

BYLAWS OF THORNTON COMMONS TOWNHOME ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION.

The name of the corporation is THORNTON COMMONS TOWNHOME ASSOCIATION, INC. (hereinafter referred to as the Association"). The principal office of the corporation shall be located at 201 Shannon Oaks Circle, Suite 120, Cary, Wake County, North Carolina 27511, but meetings of members and directors may be held at such places within the State of North Carolina, County of Wake as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Thornton Commons Townhome Association, Inc.

Section 2. "Properties" shall mean and refer to that certain real property described in Exhibit A to the Declaration of Covenants, Conditions and Restrictions for Thornton Commons Townhome Subdivision and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Areas" shall mean all real property and amenities located thereon owned by the Association for the common use and enjoyment of members of the Association. Common Areas shall also include water lines and sewer lines located within the Common Areas and not within City of Raleigh sanitary sewer easements. Water lines and sewer lines located on a Lot are not portions of the Common Areas.

Section 4. "Lot" shall mean and refer to each one of Lots 1 through 23, as shown on the map of Thornton Commons Townhomes, Phase I, recorded in Book of Maps 2005, Page 842, Wake County Registry, or on any subsequently recorded map of the Properties.

Section 5. "Owner" shall mean and refer to the record owner, whether one of 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 Puckett Bynum Development, LLC, a North Carolina limited liability company. It shall also mean and refer to any person, firm or corporation to whom Declarant shall assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Wake County Registry.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of Register of Deeds, Wake County, North Carolina, and all amendments thereto.

Section 8. "Member" shall mean and refer to every person or entity that holds membership in the Association.

Section 9. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 10. "Common Expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses for maintenance of the Common Areas as provided in the Declaration;
- (c) Expenses of administration, maintenance, repair or replacement of the Common Areas;
- (d) Expenses declared to be common expenses by the provisions of the Declaration or the Bylaws of the Association.
- (e) Hazard, liability, or such other insurance premiums as the Declaration of the Bylaws may require or authorize the Association to purchase;
- (f) Ad valorem taxes and public assessment charges lawfully levied against Common Areas;
- (g) Expenses agreed by the members to be common expenses of the Association;
- (h) Payments or obligations to Reserve accounts established and maintained pursuant to the Declaration;
- (i) Any other expenses declared to be common expenses of the Association in the Declaration or in any amendment to the Declaration; and
- (j) Any other expenses necessary to accomplish the obligations of the Association.

Section 11. "Amenities" shall mean the facilities constructed erected or installed on the Common Areas for the use, benefit and enjoyment of Members.

Section 12. "Builder" as used herein shall mean Anderson Homes, Inc., any entity to which it assigns its interest in its lot purchase contract with Declarant, and any commercial Builder which purchases and owns a Lot within the Subdivision for the purpose of constructing upon it a residence to be sold.

ARTICLE III

MEMBERSHIP AND VOTING

Classes of Membership. The Association shall have the three classes of voting membership that are described in the Declaration, and those provisions of the Declaration describing the classes of voting members, their qualifications, rights, and obligations are incorporated herein and made a part of these bylaws the same as if those provisions were fully written herein.

Votes. Members shall have the votes in the Association as provided in the Declaration, and those provisions of the Declaration, describing the voting rights of classes of Members, are incorporated herein and made a part of these bylaws the same as if those provisions were fully written herein.

ARTICLE IV
MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within eighteen (18) months after the date of filing of the Articles of Incorporation. The Board of Directors shall have power to set the date and place of the annual meeting and shall give all members at least 15 days written notice thereof.

Section 2 Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article IV. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 3. Special Meeting. Special meetings of the members may be called at any time by the president or by the Board of Directors. A Special Meeting must be called pursuant to, and held within thirty days after, delivery to the corporation of the written request of the holders of not less than one-tenth of the votes entitled to be cast on any issue proposed to be considered at the meeting.

Section 4. 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, at least 15 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. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 5. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of 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 the 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 be represented.

Section 6. Proxies. At all meeting of members, each member may vote in person or by proxy executed in favor of another member. 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. Any form of proxy which is sufficient in law may be used, but the following form of proxy shall be deemed sufficient:

The undersigned hereby irrevocably constitute and appoint _____ their attorney-in-fact and proxy for the sole purpose of casting the vote allocated to Lot ____, on all matters submitted to vote at that meeting of Thornton Commons Townhome Association, Inc., to be held on _____, _____. The undersigned hereby ratify and confirm all

such votes cast on behalf of said Lot at that meeting, and certify that they are fully authorized to execute this instrument of proxy on behalf of all owners of any fee interest in said Lot.

This the _____ day of _____, _____.

ARTICLE V

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association.

Section 2. Appointment and Election. The first Board of Directors shall consist of the initial members of the Board of Directors as named in the Articles of Incorporation of the Association, or as named by the incorporator in corporate minutes. Subsequently, the Declarant shall appoint the Board of Directors until such time as the period of Declarant control of the Association has terminated pursuant to the provisions of the Declaration. At the first meeting of the membership of the Association following the termination of the period of Declarant control of the Association, the members of the Board of Directors shall be elected by the membership of the Association, and those persons who receive the highest number of votes at a meeting at which a quorum is present shall be elected to serve until the next annual meeting. Each member of the Board of Directors shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor.

Section 3. Term of Office. At the first annual meeting following the termination of the period of Declarant control, the members shall elect three directors for a term of one year. Despite the expiration of a director's term, the director shall continue to serve until a successor has been elected.

Section 4. 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 of Directors and shall serve until the next meeting of the membership of the Association or until a successor is appointed by the Declarant if such vacancy is the result of the death, disability, resignation or removal of an initial director or a director who was appointed by the Declarant.

Section 5. 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 6. Action 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. The Directors may conduct any action or set of actions by electronic means.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. So long as there shall be a Class B membership (as provided in Section 2), the Declarant shall have the right to name the Directors at the annual meeting. If the Declarant elects not to name any members of the Board of Directors, the Class A members shall elect all members of the Board at the annual meeting.

Section 2. Election. Election to the Board of Directors (other than the members that may be chosen by the Declarant) 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 VII

MEETINGS OF DIRECTORS

Section 1. Called Meetings. Meetings of the Board of Directors may be called by or at the request of the President or any two directors

Section 2. Notice of Meeting. The person or persons calling a meeting of the Board of Directors shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 3. Waiver of Notice. Any member of the Board of Directors may waive notice of any meeting. The attendance by a member of the Board of Directors at a meeting shall constitute a waiver of notice of such meeting, except where a member of the Board of Directors attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. 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.

Section 5. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the members of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Informal Action by Members of the Board of Directors. Action taken by a majority of the members of the Board of Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the members of the Board of Directors and filed in the book of records of the Association, whether done before or after the action so taken.

Section 7. Committees of the Board. The Board of Directors may establish either standing or ad hoc committees of the members to assist it in its work. Such committees shall be chaired by a member of the Board of Directors.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power and the duty to act on behalf of the Association in all instances, except that the Board may not amend the Declaration, terminate the Association, elect members of the Board (except to fill any vacancy in its membership for the unexpired portion of a term) or determine the qualifications, powers, duties or terms of office of members of the Board. In addition the Board of Directors shall have the following specific powers, duties and responsibilities:

- (a) Adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof,
- (b) Collect all assessments levied upon the members of the Association, and suspended the voting rights and right to use of the of the Common Areas recreational facilities 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 also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of a 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) Pay all ad valorem taxes and public assessments levied against the Common Areas;
- (g) Maintain the utilities serving the properties;
- (h) Maintain all improvements to the Common Areas, and to levy assessments sufficient to build up a reserve to cover such expenses;
- (i) Levy annual assessments in an amount estimated to pay all maintenance and capital expenses; and
- (j) The Board may fine any Lot owner as amount not to exceed One Hundred Fifty Dollars (\$150.00) for any single violation of the Declaration, these Bylaws or any Rules and Regulations promulgated by the Board. In such event, the Board shall provide the Lot owner fined an opportunity to be heard before an Adjudicatory Panel to be appointed by the Board pursuant to Article X below. Multiple fines may be assessed against any Lot owner for multiple violations. Any such fines

shall be deemed assessments against the Lot of such owner, and shall be collectable as provided in the Declaration.

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 or 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) if the Class A members who are entitled to vote.
- (b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly 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 the date for payment of any portion of such assessment; and
 - (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 all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) Cause the Common Areas to be maintained.

Section 3. Management Agent. The Board may contract a management agent to perform and execute such duties, functions and responsibilities of the Board as the Board may deem appropriate; however, no such contract shall relieve the Board from its fiduciary duty to the Association.

Section 4. Notwithstanding any other provision herein, the Board of Directors is authorized, on behalf of the Association, to submit any dispute with or claim against the owner(s) of any Lot(s) to voluntary arbitration pursuant to any arbitration program then in effect in the General Court of Justice of Wake County, North Carolina.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the is Association shall be a president, a vice-president, a secretary, and a treasurer, 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. The officers need not be members of the Association.

Section 3. Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his successor shall be named, unless he shall sooner resign, or shall be removed, or be otherwise disqualified to serve.

Section 4. Special Appointments. The Board may name 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 to the Board, the President or the Secretary, 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. Multiple Offices. The offices of Secretary and Treasurer, or Vice-President 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 (provided, however, the President may delegate his or her duty to co-sign all checks of the Association to a professional management company employed to manage the Association). He shall further sign all legal documents necessary to collect homeowner assessments.

VICE-PRESIDENT

- (b) The Vice-President shall have all powers of the President and shall act in the place and stead of the President when the President is not available to act. The Vice-President may sign and execute in the name of the Corporation easements, leases,

mortgages, deeds and other written instruments, except where the signing and execution shall be expressly delegated by the Board of Directors or the President to some other officer or agent of the corporation or shall be required by law otherwise to be signed or executed. He shall exercise and discharge such other duties as may be required of him by the Board of Directors.

SECRETARY

- (c) 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. The Secretary's duties may be performed by a management agent employed by the Association to perform such duties under the supervision of the Secretary.

TREASURER

- (d) 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, including records of homeowner assessments; cause an annual audit of the Association books to be made by a public accountant at the direction of the Board; 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. The Treasurer's duties may be performed by a management agent employed by the Association to perform such duties under the supervision of the Treasurer.

ARTICLE X

COMMITTEES

The Association may appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes. Such committees may be composed of homeowner members in addition to board members.

ARTICLE XI

BOOKS & RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by all members and by their representatives, including attorneys and accountants. 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.

ARTICLE XII
COVENANT FOR ASSESSMENTS

The Association shall make and collect assessments against Lots as provided in the Declaration and in Chapter 47F of the North Carolina General Statutes.

ARTICLE XIII
RESERVE ACCOUNT DEPOSIT

At the time of the real estate closing, when the initial purchaser acquires fee simple title to a Lot after construction of a residence thereon, and becomes an Owner, such Owner shall contribute to the Association a sum equal to one-sixth (1/6th) of the then annual assessment of the Association for such Lot for the purpose of initial and nonrecurring capital expenses of the Association and for providing initial working capital for the Association.

ARTICLE XIV
AMENDMENTS

Section 1. Amendment by Board. These Bylaws may be amended or repealed and new Bylaws adopted by the Board of Directors.

Section 2. Amendment by the Members. These Bylaws may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy; provided, however, prior to termination of the Class B Membership, no such amendment shall be effective unless written consent of the Declaration shall have been given thereto.

Section 3. Amendment by Amendment to Declaration. If a provision of the Declaration or Articles is amended and there is provision pertaining to the same subject in these bylaws, then these Bylaws shall be deemed amended to conform to the corresponding amended provision in the Declaration or Articles.

ARTICLE XV
INDEMNIFICATION

Section 1. Right to Indemnification. The association shall indemnify each of its directors, officers, employees or agents against liability and expenses in any proceeding (including without limitation a proceeding brought by or on behalf of the corporation itself) arising out of their status as such or their activities in any of the foregoing capacities; provided, however the Association shall not indemnify or agree to indemnify a person against liability or expenses the person may incur on account of his activities which were at the time taken, known, or believed by the person to be clearly in conflict with the best interests of the Association or if the person received an improper personal benefit. Any person having rights under this Section shall recover from the Association reasonable costs, expense, and attorneys fees in connection with the enforcement of the rights to indemnification granted herein. The right to indemnification granted herein shall be in addition to and separate and apart from the indemnification provided for in North Carolina General Statutes 55A-8-52, 55A-8-54, 55A-8-55, and 55A-8-56.

Section 2. Insurance. The Association may purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee or agent of the Association against liability asserted against or incurred by him in that capacity or arising from his status as a director, officer employee or agent, whether or not the corporation would have power to indemnify him against the same liability under any provision of Chapter 55A of the North Carolina General Statutes.

ARTICLE XVI
MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date incorporation.

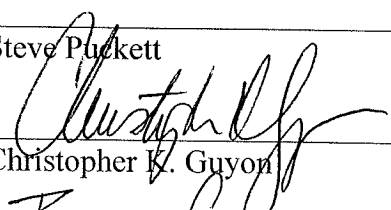
Section 2. Disbursements of Net Earnings. No part of the net earnings of the Association shall inure to the benefit of its members, directors, officers or other persons except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the Association.

Section 3. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws the Articles shall control; and I the case of any conflict between the declaration and these Bylaws the Declaration shall control.

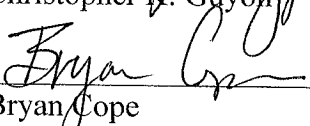
Section 4. The corporate seal and/or stamp of the corporation shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed "CORPORATE SEAL".

IN WITNESS WHEREOF, we, being all of the Board of Directors of Thornton Commons Townhome Association, Inc., have hereunto set our hands, this 1st day of June 2006.

Steve Puckett



Christopher K. Guyon



Bryan Cope

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the Secretary of Thornton Commons Townhome Association, Inc. a North Carolina Corporation; and

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by unanimous written consent of the Board of Directors thereof, on the 1st day of June, 2006.

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