

AMENDED AND RESTATED
BY-LAWS
OF
ASHTON HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
Name, Principal Office and Definitions

I.1 Name. The name of the Corporation shall be Ashton Homeowners Association, Inc. (for convenience sometimes referred to as the "Association").

I.2 Principal Office. The principal office of the Association shall be located in Mecklenburg County, North Carolina. The Association may have such other offices, either within or outside the State of North Carolina, as the Board of Directors or the officers of the Association may determine.

I.3 Definitions. The words used in these By-Laws shall generally be given their normal, commonly understood definitions unless otherwise specified. Capitalized terms shall have the same meaning set forth in the Declaration of Covenants, Conditions and Restrictions for Ashton Subdivision recorded in the Office of the Register of Deeds for Mecklenburg County, North Carolina, as amended or supplemented from time to time (the "Declaration").

ARTICLE II
Membership, Meetings, Voting

II.1 Membership. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

II.2 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Property or as convenient thereto as possible and practical.

II.3 Annual Meetings. The first meeting of the Members of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board of Directors so as to occur on or within sixty (60) days after the close of the Association's fiscal year on a date and at a time set by the Board of Directors.

II.4 Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of the Members.

II.5 Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at such Member's address as it appears on the records of the Association, with postage prepaid.

II.6 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

II.7 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

II.8 Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein by reference. In the case of any action requiring the written consent of a Member, such consent, if given, shall be executed by the Member or on behalf of the Member by its duly authorized partner, officer or manager, as the case may be.

II.9 Proxies. At all meetings of Members, each Member may vote in person (if a partnership, limited liability company or corporation, through any duly authorized general partner, manager, or officer or director, respectively) or by proxy. All proxies shall be in writing, signed by the Member, dated and filed with the Secretary of the Association prior to any meeting for which it is to be effective. Every proxy shall be revocable and shall automatically cease to be effective upon receipt by the Secretary of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

II.10 Majority. As used in these By-laws, the term "majority" shall mean more than fifty percent (50%) of the total number of persons or votes, as the context may indicate.

II.11 Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence, in person or by proxy, of Members representing a majority of the total votes of the Members of the Association shall constitute a quorum at all meetings of the Association.

II.12 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions

adopted such meetings, as well as a record of all transactions occurring at meetings.

II.13 Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote, if written consent specifically authorizing the proposed action is signed by or on behalf of all Members entitled to vote on such matter. Such consents shall be filed with the minutes of the Association, and shall have the same force and effect as a unanimous vote of the Members at a meeting.

ARTICLE III

Board of Directors: Number, Meetings, Powers

A. Composition and Selection.

III.1 Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Each director shall have one equal vote. Any officer or director of a Member, or any other individual specifically authorized by the Member to act on its behalf in a written instrument filed with the Secretary of the Association, shall be eligible to serve as a director, provided such officer, director or individual is 18 years of age or older. Upon termination of any such individual's relationship with the Member, such individual shall be deemed to have resigned from the Board of Directors and a successor shall be appointed in the manner provided in Section III.3.

III.2 Number of Directors. The Board of Directors shall consist of from one to seven directors. As of the date of adoption of these By-Laws, the Board of Directors shall consist of William E. Saint, Robert W. Bugg and Charles A. Stevens.

III.3 Selection of Directors.

(a) Initially, one member of the Board of Directors shall be appointed by each of the Declarants.

(b) On the Turnover Date, all appointees of the Declarants, as applicable pursuant to the terms of the Declaration, shall resign. At such time, the directors shall be elected by vote of the Members at a special meeting called for such purpose and thereafter directors (or any director) shall be elected by the Members at the annual meeting or any special meeting called for such purpose.

(c) Directors may be appointed or elected to serve any number of consecutive terms.

B. Meetings.

III.4 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one such meeting shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated in writing to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

III.5 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two directors. The notice shall

specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one 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 director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by facsimile, with confirmation of transmission. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. 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, or facsimile shall be delivered, telephoned, or given at least seventy-two (72) hours before the time set for the meeting.

III.6 Waiver of Notice. The transactions of any meeting of the Board of Directors, 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 directors 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 director who attends the meeting without objecting before or at its commencement as to the lack of adequate notice.

III.7 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business. The votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors; provided, so long as the Board of Directors consists of only four directors, any decision of the Board of Directors shall require the vote of two directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

III.8 Compensation. No director shall receive any compensation from the Association for acting as such unless consented to in writing by all Members. No director appointed by the Declarants shall be entitled to compensation for serving as such. A director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

III.9 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of Board of Directors meetings, recording all Board of Directors resolutions and all transactions and proceedings occurring at such meetings.

III.10 Open Meetings. Subject to the provisions below, all meetings of the Board of Directors shall be open to all Members, and the officers, directors and authorized representatives of the Members. The Board of Directors shall be given written notice two (2) days prior to the meeting of the desire of a non-member to attend the meeting. Such non-member shall only be allowed to attend such meeting with the approval of the Board of Directors. In the event the Board of Directors does not respond to the notice of the non-member's intent within five (5) days of receipt of such notice, this approval shall be deemed to have been given. Attendees other than directors may not participate in any discussion or

deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any such individual may speak to no more than two minutes. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

III.11 Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

III.12 Powers. The Board of Directors shall have all the powers necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, the Articles and these By-Laws and as provided by law. The Board of Directors may do or cause to be done all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Members.

III.13 Duties. The duties of the Board of Directors shall include, without limitation:

- (a) preparation and adoption of annual budgets for assessments (“Common Expenses”);
- (b) establishing and levying assessments on each Lot for its share of the Common Expenses and fines for failure to abide by the terms of the Declaration;
- (c) establishing the means and methods of collecting all assessments, and establishing the period of installment payments if permitted to be paid in installments;
- (d) opening bank accounts on behalf of the Association and designating the authorized signatories;
- (e) collecting the assessments, depositing the proceeds in depositories of which it shall approve, and using the funds collected as assessments for Common Expenses to operate the Association;
- (f) providing for the operation, care, upkeep and maintenance provided for in the Declaration;
- (g) designating, hiring and dismissing the personnel necessary to carrying out the rights and responsibilities of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (h) making and amending rules governing use and operation of the Property;
- (i) making or contracting for the making of repairs, additions and improvements as provided in the Declaration;

(j) enforcing by legal means the provisions of the Declaration, and any other covenants applicable to the Property, these By-Laws, and the Association rules and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association;

(k) mediating and arbitrating disputes between the Members arising out of interpretation, violation, or enforcement of or conflicts in the standards established under the Declaration, compliance with the standards set by the Association, or other matters as to which the Board of Directors determines it to be in the general interest of the Members to become involved;

(l) obtaining and carrying whatever insurance it determines the Association shall carry; paying the cost of such insurance and bonds, and filing and adjusting claims, as appropriate;

(m) paying the cost of all services rendered to or on behalf of the Association, as the Board of Directors may authorize;

(n) keeping detailed books of account and operating records; and

(o) making available to any person or entity entitled thereto current copies of the Association's Articles of Incorporation, By-Laws, and rules, and charging such fees, if any, as the Board of Directors may establish to cover printing and mailing costs.

III.14 Management. The Board of Directors may employ for the Association a professional management agent or agents, to perform such duties and services as the Board of Directors shall authorize, at such compensation as the Board of Directors may establish; provided, such compensation shall be competitive with fees generally charged for the provision of similar services to comparable developments or to entities with comparable responsibilities in the southeastern United States. The Board of Directors may delegate to the managing agent or manager, subject to the Board of Directors' supervision, such powers as are necessary to perform the manager's assigned duties but shall not delegate policymaking authority or those duties set forth in subsections (a), (b) and (k) of Section III.13. Any of the Declarants, or an affiliate of any of the Declarants, may be employed as managing agent or manager.

The Board of Directors may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of any managing agent which might arise between meetings of the Board of Directors.

III.15 Accounts and Reports. The following management standards of performance shall be followed unless the Board of Directors by resolution specifically determines otherwise:

(a) cash basis accounting shall be employed;

(b) accounting and controls should conform to sound accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of

commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) financial reports shall be prepared for the Association at least annually containing:

(i) an income statement reflecting all income and expense activity for the preceding period on a cash basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Members who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent. (Any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board of Directors resolution).

III.16 Borrowing. The Association shall have the power to borrow money for any purpose.

III.17 Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational or other agreements with any Member, trust, or condominium, cooperative, or other owners' or residents' association, within or outside the Property; provided, any common management agreement shall require the consent of a majority of the total number of the Board of Directors.

III.18 Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board of Directors shall have the power to impose reasonable fines for violation of any duty imposed under the Declaration or these By-Laws, which shall be assessed against the Lot of the violating Member. In the event that any occupant, guest or invitee of a Lot violates the Declaration or these By-Laws and a fine is imposed, the fine shall first be assessed against the occupant. If the fine is not paid by the occupant within the time period set by the Board of Directors, the Member shall pay the fine upon notice from the Association. The failure of the Board of Directors to enforce any provision of the Declaration or these By-Laws shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

III.19 Notice. Prior to imposition of any sanction hereunder, the Board of Directors or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten

(10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

III.20 Hearing. If a hearing is requested within the allotted ten (10) day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction, proof of proper notice of the hearing to the alleged violator shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction, if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

III.21 Appeal. If a hearing is conducted before any body other than the Board of Directors, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the Board of Directors within thirty (30) days after the hearing date.

III.22 Additional Enforcement Rights. The Board of Directors may elect to enforce any provision of the Declaration or these By-Laws by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above, and entry upon property for the purpose of exercising this right shall not be deemed a trespass. In any such action, to the maximum extent permissible, the individual(s) or entity(ies) responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE IV Officers

IV.1 Officers. The officers of the Association shall be a President, Vice President(s), Secretary and Treasurer. The President and Secretary shall be appointed from among the members of the Board of Directors. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties the Board of Directors prescribes. Any two or more offices may be held by the same person.

IV.2 Election and Term of Office. The Board of Directors shall elect the officers of the Association at a meeting of the Board of Directors. Initially, Robert W. Bugg shall be the President, Secretary and Treasurer and William E. Saint and Charles A. Stevens shall each be a Vice President.

IV.3 Removal and Vacancies. Whenever in its judgment the best interests of the Association will be served, the Board of Directors may remove any officer, and may fill any vacancy in any office arising because of death, resignation, removal or otherwise for the unexpired portion of the term.

IV.4 Powers and Duties. The officers of the Association shall each have such powers and

duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget of the Association and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

IV.5 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the day of the 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.

IV.6 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board of Directors resolution.

IV.7 Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section III.8; except, however, notwithstanding the above, until the Turnover Date the President of the Association shall be paid an annual fee of \$1,000.00 payable in equal quarterly installments of \$250.00 each.

ARTICLE V Committees

V.1 General. The Board of Directors may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board of Directors may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

ARTICLE VI Miscellaneous

VI.1 Fiscal Year. The fiscal year of the Association shall be set by Board of Directors resolution. In the absence of a resolution, the fiscal year shall be the calendar year.

VI.2 Parliamentary Rules. Except as may be modified by Board of Directors resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, or these By-Laws.

VI.3 Conflicts. If there are conflicts between the provisions of North Carolina law, the Articles of Incorporation, and these By-Laws, the provisions of North Carolina law, the Articles of Incorporation, and the By-Laws (in that order) shall prevail. In the event of a conflict between the Declaration and these By-Laws or the Articles, the Declaration shall control, provided it is not inconsistent with North Carolina law.

VI.4 Books and Records.

(a) Inspection by Members and Mortgagees. The Board of Directors shall make the following available for inspection and copying by any holder, insurer or guarantor of a first priority security encumbrance on a Lot, any Member, or the duly authorized representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Lot: the Articles of Incorporation, these By-Laws, including any amendments thereto, rules of the Association, the Owner register, books of account, and the minutes of meetings of the Members, the Board of Directors and committees. The Association shall provide for such inspection to take place at the office of the Association or at such other place within the Property as the Board of Directors may designate.

(b) Rules for Inspection. The Board of Directors shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director 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 a director includes the right to make a copy of relevant documents at the expense of the Association.

VI.5 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of such Owner's Lot; and

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

VI.6 Amendment.

(a) By Declarants. So long as the Declarants have the right to appoint the directors of the Association as set forth in Section 1(gg) of the Declaration, the Declarants may unilaterally amend these By-Laws and these By-Laws may not be amended without the written consent of the Declarants.

(b) By Members Generally. Except as otherwise specifically provided herein, these By-Laws may be amended only upon resolution of the Board of Directors and the written consent of a majority of the Members.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Ashton Homeowners Association, Inc., a North Carolina corporation;

That the foregoing Amended and Restated By-Laws constitute the By-Laws of said Association.

Robert W. Bugg, Secretary
Ashton Homeowners Association, Inc.

Date: March 2, 2009