/or by proxy, and provided further that any action taken shall be approved by a majority of the Members required to constitute such quorum. If the required quorum is not present, the meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy and another meeting may be called, not less than ten (10) nor more than sixty (60) days following the first meeting, and the required quorum at the subsequent meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of quorum. The quorum requirement shall continue to be reduced by fifty percent (50%) from the required quorum at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. Unless otherwise provided, any reference hereafter to "votes cast" at a duly called meeting shall be construed to be subject to the quorum requirements established by this Section 3.4. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed in Section 3.3.

Section 5. Ballots and Representative Voting.

(a) Voting Referendum; Written Ballots.

Any vote of Members on a matter that would be cast at an annual, regular or special meeting may be taken, without a meeting, by written ballot delivered to every Member by the Association. The ballot shall set forth the matter to be voted upon and provide thereon a place to vote for or against such matter. Approval by written ballot without a meeting shall be effective only when the number of votes cast by ballot equals or exceed the quorum required to be present had the matter been considered at a meeting, and the number voting for the matter equals or exceeds the number of votes required to approve it had the matter been considered at a meeting at which the requisite quorum is present. A solicitation of votes by ballot shall (1) indicate the record date for Members eligible to vote; (2) indicate the number of returned ballots voting for or against the matter that is required to satisfy the quorum requirement; (3) state the required number of votes or percentage voting in favor of the matter required to approve it (except in the case of election of Aldermen, which shall be by plurality); and (4) state the date and time by which a Member's completed ballot must be received by the Secretary in order to be counted in the vote to be taken. A ballot, once delivered to the Secretary, may not be revoked. A Member's signed ballot shall be delivered to the Secretary by hand delivery, by U.S. mail, or by such other means as shall be permitted under North Carolina law, including, but not limited to and if allowed, overnight courier service, facsimile and e-mail transmission, internet form submission, or by any other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

(b) Proxies.

All of the provisions of this Section 3.5(b) are subject to Section 15.1(a) of the Proclamation. To the extent that a provision set forth in this Section is inconsistent with Section 15.1(a) of the Proclamation, the provisions of Section 15.1(a) of the Proclamation shall control. At all meetings of Members, each Member may vote in person or by proxy. The appointment form of proxy shall be in writing and received by the Secretary before the appointed time of the meeting. Every proxy appointment shall automatically cease upon conveyance by the Member of his Unit, or upon receipt of written notice by the Secretary of the death or judicially declared incompetence of a Member prior to the counting of the vote, upon revocation of the appointment of the proxy in accordance with the North Carolina Planned Community Act and the North Carolina Nonprofit Corporation Act, or upon the expiration of eleven (11) months from the date of the proxy. Unless the proxy appointment form otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association. Any proxy appointment form distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon set forth in the notice of the meeting and shall be dated. The appointment shall provide that, where the Member specifies a choice, the vote shall be cast by the proxy in accordance with that choice. The form shall also identify the person or persons acting as the proxy and the length of time it will be valid. In addition, voting by a proxy shall comply with any other applicable requirements of the North Carolina Planned Community Act and the North Carolina Nonprofit Corporation Act. The Member's signed proxy appointment form shall be delivered to the Secretary by hand delivery, by U.S. mail, and by such other means as shall be permitted under North Carolina law, including, but not limited to and if allowed, overnight courier service, facsimile and e-mail transmission, internet form submission, or by any other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

Section 6. Membership and Voting.

Membership in the Association will be as set forth in the Proclamation and in the Articles of Incorporation.

Except as otherwise provided in the Proclamation, the Articles of Incorporation, these Bylaws, The North Carolina Planned Community Act, or the North Carolina Nonprofit Corporation Act, any action by the Association which must have the approval of the Members before being undertaken shall require voting approval by a majority of the votes cast by Members present at which the required quorum is present. An abstention shall be counted as a negative vote in calculating the majority. Members are divided into Type A and Type B Members for the sole purpose of computing voting rights and shall not vote as a class. Owners of Unit in all phases shall have the same voting rights.

Section 7. Eligibility to Vote:

Voting rights attributable to Units shall not vest until the Association has levied Assessments against those Units. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Units and not subject to any suspension of voting privileges as a result of disciplinary proceeding conducted in accordance with the Proclamation. A Member's good standing shall be determined as of the record date established in accordance with section 3.8. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments, although a delinquent Member shall be entitled to request such a hearing.

Section 8. Record Dates.

(a) Record Dates Established by the Board.

For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, in the North Carolina Planned Community Act, or in the North Carolina Nonprofit Corporation Act. The record dates established by the Board pursuant to this Section shall be as follows:

(i) Record Date for Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than ninety (90) nor less than ten (10) days before the date of the meeting;

(ii) Record Date for Voting: In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than sixty (60) days before the date of the meeting;

(iii) Record Date for Action by Written Ballot Without Meeting: In the case of determining Members entitled to cast written ballots, the record date shall be no more than sixty (60) days before the day on which the first written ballot is mailed or solicited; and

(iv) Record Date for Other Lawful Action: In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date shall be no more than sixty (60) days prior to the date of such other action.

(v) "Record Date" Means as of the Close of Business: For purposes of this subparagraph, a person holding a membership as of the close of business on the record date shall be deemed the Member of record.

(b) Failure of Board to Fix a Record Date.

If the Board, for any reason, fails to establish a record date, rules set forth in the North Carolina Nonprofit Corporation Act shall apply:

Section 9. Action Without Meeting:

Any action that may be taken at any annual or special meeting of Members (except the election of Aldermen) may be taken without a meeting in accordance with the provisions of the North Carolina Nonprofit Corporation Act. Any form of written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the written

ballot. The written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice.

Section 10. Conduct of Meetings:

Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. Except as otherwise provided by law, any proper matter may be presented at the meeting for action. Members of the Association shall have access to Association records in accordance with the North Carolina Planned Community Act and the North Carolina Nonprofit Corporation Act. No Member of the Association shall have any right as an Association Member to attend any meeting of the Board, except such meetings of the Board as the Board of Aldermen shall, in the exercise of its sole discretion, open to the membership or any other person. In any matter relating to the discipline of an Association Member, the Board shall always meet in closed session if requested by that Member, and the Member shall be entitled to attend such closed session.

Article IV

Board Of Aldermen; Selection; Term Of Office

Section 1. Number.

The affairs of the Association shall be managed by a Board of Aldermen, all of who must be Members of the Association, or an officer, alderman, employee or agent of a Member, including Founder. The initial Board of Aldermen shall consist of three (3) Aldermen who shall be appointed by the Founder. The Founder shall have the sole right to appoint and remove any member or members of the Board of Aldermen of the Association pursuant to the Proclamation until the expiration of the Founder Control Period. Within sixty (60) days after the expiration of the Founder Control Period, the Members shall elect five (5) Aldermen. The Association shall either call, and give not less than thirty (30) days' and not more than sixty (60) days' notice of, such special meeting of the Members to elect the Board of Aldermen, or the date on which the Association shall count the written ballots distributed to the Members with such notice for the election of the Board of Aldermen. Each year thereafter, the Members shall elect such number of Aldermen as shall exist whose terms are expiring.

Section 2. Term of Office.

The election of Aldermen shall be by plurality, the number of nominees equal to the number of vacancies to be filled receiving the greatest number of votes being elected. However, at the meeting of the Association following expiration of the Founder Control Period held to elect five (5) Aldermen or the date following expiration of the Founder Control Period when written ballots are to be counted for the election of such Aldermen pursuant to Section 4.1, the two (2) nominees receiving the highest number of votes will each be elected for a term of two (2) years, and the next three (3) nominees receiving the highest number of votes will each be elected for a term of one (1) year. At the expiration of the initial term of office of each respective Alderman, his successor shall be elected to serve for a term of two (2) years. Unless vacated sooner, each Alderman shall hold office until the Alderman's term expires and a successor is elected.

Section 3. Removal; Vacancies.

The Founder may only be remove an Alderman appointed by the Founder; otherwise, a Director may be removed from office, with or without cause, at any regular or special meeting of the Members by a majority of the votes of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any removed Alderman may be elected at the same meeting at which the vacancy is created by the removal of the Alderman. An Alderman whose removal is proposed to be voted upon at any meeting shall be given notice of the proposed removal not less than ten (10) days prior to the date of the meeting and shall be given an opportunity to be heard at the meeting. In the event of death or resignation of an Alderman, the vacancy shall be filled by majority vote of the Board at a duly held meeting, or by the sole remaining Alderman. A successor Alderman shall serve for the unexpired term of his or her predecessor. The Members may elect an Alderman at any time to fill any vacancy not filled by the Aldermen.

Section 4. Compensation.

No Alderman shall receive compensation for any service rendered to the Association. However, any Alderman may be reimbursed for his actual expenses, if reasonable, that are incurred in the performance of his or her duties, including, but not limited to, travel expenses.

Section 5. Indemnification of Corporate Agents.

The Association shall indemnify any present or former Alderman, officer, employee or other agent of the Association to the fullest extent authorized under the North Carolina Nonprofit Corporation Act, or any successor statute, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was not entitled to indemnification under this provision.

Article V

Nomination And Election Of Aldermen

Section 1. Nomination.

A Nominating Committee shall make nomination for election to the Board of Aldermen. Notice to the Members of the meeting shall include the names of all those who are nominees at the time the notice is sent. Nominations to be placed on the ballot may also be solicited by the Nominating Committee or the Board from the membership, and if the election is to take place at a meeting and not solely by written ballot, nominations may also be made from the floor at the meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Aldermen, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Aldermen not less than sixty (60) days prior to the meeting of the Members at which the election is to be held, or if the election is to take place solely by written ballot not less than sixty (60) days prior to the date set on the ballot as the election date when ballots are to be counted, and shall serve until the close of the election. The Nominating Committee shall make as many nominations for election to the Board of Aldermen as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

Section 2. Election.

The first election of the Board shall be conducted as set forth in Section 4.1. At such election the Members or their proxies may cast as many votes as they are entitled to exercise under the provisions of the Proclamation. The persons receiving the largest number of votes shall be elected. No cumulative voting shall be permitted. Voting for Aldermen at a meeting shall be by secret written ballot. Voting for Aldermen may also be conducted by written ballot pursuant to Section 3.5(a).

Article VI

Meetings Of Aldermen

Section 1. Regular Meetings.

Regular meetings of the Board of Aldermen shall be held at least annually at such place within the Development, and at such hour as may be fixed from time to time by resolution of the Board. If a larger meeting room is required than exists within the Development, the Board shall select a room as close as possible to the Development. Should a regularly scheduled meeting 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, excluding Saturday and Sunday.

Section 2. Special Meetings.

Special meetings of the Board of Aldermen shall be held when called by written notice signed by the President, Vice President or Secretary of the Association, or by any two (2) Aldermen. Notice of the special meeting shall specify the time and place of the meeting and the nature of the special business to be considered.

Section 3. Quorum.

A majority of the Aldermen then in office (but not less than two (2)) shall constitute a quorum for the transaction of business. Every act performed or decisions made by a majority of the Aldermen present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Aldermen, if any action taken is approved by a majority of the required quorum for that meeting.

Section 4. Executive Session.

The Board may, with approval of a majority of the Aldermen present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel and matters involving contracts of which the Association is a party, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 5. Telephone Meetings.

Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Aldermen participating in the meeting can hear one another, and all such Aldermen shall be deemed to be present in person at such meeting. An explanation of the action shall be filed with the minutes of the proceedings of the Board.

Section 6. Waiver of Notice.

The transaction of any meeting of the Board of Aldermen, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Aldermen not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Alderman who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 7. Notice of Adjourned Meeting.

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Aldermen who were not present at the time of the adjournment.

Section 8. Action Without Meeting.

Any action required or permitted to be taken by the Board of Aldermen may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Aldermen. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 9. Notices Generally.

Notice of any meeting of the Board of Aldermen, whether regular or special, shall be given to each Alderman by one (1) of the following methods; (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Alderman or to a person at the

Alderman's office who would reasonably be expected to communicate such notice promptly to the Alderman; (d) by telegram, charges prepaid; or (e) by facsimile transmission to the fax number of the Aldermen or to e-mail address of the Aldermen, with proof of transmission and receipt thereof being retained in the minutes of the meeting. All such notices shall be given or sent to the Alderman's address, telephone number, fax number or e-mail address as shown on the records of the Association. Such notice shall be shall be sent to all Aldermen not less than seventy-two (72) hours prior to the scheduled time of the meeting, provided, however, notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, telegraph, facsimile transmission or e-mail shall be delivered, telephoned, given to the telegraph company, faxed or e-mailed, as the case may be, at least seventy-two (72) hours before the time set for the meeting. Notice of any meeting need not be given to any Alderman who has signed a waiver of notice or written consent to holding of the meeting.

Article VII

POWERS AND DUTIES OF THE BOARD OF ALDERMEN

Section 1. Duties.

It shall be the duty of the Board of Aldermen to:

(a) Maintenance. Perform the maintenance described in the Proclamation;

(b) Insurance. Maintain insurance as required by the Proclamation;

(c) Discharge of Liens: Discharge by payment, if necessary, any lien against the Common Areas and assess the cost thereof to the Member or Members responsible for the existence of the lien (after notice and hearing as required by these Bylaws);

(d) Assessments: Fix, levy, collect and enforce Assessments as set forth in the Proclamation;

(e) Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(f) Records: Cause to be kept minutes of annual meetings of Members and to present such minutes to the Members at the next annual meeting of the Members; minutes of any special meeting when such statement is requested in writing by one-fourth (3) of the Class "A" Members; and to keep adequate and correct books and records of account, minutes of proceedings of its Board and committees, and a roll of its Members giving their names and addresses and classes of membership;

(g) Supervision: Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(h) Review of Financial Records: Review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, and an income and expense statement for the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts. For purposes herein, "reserve accounts" shall mean monies that the Association's Board has identified for use to defray the future repair or replacement of, or additions to, these major components that the Association is obligated to maintain.

(i) Reserve Account Withdrawal Restrictions: Require that at least two (2) signatures are needed for the withdrawal of monies from the Association's reserve accounts, at least one (1) of whom shall be a member of the Board. One (1) signature may be that of the Association's manager or such manager's designee.

(j) Reserve Account Fund Management: The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

(k) Reserve Studies. At least every five (5) years the Board shall cause an independent analysis of the reserve component of the operating budget to be conducted to confirm that component replacement costs and useful lives are accurately reflected in the reserve allocation.

Section 2. Powers.

The Board of Aldermen shall have power to:

(a) Manager: Employ a manager as provided in the Proclamation;

(b) Adoption of Rules: Adopt rules in accordance with the Proclamation, including rules setting aside Common Area parking spaces as handicap parking only, and adopt rules limiting the number of cars which will be permitted to be parked in the Common Area parking spaces;

(c) Assessments, Liens and Fines: Levy and collect Assessments and impose fines as provided in the Proclamation.

(d) Enforcement: Enforce these Bylaws and/or the Proclamation as provided in ARTICLE 12 of the Proclamation.

(e) Contracts: Contract for goods and/or services in accordance with the Proclamation.

(f) Delegation: Delegate its authority and powers to committees, officers or employees of the Association or to a manager employed by the Association. The Board may not delegate the authority to procure insurance, make capital expenditures for additions or improvements chargeable against the reserve funds; to conduct hearings concerning compliance by an Owner or his tenant, lessee, guest or invitee with the Proclamation or rules and regulation promulgated by the Board, or to make a decision to levy monetary fines, impose special Assessments against individual Units, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline following any such hearing; to make a decision to levy Annual or Special Assessments; or to make a decision to bring suit, record a claim of lien, or institute foreclosure proceedings for default in payment of Assessments. Any such delegation shall be revocable by the Board at any time. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board.

(g) Appointment of Trustee: Appoint a trustee as provided in the Proclamation.

(h) Borrowings. Borrow money (i) for the purpose of improving the Development, or any portion thereof, (ii) for constructing, repairing, maintaining or improving any facilities located or to be located within the Development, (iii) for providing services authorized herein, and, (iv) to give as security for the payment of any such loan a mortgage or other security instrument conveying all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association will be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of Founder, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given.

(i) Other Powers: In addition to any other power contained herein or in the Proclamation or the North Carolina Planned Community Act, the Association may exercise the powers granted to a nonprofit mutual benefit corporation as enumerated in the North Carolina Nonprofit Corporation Act.

Section 3. Prohibited Acts.

The Board shall not take any of actions prohibited of it under the Proclamation except with the vote or written consent of a majority of the Members other than Founder.

Article VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers.

The officers of this Association shall be a President and Secretary, who shall at all times be members of the Board of Aldermen, a Vice President, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers.

The Founder shall have the sole right to appoint and remove officers during the Founder Control Period. Thereafter, all officers shall hold office at the pleasure of the Board.

Section 3. Term.

The Board shall elect the officers of this Association annually and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. 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 5. Resignation and Removal.

Any officer may be removed from office (but not from the Board, if the officer is also a Board member) by the Board with or without cause. Any officer may resign at any 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 6. Vacancies.

A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Duties.

The duties of the officers are as follows:

(a) President.

The President shall preside at all meetings of the Board of Aldermen; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes. The President shall have the general powers and duties of management usually vested in the office of the President of a North Carolina Nonprofit Corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

(b) Vice President.

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

(c) Secretary.

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with the addresses, and shall perform such other duties as required by the Board. The ministerial functions of the Secretary in recording votes, keeping minutes, sending notices, and keeping the records of names and addresses of Members may be delegated to an Association manager.

(d) Treasurer.

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 Aldermen; shall sign all promissory notes of the Association; shall keep proper books of account; and shall prepare and shall distribute budgets and statements. The ministerial functions of the Treasurer in sending Assessment notices, receiving and depositing Assessments, keeping books and ledgers of account, and preparing and distributing budgets and statements may be delegated to a Association manager.

Article IX

COMMITTEES

Section 1. Appointment.

An Architectural Review Committee may be appointed as provided in the Proclamation, and a Nominating Committee shall be appointed as provided in these Bylaws. In addition, the Board of Aldermen may appoint other committees as deemed appropriate in carrying out its purpose. No committee, regardless of Board resolution, may: (a) take any final action on matters which, under the North Carolina Nonprofit Corporation Act also requires Members' approval; (b) fill vacancies on the Board of Aldermen or in any committee; (c) amend or repeal Bylaws or adopt new Bylaws; (d) amend or repeal any resolution of the Board of Aldermen; (e) appoint any other committees of the Board of Aldermen or the members of those committees; (f) approve any transaction to which the Association is a party and in which one (1) or more Aldermen or committee members have a material financial interest.

Article X

BOOKS AND RECORDS

Section 1. Inspection by Members.

The membership register (including names, mailing addresses, telephone numbers and voting rights), books of account and minutes of meetings of the Members, of the Board (including drafts and summaries), and of committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Development as the Board shall prescribe. Board minutes shall be available to Members within thirty (30) days of the meeting, and shall be distributed to any Member upon request and upon reimbursement of the costs in making that distribution.

Section 2. Rules for Inspection.

The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;

(b) Hours and days of the week when such an inspection may be made;

(c) Payment of the cost of reproducing copies of documents requested by a Member.

Section 3. Inspection by Aldermen.

Every Alderman shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by an Alderman includes the right to make extracts and copies of documents, at the expense of the Association.

Section 4. Documents Provided by Board.

Upon written request, the Board shall, within ten (10) days of the mailing or delivery of such request, provide an Owner with a copy of the governing documents of the Development, a copy of the most recent budget and statements of the Association, and a true statement in writing from an authorized representative of the Association as to the amount of the Association's current Annual and Special Assessments and fees, as well as any Assessments levied upon the Owner's interest which, as of the date of the statement, are or may be made a lien upon the Owner's Units. The Board may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents.

Article XI

MISCELLANEOUS

Section 1. Amendments.

Prior to close of the sale of the first Unit, Founder may amend these Bylaws. After sale of the first Unit these Bylaws may be amended, only as provided in the Proclamation, the North Carolina Planned Community Act or in the North Carolina Nonprofit Corporation Act.

Section 2. Conflicts.

In the case of any conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Proclamation and these Bylaws, the Proclamation shall control; and in the case of any conflict between the Bylaws and the North Carolina Planned Community Act, the North Carolina Planned Community Act shall control.

Section 3. Fiscal Year.

Unless directed otherwise by the Board, the fiscal year of the Association shall begin on the first day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

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EXHIBIT "C"

ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

1. **Mandatory Procedures for Non-Exempt Claims.** Any Claimant with a Claim against a Respondent shall comply with the following procedures.

1.1 **Notice**. Within a reasonable time after the Claim in question has arisen, and in each event prior to the date when institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitation, Claimant will notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

(a) the nature of the Claim, including applicable date, time, location, Persons involved, Respondent's role in the Claim and the provisions of the Proclamation or other authority out of which the Claim arises:

(b) what Claimant wants Respondent to do or not do to resolve the Claim; and

(c) that Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss, in good faith, ways to resolve the Claim.

1.2 **Negotiation**.

(a) Each Claimant and Respondent (the "Parties") will make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation, not later than 30 days following the Notice, unless otherwise agreed by the Parties.

(b) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint an attorney licensed to practice law in the State of North Carolina to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes his or her efforts will be beneficial to the Parties. Such an attorney will have been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments and will not have a conflict of interest with any of the Parties.

1.3 **Final and Binding Arbitration**.

(a) If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiation"), a Claimant will have 30 days within which to submit the Claim to binding arbitration under the auspices and the Commercial Arbitration Rules of the American Arbitration Association; and in accordance with the substantive and procedural laws of the state of North Carolina, except as said rules, procedures and substantive laws are applied otherwise as follows:

(i) Unless the parties mutually set another date, within ten (10) days following Termination of Negotiation, Claimant and Respondent will jointly select one arbitrator, whose decision will be absolutely binding on all Parties; provided, however, if Claimant and Respondent are unable to jointly select one arbitrator within said ten (10) -day period, or on or before any later day set by them by which to select an arbitrator, the arbitrator will be selected in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will be conducted in Brunswick County, North Carolina before a neutral person who is a member of the Bar of the State of North Carolina, who has been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments, and who has no conflict of interest with any Party. The arbitrator may award any remedy or relief that a court of the State of North Carolina could order or grant, including, without limitation, specific performance of any obligation created under this Proclamation, or the issuance of an injunction, as well

as the imposition of sanctions for abuse or frustration of the arbitration process; provided, however, the arbitrator will have no authority to award punitive damages or any other damages not measured by the actual damages of the "Prevailing Party," as said term is hereinafter defined, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Proclamation.

(ii) In the event Claimant does not submit the Claim to binding arbitration as aforesaid, the Claim is deemed abandoned, and Respondent is released and discharged from any and all liability to Claimant arising out of the Claim; provided, nothing herein will release or discharge Respondent from any liability to a Person not a Party to the foregoing proceedings, or the mandatory requirements of this Paragraph 9.3 with respect to any subsequently arising new dispute or claim by the Claimant which is identical or similar to the Claim previously deemed abandoned under this Paragraph 1.3(a)(ii).

This Paragraph 1 is an agreement of the Bound Parties to arbitrate all Claims against Respondent, except Exempt Claims, and is specifically enforceable under North Carolina law. The arbitration award (the "Award") is final and binding on the Parties, and judgment upon the Award rendered by the arbitrator may be entered upon it in any court of competent jurisdiction.

2. **Allocation of Costs of Resolving Claims**.

2.1 **Costs of Notice and Negotiation**. Each Party will bear all of its own costs incurred prior to and during the proceedings described in Paragraphs 1.1 and 1.2, including the fees of its attorney or other representative. Claimant and Respondent will share equally the costs and expenses of any attorney appointed by the Board pursuant to Paragraph 1.2, whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the Board is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses.

2.2 **Arbitration Costs**. In the event the Claim proceeds to arbitration pursuant to Paragraph 1.3, the "Prevailing Party," as hereinafter defined, will receive from the non-Prevailing Party, all of its costs and expenses, including reasonable expert and attorney's fees, incurred from commencement of selection of the arbitrator under Paragraph 1.3 to the issuance of the Award. Furthermore, the non-Prevailing Party will pay all costs and expenses of the arbitration, including the costs and expenses of any attorney appointed by American Arbitration Association pursuant to Paragraph 1.3, whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the American Arbitration Association is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses. The "Prevailing Party" will be determined as follows:

(a) Not less than ten (10) days prior to the first day of the proceeding, a Party or Parties may file and serve on the other Party(ies) an offer of settlement, and within five (5) days thereafter the Party(ies) served may respond by filing and serving such Party(ies) its own offer of settlement. An offer of settlement will state that it is made under this paragraph and will specify the amount which the Party(ies) serving the settlement offer is/are willing to agree constitutes a settlement of all claims in dispute, including the Claim and all counterclaims.

(b) An offer of settlement is considered rejected by the recipient unless an acceptance, in writing, is served on the Party(ies) making the offer prior to the first day of the proceeding.

(c) If an offer of settlement is rejected, it may not be referred to for any purpose in the proceeding, but may be considered solely for the purpose of awarding fees, costs and expenses of the proceeding under Paragraph 1.3 and as provided in this Section.

(d) If the Claimant makes no written offer of settlement, the amount of the Claim made or asserted by the Claimant during the action is deemed to be such Claimant's final offer of settlement hereunder.

(e) If the Respondent makes no written offer of settlement, the final offer of settlement by the Respondent will be the amount asserted during the action to be due in satisfaction of the Claimant's claims, otherwise the Respondent's offer of settlement hereunder is deemed to be zero.

(f) If the respondent asserts a counterclaim, then offers of settlement shall take into consideration such counterclaim in the manner above provided. Furthermore, any Award shall also take into account such counterclaim.

(g) The Party(ies) whose offer, made or deemed made, is closer to the Award granted in the proceeding is considered the "Prevailing Party" hereunder. If the difference between Claimant's and Respondent's offers and the Award is equal, neither Claimant nor Respondent is considered to be the Prevailing Party for purposes of determining the award of fees, costs and expenses of arbitration.

3. **Enforcement of Resolution**. If the Parties agree to resolve any Claim through negotiation in accordance with Paragraph 1.2 and any Party thereafter fails to abide by the terms of the agreement reached through negotiation, or if, following arbitration, any Party thereafter fails to comply with the Award, then any other Party may file suit or initiate administrative proceedings to enforce the agreement or Award without the need to again comply with the procedures set forth in Section 14.3 of the Proclamation. In such event, the Party taking action to enforce the agreement or Award is entitled to recover from the noncomplying Party (or if more than one noncomplying Party, from all the Parties jointly and severally) all costs incurred in enforcing the agreement or Award, including, without limitation, attorney's fees and court costs.

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EXHIBIT "D"

SCHEDULE OF UTILITY DISTRICT DESIGNATIONS

Utility District	Assigned Units	Restrictions Book & Page(s)	Map Book & Page(s)
Hutton Heights Way One	58, 59, 60, 61, 62, 63	Book 1628, Page 740	Book 26, Page 520
Hutton Heights Way Two	64, 65, 66, 67, 68, 69	Book 1628, Page 742	Book 26, Page 521
Hutton Heights Way Three	91, 92, 93, 94	Book 1628, Page 744	Book 26, Page 522
River Terrace One	41, 42, 43, 44	Book 1628, Page 746	Book 26, Page 523
Whisper Park One	54, 55, 56, 57	Book 1628, Page 748	Book 26, Page 524

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EXHIBIT "E"

STORM WATER MANAGEMENT REGULATIONS

PURSUANT TO PERMIT NO. SW8 010828

A. The allowable built-upon area per lot is listed below, in square feet. This allotted amount includes any built-upon area constructed within the lot property boundaries, and that portion of the right-of way between the front lot line and the edge of the pavement. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina, driveways, and parking areas, but does not include raised, open wood decking, or water surface of swimming pools.

   Lots 39 and 40 @ 4,000ft^2; Lots 41-50, 57, 70, and 74 @ 3,000 ft^2; Lots 51-56 @ 2,800 ft^2; Lots 58-69, and 71-73 @ 2,700ft^2; Lots 75-82 and 91-98 @ 2,000 ft^2; and Lots 83-90 @ 1,900 ft^2.

B. The covenants pertaining to stormwater regulations may not be changed or deleted without the concurrence of the Division of Water Quality.

C. Filling in, piping or altering any 3:1 vegetated conveyances (ditches, swales, etc.) associated with the development except for average driveway crossings, is prohibited by any persons.

D. Lots within CAMA's Area of Environmental Concern may have the permitted built-upon area reduced due to CAMA jurisdiction within the AEC.

E. Filling in, piping or altering any designated 5:1 curb outlet swale associated with the development is prohibited by any persons.

F. A 30' vegetated buffer must be maintained between all built-upon area and the Mean High Water line of surface waters.

G. All roof drains shall terminate at least 30' from the Mean High Water mark.

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