

BYLAWS
OF
WELDON DOWNS TOWNHOME ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is WELDON DOWNS TOWNHOME ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 3104 Surrey Road, Durham, North Carolina 27707, but meetings of members and directors may be held at such places within the State of North Carolina, County of Durham, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to the Weldon Downs Townhome Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to the real property described on page 1 of the Declaration, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners together with all sewer and water lines serving the Properties and located on the Common Area outside of dedicated public easements of City rights-of-way.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Hope Valley Townhomes, LLC, its successors and assigns.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Durham County Register of Deeds.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

Section 1. Annual Meetings. The first annual meeting of the members shall be held within eighteen months after the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held in the same month of each year thereafter on the day and at the hour specified in the notice to members of the meeting.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than 30 days nor more than 60 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast or of proxies entitled to cast, one-third (1/3) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS: SECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than seven (7) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect one director for a term of one year, one director for a term of two years, and one director for a term of three years, and at each annual meeting thereafter the members shall elect directors for a term of three years to fill the expired terms.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said 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.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

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

(b) suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may be suspended after notice and hearing, for a period not to exceed 60 days from infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

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

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

(f) contract for the provision of a central television antenna or, in the absence of the availability thereof, to supply cablevision for the convenience of the members, the cost of either of which may be included in annual or special assessments, and regulate or prohibit the erection of television antennas or dish on individual lots; and

(g) procure and maintain hazard insurance on the townhome dwellings situated on the lots in amounts equal to one hundred percent (100%) of the replacement costs of all such improvements.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

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

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable

charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid such certificate shall be conclusive evidence of such payment;

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

(f) cause the Common Area to be maintained, including the maintenance, repair and reconstruction of any water impoundment areas and private streets situated on the common Area;

(g) pay all ad valorem taxes and public assessments relating to the Common Area and storm water impoundment area;

(h) pay the premium for all hazard insurance procured pursuant to Article VII, Section 1(g) hereof;

(i) upon written request from the holder, insurer or guarantor of any first mortgage or deed of trust on any lot(s), issue timely written notice of:

(1) any condemnation or casualty that affects either a material portion of the project or the lot securing its mortgage or deed of trust;

(2) any 30-day delinquency in the payment of assessments or charges owed by the owner of any lot on which it holds the mortgage or deed of trust;

(3) a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

(4) any proposed action that requires the consent of specified percentage of mortgage holders.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president, secretary and treasurer, who shall at all times be members of the Board of Directors, and such other officers as the Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be 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 with or without cause by the Board. Any officer may resign at any time 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 office he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

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

Secretary

(b) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

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

ARTICLE IX

COMMITTEES

The Association may appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost. The Declaration shall also be recorded in the public records of Durham County.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for

herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Weldon Downs Townhome Association, Inc..

ARTICLE XIII

Notwithstanding any terms of the Bylaws to the contrary, the provisions of this Article shall control the engineered Stormwater Management Facility (the "Facility") constructed in connection with the Weldon Downs Development as shown on plat recorded in Plat Book ___ at Page ___ of the Durham County Registry.

The Facility and any appurtenances and access easements thereto shall be deemed a part of the common area and shall be properly maintained and operated in conformity with the law and the provisions of that certain Stormwater Facility and Maintenance Permit Agreement dated _____, _____ for the construction, operation, repair and maintenance of the Facility. The Facility shall be maintained out of the common expenses of the Association, and shall receive the highest priority for expenditures by the Association, except for federal, state and local taxes and insurance. A separate fund shall be created out of common expenses for the routine maintenance of the Facility, which said fund shall become a part of the annual budget. In the event the separate fund is not adequate for the reconstruction, repair and/or maintenance of the Facility, a special assessment shall be levied by the Association to cover the necessary costs. The members of the Association shall have the affirmative obligation to take the measures necessary to levy the special assessment in an amount necessary to provide for the necessary costs. The Association shall not enter into a voluntary dissolution without having transferred the Facility to a person, corporation or entity acceptable to, and approved by, the City of Durham".

ARTICLE XIV

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Board of Directors, by a vote of a majority of a quorum of the Directors present in person or by proxy, subject to the provisions of Section 2, provided that such amendment has no adverse effect on the right of any Member. Otherwise, the Bylaws may be amended, at a regular or special meeting of the Members, only by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. Prior to the sale of the first Unit, Declarant, in its sole discretion, may amend these Bylaws. After such sale, the Declarant may amend these Bylaws so long as it still owns any portion of the property described in Exhibit A to the Declaration for development as part of the Property and so long as the amendment has no material adverse effect upon any right of any Member; thereafter and otherwise, these Bylaws may be amended only by the affirmative vote (in person or by alternate) or written consent of Members representing a majority of the total votes of the Association, including a majority of votes other than votes of the Declarant. However, the percentage of affirmative votes require for action to be taken under that clause. No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 3. Any amendment must be recorded in the public records of Durham County, North Carolina.

ARTICLE XV

MISCELLANEOUS

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

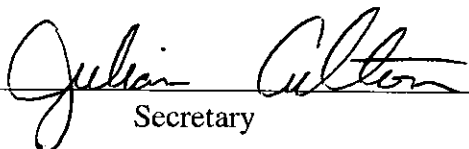
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Weldon Downs Townhome Association, Inc., a North Carolina corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 2nd day of October, 2007.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 2nd day October, 2007.


Secretary