

BY-LAWS OF
ECHO GREENS HOMEOWNER'S ASSOCIATION
A NON-PROFIT NORTH CAROLINA CORPORATION

ARTICLE I

GENERAL

Section 1. THE NAME: The name of the corporation shall be ECHO GREENS HOMEOWNER'S ASSOCIATION.

Section 2. THE PRINCIPAL OFFICE: The principal office of the corporation shall be Post Office Box 83, Pinehurst, North Carolina, 28374 or at such other place as may be subsequently designated by the Board of Directors.

ARTICLE II

MEETINGS OF MEMBERSHIP

Section 1. PLACE: All meetings of the corporate membership shall be held at the office of the corporation or at such place as may be stated in the notice.

Section 2. ANNUAL MEETING:

A. The first annual meeting of members shall be held at Echo Farms Golf & Country Club, Echo Farms Boulevard, Wilmington, North Carolina, within one year after May 1, 1985. Subsequent regular annual meetings shall be held on the same date of each year thereafter, if not a legal holiday, and if a legal holiday, then on the next secular day following unless otherwise determined by the Board.

B. All annual meetings shall be held at such hour as is determined by the Board.

C. At the annual meetings, the members shall elect the new members of the Board of Directors and transact such other business as may properly properly come before the meeting.

D. Written notice of the annual meeting shall be delivered or mailed to each member entitled to vote thereat at such address as appears on the books of the corporation, at least ten (10) days prior to the meeting.

Section 3. MEMBERSHIP LIST: At least ten (10) days before every election of Directors, a complete list of members entitled to vote at said election, arranged numerically by lot numbers, with resident of each, shall be prepared by the Secretary. Such list shall be produced and kept for said ten (10) days and throughout the election at the office of the corporation, and shall be open to examination by any member throughout such time.

Section 4. SPECIAL MEETINGS:

A. Special meetings of the members, for any purpose or purposes unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the Board or at the request, in writing, of one-third of the members. Such request shall state the purpose or purposes of the proposed meeting.

B. Written notice of a Special Meeting of members, stating the time, place and object thereof, shall be served upon or mailed to each

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member entitled to vote thereat, at such address as appears on the books of the corporation, at least five days before such meeting.

C. Business transacted at all special meetings shall be confined to the objects stated in the notice thereof, unless ninety (90%) per cent of the members are present at such meeting in person or by proxy consent to the transaction of business not stated in the notice.

Section 5. QUORUM: Over fifty (50%) per cent of the total number of members of the corporation, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise provided by statute, by the Certificate of Incorporation or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 6. VOTE REQUIRED TO TRANSACT BUSINESS: When a quorum is present at any meeting, a majority of the votes cast, in person or represented by written proxy filed with the Secretary in advance of the meeting, shall decide any question brought before the meeting, unless the question is one upon which, by express provision of the statutes, the Declaration of Covenants or these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. There shall be no cumulative voting.

Section 7. RIGHT TO VOTE: Each owner shall be entitled to one (1) vote. At any meeting of the members, every member having the right to vote shall be entitled to vote in person or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof. If more than one (1) person or entity own a unit, they shall file a certificate with the Secretary naming the person authorized to cast votes for said unit. If same is not on file, the vote of any co-owner present who is acceptable to other co-owners present shall be accepted as the vote of all co-owners. Any legal entity which is an owner shall have the right to membership in the Corporation.

Section 8. WAIVER AND CONSENT: Whenever the vote of members at a meeting is required or permitted by any provision of the statutes, the Declaration of Covenants, or these By-Laws to be taken in connection with any action of the corporation, the meeting and vote of members may be dispensed with if all members who would have been entitled to vote upon the action of such meeting if such meeting were held shall consent in writing to such action being taken.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. NUMBER AND TERM: The number of directors which shall constitute the whole Board of Directors (the "Board") shall be three (3). Until succeeded by directors elected at the first annual meeting of members, directors need not be members; thereafter, all directors shall be members. Within the limits above specified, the number of directors shall be determined by the members at the annual meeting. The directors shall be elected to serve for the term of one (1) year, or until his successor shall be elected and shall qualify.

Section 2. VACANCY AND REPLACEMENT: If the office of any director becomes vacant by reason of death, resignation, retirement,

disqualification, removal from office or otherwise, a majority of the remaining directors, though less than a quorum, at a special meeting of directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred.

Section 3. REMOVAL: Directors may be removed by affirmative vote of a majority of the total membership. No director shall continue to serve on the Board if, during his term of office, his membership in the corporation shall be terminated for any reason whatsoever.

Section 4. POWERS: The property and business of the corporation shall be managed by the Board, which may exercise all corporate powers not specifically prohibited by statute, the Certificate of Incorporation, or the Declaration to which these By-Laws are attached. The powers of the Board shall specifically include, but not be limited to, the following:

A. To make and collect regular and special assessments and establish the time within which payment of same are due.

B. To use and expend the assessments collected to maintain, care for and preserve common areas, except those portions thereof which are required to be maintained, cared for and preserved by the owners.

C. To insure and keep insured the properties in the manner set forth in the Declaration against loss from fire and/or other casualty, and the unit owners against public liability, and to purchase such other insurance as the Board may deem advisable.

D. To collect delinquent assessments by suit or otherwise, abate nuisances and enjoin or seek damages from owners for violations of these By-Laws and the terms and conditions of the Declaration of Covenants.

E. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.

F. To make appropriate changes in the Rules and Regulations for the occupancy of the lots as may be deemed necessary, subject to the approval by the members at the next meeting of the membership by a majority of the votes cast.

G. To acquire and/or rent and/or lease a lot in the name of the corporation or a designee.

H. To contract for management of the association and to delegate to such other party all powers and duties of the Corporation except those specifically required by the Declaration to have specific approval of the Board or membership.

I. To carry out the obligations of the Corporation under any restrictions and/or covenants running with any land submitted to the membership of this Corporation or its members.

J. To designate, as the Board deems appropriate, assigned parking spaces for each unit and a driveway area for service vehicles.

K. To adopt Rules and Regulations pursuant to Article VIII of the By-Laws.

L. To impose a special assessment (against any owner), not to exceed \$50.00 for each occurrence, for the violation by the owner or his guests of any rule or regulation adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provision of the Declaration.

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M. To terminate any lease or rentals whether by written or oral agreement; and to remove from an unit, any lessee, renter or guest who fails to comply with the terms of the Declaration and Restrictions or Rules and Regulations.

Section 5. LIABILITY: The Directors shall not be liable to the owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, bad faith, or gross negligence.

Section 6. COMPENSATION: Neither Directors nor officers shall receive compensation for their services as such.

Section 7. MEETINGS:

A. The first meeting of each Board newly elected by the members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board shall be held at the same place as the general members' meeting, and immediately before or after the adjournment of same.

B. Special meetings shall be held whenever called by the direction of the President or a majority of the Board. The Secretary shall give notice of each special meeting either personally, by mail or telegram, at least three (3) days before the date of such meeting, but the directors may, in writing, waive notice of the calling of the meeting, before or after such meeting.

C. A majority of the Board shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business, and the act of a majority present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at the meeting, the Directors then present may adjourn the meeting without notice other than announcement at the meeting until a quorum shall be present.

Section 8. ANNUAL STATEMENT: The Board shall present, no less often than at the annual meeting, a full and clear statement of the business and condition of the corporation, including a report of the operating expenses of the corporation and the assessments paid by each member.

ARTICLE V

OFFICERS

Section 1. EXECUTIVE OFFICERS: The executive officers of the corporation shall be a President, Vice-President and Secretary-Treasurer, all of whom shall be elected annually by the Board. The President shall be elected from the membership of the Board of Directors.

Section 2. SUBORDINATE OFFICERS: The Board may appoint such other officers and agents from the membership as they may deem necessary, who shall have such authority and perform such duties as from time to time may be prescribed by said Board.

Section 3. THE PRESIDENT:

A. The President shall preside at all meetings of the members and directors; he shall have general and active management of the business of the corporation; he shall see that orders and resolutions of the Board are carried into effect; he shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation.

B. He shall have general superintendence and direction of all the other officers of the corporation, and shall see that their duties are performed properly.

C. He shall submit a report of the operations of the corporation for the fiscal year to the Directors whenever called for by them, and to the members at the annual meeting, and from time to time shall report to the Board all matters within his knowledge which the interest of the corporation may require to be brought to their notice.

D. He shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation.

Section 4. THE VICE-PRESIDENT: The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Section 5. THE SECRETARY-TREASURER:

A. The Secretary-Treasurer 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; service notice of meeting 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.

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

Section 6. VACANCIES: If the office of any Director or officer becomes vacant by reason of death, resignation, disqualification or otherwise, the remaining Directors, by a majority vote of the remaining Directors provided for in these By-Laws, may choose a successor or successors who shall hold office for the unexpired term.

Section 7. RESIGNATIONS: Any Director or officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Board of Directors, unless some time be fixed in the resignation, and then from that date. The acceptance of a resignation by the Board shall not be required to make it effective.

ARTICLE VI

NOTICES

Section 1. DEFINITION: Whenever under the provisions of the statutes, the Declaration of Covenants and Restrictions, the Certificate of Incorporation, or these By-Laws, voice is required to be given to any Director or member, it shall not be construed to mean personal notice; but such notice may be given in writing by mail, by depositing the same in a post office or letter box in a postpaid, sealed envelope, addressed as appears on the books of the corporation.

Section 2. SERVICE OF NOTICE - WAIVER: Whenever any notice is required to be given under the provisions of the statutes, Declaration, the Certificate of Incorporation, or the By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice,

whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VII

FINANCES

Section 1. FISCAL YEAR: The fiscal year shall be the calendar year.

Section 2. CHECKS: All checks or demands for money and notes of the corporation shall be signed by the Secretary-Treasurer, or by such officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. DETERMINATION OF ASSESSMENTS:

A. The Board shall determine from time to time the sum or sums necessary and adequate for the common expenses of the Association's property. At the annual meeting of the Corporation, such budget shall be submitted to the members for approval. As approved, the budget shall constitute the basis for all Regular Assessments for common expenses against unit owners, which assessments shall be due and payable periodically as determined by the Board. Common expenses shall include expenses for operation, maintenance, repair or replacement of the common areas and facilities and the limited common areas and facilities, costs of carrying out the powers and duties of the corporation, all insurance premiums and expenses relating thereto, and any other expenses designated as common expenses from time to time by the Board of Directors of the corporation.

B. The Board is specifically empowered on behalf of the corporation to make and collect assessments and to maintain, repair and replace the common areas and facilities and limited common areas and facilities of the Association. Funds for the payment of common expenses shall be assessed against the unit owners in the proportions or percentages of sharing common expenses provided in the Declaration. Assessments shall be payable periodically as determined by the Board.

C. Special assessments for common expenses not adequately funded through the Regular Assessments may be required by the Board and shall be levied and paid in the same manner as hereinabove provided for Regular Assessments. Notwithstanding anything in these By-Laws or the Declaration which authorize assessments and expenditures, no special Assessment exceeding \$250.00 per unit per annum or expenditure for the improvements of the common elements exceeding \$25,000.00 per annum for all units shall be made without the approval of a majority vote of the membership, except for the repair of the common property due to damage or destruction, which shall occur as provided in the Declaration.

D. When the Board has determined the amount of any assessment, the Secretary-Treasurer of the corporation shall mail or present a statement of the assessment to each of the assessed owners. All assessments shall be payable to the corporation, and upon request, the Secretary-Treasurer or his designated agent shall give a receipt for each payment made.

E. The Board may enter into a management contract with third parties to whom the Board may delegate the power to levy and collect assessments approved by the Board or required by the Declaration of Covenants.

F. All assessments not paid when due shall bear interest at twelve per cent (12%) rate of interest.

Section 4. NON-PROFIT CORPORATION: The seal of the corporation shall have inscribed thereon the name of the corporation and the year of its organization. Said seal may be used by causing it or facsimile thereof to be impressed, affixed, reproduced, or otherwise.

ARTICLE VIII

DEFAULT

Section 1. ENFORCEMENT OF LIEN FOR ASSESSMENTS: In the event an owner does not pay any sums, charges, or assessments required to be paid to the corporation by the due date, the corporation, acting on its own behalf or through its Board, may enforce its lien for assessments, or take such action to recover the sums, charges or assessments to which it is entitled, in accordance with the Declaration and the statutes made and provided in both.

Section 2. GOVERNMENTAL LIENS AND ASSESSMENTS: In the event that an owner fails to pay any tax or assessment lawfully assessed by any governmental subdivision within which the property is situated, by the date such tax or assessment is due, the Board may pay the same from the funds of the corporation and assess such owner for the amount paid, plus interest thereon.

Section 3. LEGAL COSTS: In the event such legal action is brought against an owner and results in a judgment for the corporation, the owner shall pay the corporation's reasonable attorney's fees, costs of collection, and court costs.

Section 4. FORECLOSURE: If the corporation becomes the owner of a unit by reason of foreclosure, it shall offer said unit for sale and at such time as a sale is consummated, it shall deduct from the proceeds of said sale all sums of money due if for assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the unit, which shall include but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the unit in question. All monies remaining after deducting the foregoing items of expenses shall be returned to the former owner of subject unit.

Section 5. OTHER REMEDIES: In the event of violation of the provisions of the Declaration of Covenants as the same are defined in the Declaration, for thirty (30) days after notice from the Association to the unit owners to correct said violation, the corporation, on its own behalf or by and through its Board of Directors, may bring appropriate action to enjoin such violation or may enforce the provisions of said Declaration, or may sue for damages, or take such other courses of action, or other legal remedy as it or they may deem appropriate.

Section 6. INTENT: Each owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default and abatement of nuisance, regardless of the harshness of the remedy available to the corporation and regardless of the availability of the other equally adequate legal procedures. It is the intent of all owners of family units to give to the corporation a method and procedure to collect those monies due and owing it from the owners of units, and to preserve each unit owner's right to enjoy his unit, free from unreasonable restraint and nuisance.

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ARTICLE IXRULES AND REGULATIONSSection 1. RESTRICTIONS, ALTERATIONS OR MODIFICATION OF UNITS:

No unit owner shall alter, remodel, modify, or make additions or deletions to the exterior of any unit. The Association shall have the power to permit alterations or modifications but not additions or deletions by a two-thirds (2/3) vote of a quorum at a regular or special meeting provided notice of the vote to amend this restriction is contained in the notice of said meeting.

Section 2. In addition to the other provisions of these By-Laws, the Rules and Regulations together with any subsequent changes, shall govern the use of the units located in the property and the conduct of all residents and guests. The Rules and Regulations attached hereto as Exhibit A shall be the initial Rules and Regulations and shall be in effect until the first Board of Directors meeting at which time they shall be adopted subject to such changes as may be deemed appropriate. Any further modifications in the Rules and Regulations may be made by the Board of Directors in accordance with Article IV, Section 5, of the By-Laws.

ARTICLE XJOINT OWNERSHIP

Membership may be held in the name of more than one owner. In the event ownership is in more than one person, all of the joint owners shall be entitled collectively to only one voice or ballot in the management of the affairs of the corporation, and the vote may not be divided between plural owners. The manner of determining who shall cast such vote shall be as set forth in Article III, Section 7.

ARTICLE XIINDEMNIFICATION

The corporation may indemnify any person made a party to an action by or in the right of the corporation to procure a judgment in its favor by reason of his being or having been a director or officer of the corporation, against the reasonable expenses including attorney's fees actually or necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein, except in relation to such matters as to which such director or officer is adjudged to have been guilty of gross negligence or misconduct in the performance of his duty to the corporation.

ARTICLE XIIAMENDMENT

These By-Laws may only be altered, amended or added to at any duly called meeting of the members; provided (1) that the notice of the meeting shall contain a full statement of the proposed amendment; and (2) that the quorum required for such purposes shall be a majority of all the then members, in person or by proxy. In addition, it shall be necessary that there be an affirmative vote of owners holding not less than two-thirds of the qualified votes of members represented at such quorum, as well as an affirmative vote of the Board of Directors, in order to amend the By-Laws. No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights and/or liabilities of any mortgagee, and no amendment shall become operative unless set forth in an amended Declaration and duly recorded. All unit

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owners shall be bound to abide by any amendment upon the same being passed and duly set forth in an amended Declaration, duly recorded in the office of the Register of Deeds of New Hanover County, North Carolina.

ARTICLE XIII

CONSTRUCTION

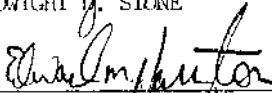
Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable by law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

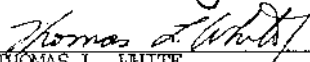
The foregoing were adopted as the By-Laws of Echo Greens Homeowner's Association, at the first meeting of the Board of Directors. This the 18th day of April, 1985.



DWIGHT D. STONE



EDWARD M. HARRINGTON



THOMAS L. WITTE