

BYLAWS

OF

GOVERNORS VILLAGE PROPERTY OWNERS ASSOCIATION, INC.

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GOVERNORS VILLAGE PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

DEFINITIONS

The capitalized words used in these Bylaws shall have the same meaning as set forth in the Declaration of Covenants and Restrictions for Governors Village recorded in Book 702 at Page 287 of the Chatham County Registry, as the same may be amended, renewed or extended from time to time, unless the context shall prohibit.

ARTICLE II

OFFICES

- Section 1. Principal Office. The principal office of the Master Association shall be located at the Governors Club Executive Office, 10100 Governors Drive; Chapel Hill, North Carolina, 27514 or at such place as the Board of Directors may adopt by resolution.
- Section 2. Registered Office. The registered office of the Master Association required by law to be maintained in the State of North Carolina shall be identical with the principal office of the Master Association, unless changed by resolution of the Board of Directors.
- Section 3. Other Offices. The Master Association may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate by resolution or as the affairs of the Master Association may require from time to time.

ARTICLE III

MEETINGS OF MEMBERS

- Section 1. Membership and Voting Rights. Classes of membership and voting rights of Members shall be as particularly set forth in Article 3 of the Declaration.

- Section 2. Place of Meetings. All meetings of Members shall be held at the principal office of the Master Association, or at such other place, either within or without the State of North Carolina as may be designated in the notice of the meeting.
- Section 3. Annual Meetings. After turnover of control of the Master Association by the Declarant, as provided by the Declaration, an annual meeting of the Members shall be held annually for the purpose of electing directors of the Master Association and for the transaction of such other business as may be properly brought before the meeting. Such annual meeting shall be held on such date as may be fixed by the Board of Directors, or if no date is so fixed, then on the third Tuesday in April in each and every year; unless such day shall be a legal holiday in which case such meeting shall be held on the next succeeding business day, at 10:00 a.m. or at such other time as shall be fixed by resolution of the Board of Directors.
- Section 4. 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 5 of this Article III. A meeting so called shall be designated and treated for all purposes as the annual meeting.
- Section 5. Special Meetings. Special meetings of the Members may be called at any time by the President or the Board of Directors of the Master Association and shall be called by the President at the written request of not less than one-twentieth of all the Members entitled to vote at such meeting. Special meetings shall be held at such times as may be fixed in the call and stated in the notice of such meeting or waiver thereof.
- Section 6. Notice of Meetings. Written notice of each meeting of Members shall be given to each Member of record entitled to vote at such meeting. Such notices shall state the place, date and hour of the meeting and shall be delivered not less than ten (10) nor more than fifty (50) days before the date of such meeting, either personally or by mail, by or at the direction of the President or the Secretary, or other person calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the record of Members of the Master Association, with postage thereon prepaid.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Nonprofit Corporation Act.

Section 7. Adjournment of Meetings. If a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as the original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the adjourned meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Section 8. Voting Lists. At least ten (10) days before each meeting of the Members, the Secretary of the Master Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof, and the address of each such Member, which list shall be kept on file at the registered office of the Master Association for a period of ten (10) days prior to such meeting, and shall be subject to inspection by any Member at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the entire time of the meeting.

Section 9. Quorum. At all meetings of the Members, the presence at the commencement of such meetings, in person, by proxy or by written ballot conducted in accordance with North Carolina law, of one-tenth of all Members entitled to vote thereat shall constitute a quorum for the transaction of any business, except that at a substitute annual meeting of Members the number of Members there represented in person, even though less than one-tenth of all Members entitled to vote thereat, shall constitute a quorum for the purpose of such meeting. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

In the absence of a quorum at the opening of any meeting of Members, such meeting may be adjourned from time to time by a vote of the majority of the Members voting on the motion to adjourn; and at any adjourned meeting at which quorum is present, any business may be transacted which might have been transacted at the original meeting.

Section 10. Control by Declarant. Notwithstanding anything contained herein to the contrary, the Declarant shall have the right to retain control of the Master Association until one year after the Declarant has closed the sale of ninety percent (90%) of all Units and ninety percent (90%) of all Unit Equivalents within Governors Village, or at anytime prior thereto as determined by the Declarant in the Declarant's sole discretion. At the time of turnover of control of the Master Association, the Master Association shall record a Notice of Turnover in the public records of Chatham County, North Carolina. For so long as the Declarant retains control of

the Master Association, the Declarant shall have the right to appoint all of the members of the Board of Directors of the Master Association and the Architectural Review Board and to approve the appointment of all officers of the Master Association, and no action of the membership of the Master Association shall be effective unless and until approved by the Declarant.

- Section 11. Voting. Members may vote in person, by written proxy or by written ballot conducted in accordance with North Carolina Law.

ARTICLE IV

BOARD OF DIRECTORS

- Section 1. General Powers. The business and affairs of the Master Association shall be managed by its Board of Directors.
- Section 2. Number, Term and Qualifications. Prior to turnover of control by Declarant, the number of Directors and their terms and qualifications shall be determined by the Declarant. The remaining provisions of this section apply to Directors elected to serve after turnover of control by Declarant. The number of persons constituting the Board of Directors shall be five (5). Directors shall serve for terms of three (3) years, which terms shall be staggered as determined by the initial Board after turnover of control by Declarant, and each Director shall hold office until his/her successor has been duly elected or until his/her resignation or removal, whichever occurs earlier. No Director, except the Directors appointed by the Declarant, may be elected to more than two (2) consecutive three-year terms. Directors, except the Directors appointed by the Declarant, must be Owners, but none is required to be a resident of the state of North Carolina.
- Section 3. Election of Directors. The Declarant shall elect all Directors until the turnover of control by the Declarant. Prior to turnover the Residential Members, at a membership meeting, shall be entitled to elect three (3) members and the Apartment Owner Member shall be entitled to elect one (1) member of the Board to take office immediately upon turnover. After turnover of control of the Master Association, the number of Directors shall be five (5), and the Residential Members, at their annual meeting, shall be entitled to elect three (3) members, the Apartment Owner Member shall be entitled to elect one (1) member and the Declarant shall have the right to appoint one (1) member of the Board of Directors who shall serve at Declarant's pleasure for so long as Declarant owns any property within Governors Village. In the event Declarant's right to appoint a Director expires or is voluntarily relinquished by Declarant in writing, the Residential Members shall be entitled to elect four (4) members of the Board. Directors shall be elected by

strict plurality with those persons who receive the highest number of votes being deemed to have been elected. There shall be no cumulative voting.

- Section 4. Removal. Directors may be removed with or without cause by the majority vote of the class of Member that chose such Directors present, in-person or by proxy, at a duly convened meeting called for such purpose. If any director is removed, a new director may be elected at the same meeting. The Director appointed by the Declarant may be removed and replaced with or without cause by the Declarant.
- Section 5. Vacancies. Any vacancy occurring in the Board of Directors shall be filled by the class of Members who elected the vacating Director as soon as possible after the date of the occurrence of the vacancy. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.
- Section 6. Chairman of the Board. There may be a Chairman of the Board of Directors elected by the Directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.
- Section 7. Architectural Review Board. The members of the Architectural Review Board shall be appointed in accordance with Sections 3.6 and 10.1.1 of the Declaration. Authority to change the number of members on the Architectural Review Board, to appoint the chairman of the Architectural Review Board, to fill vacancies on the Architectural Review Board and other matters relating to the operation of the Architectural Review Board shall at all times be governed by the provisions of the Declaration as they may be amended and/or extended from time to time. The Architectural Review Board shall have such other powers and authorities as set forth in the Declaration and as may be determined by the Board of Directors of the Master Association.
- Section 8. Nominating Committee. The Board of Directors may, by written consent or by any duly called and held meeting, at least ninety (90) days prior to any annual meeting of the Members of the Master Association, appoint a Nominating Committee consisting of three (3) Residential Members of the Master Association, one (1) of whom shall be a Member of the Board of Directors. The members of the Nominating Committee shall serve for a period of one (1) year from and after their appointment or until their respective successors are appointed, whichever shall occur first. Unless specifically requested by a majority of the Board of Directors, the Nominating Committee shall not nominate candidates to fill any vacancies occurring by reason of death, resignation or otherwise for the balance of any unexpired term. At least sixty (60) days prior to any annual meeting of the Members of the Master Association, the Nominating Committee, if one has been appointed, shall recommend the names of Residential Members of the Master Association selected

by majority vote of the Nominating Committee to be submitted to the Residential Members of the Master Association at the annual meeting for election to the Board of Directors.

Section 9. Nominations by Residential Members. In addition to nomination by the Nominating Committee, Residential Members of the Master Association entitled to cast ten percent (10%) or more of the total votes of Residential Members and who are not members of the Nominating Committee or the Board of Directors may also nominate candidates for the Board of Directors by petition signed by them and filed with the Secretary of the Master Association at least thirty (30) days prior to the annual meeting of Members of the Master Association. Prior to nomination of such persons, it must be ascertained that each person so nominated is or will be willing to serve as a member of the Board of Directors if elected. The names of any such nominees, after having been certified by the Secretary or any other officer that they are qualified for election and have been nominated in accordance with the provisions of these Bylaws, shall be included in any vote for election of Directors and shall be included in any ballot or proxy mailing to Residential Members of the Master Association for election at the annual meeting.

ARTICLE V

MEETINGS OF DIRECTORS

- Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of Members. In addition, the Board of Directors may provide, by resolution, the time and place, either within the State of North Carolina, for the holding of additional regular meetings.
- Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President, by the Chairman of the Board or by any two directors. Such meetings may be held within the State of North Carolina, as fixed by the person or persons calling the meeting.
- Section 3. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof by telephone or any other means of communication. Such notice need not specify the purpose for which the meeting is called.
- Section 4. Waiver of Notice. Any director may waive notice of any meeting. The attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except

where a director 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 5. Quorum. The presence of a majority of the directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.
- Section 6. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.
- Section 7. Presumption of Assent. A director of the Master Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Master Association within two (2) business days after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.
- Section 8. Informal Action by Directors. Action taken by the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE VI

OFFICERS

- Section 1. Officers of the Master Association. The officers of the Master Association shall consist of a President, a Vice-President, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time elect. The Chairman of the Board of Directors shall always serve as President of the Master Association. Any two or more offices may be held by the same person, except the offices of President and Secretary, but no officer may act in more than one capacity where the action of two or more officers is required.
- Section 2. Election and Term. The officers of the Master Association shall be elected by the Board of Directors and each officer shall hold office until his successor shall have been elected and qualified, or earlier upon his death, resignation, removal or disqualification.

- Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Master Association will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.
- Section 4. President. The President shall be the principal executive officer of the Master Association, subject to the control of the Board of Directors, and shall in general supervise and control all of the business and affairs of the Master Association. The President, when present, shall preside at all meetings of the Members. He shall sign, with the Secretary, or any other proper officer of the Master Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Master Association, or shall be required by law to be otherwise signed or executed. The President shall perform all duties incident to his office and such other duties as may be prescribed by the Board of Directors from time to time.
- Section 5. Vice President. In the absence of the President or in the event of his death, inability or refusal to act, the Vice President, or as the case may be, Vice Presidents, in the order of their election unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.
- Section 6. Secretary. The Secretary shall: (a) keep the minutes of the meetings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Master Association and see that the seal of the Master Association is affixed to all documents the execution of which on behalf of the Master Association under its seal is duly authorized; (d) keep a register of the address of each Member which shall be furnished to the Secretary by such Member; (e) keep or cause to be kept in the state of North Carolina at the Master Association's registered office or principal place of business a record of the Master Association's Members, giving the names and addresses of all Members and prepare or cause to be prepared voting lists prior to each meeting of Members as required by law; and (f) in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.
- Section 7. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Master Association; receive and give receipts for

moneys due and payable to the Master Association from any source whatsoever, and deposit all such moneys in the name of the Master Association in such depositories as shall be selected in accordance with the provisions of Section 4 of Article VII of these Bylaws; (b) prepare, or cause to be prepared, a true statement of the Master Association's assets and liabilities as of the close of each fiscal year, all in reasonable detail, which statement shall be made and filed at the Master Association's registered office or principal place of business in the State of North Carolina within four months after the end of such fiscal year and thereat kept available for a period of at least ten years; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors, or by these Bylaws.

ARTICLE VII

CONTRACTS, LOANS, CHECKS AND DEPOSITS

- Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Master Association, and such authority may be general or confined to specific instances.
- Section 2. Loans. No loans shall be contracted on behalf of the Master Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.
- Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Master Association, shall be signed by such officer or officers, agent or agents of the Master Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.
- Section 4. Deposits. All funds of the Master Association not otherwise employed shall be deposited from time to time to the credit of the Master Association in such depositories as the Board of Directors may select.

ARTICLE VIII

GENERAL PROVISIONS

- Section 1. Seal. The corporate seal of the Master Association shall be in a form adopted by resolution of the Board.

Section 2. Waiver of Notice. Whenever any notice is required to be given to any Member or director by law, by the Articles of Incorporation or by these Bylaws, 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 equivalent to the giving of such notice.

Section 3. Indemnification and Limited Liability. Any person who at any time serves or has served as a director or officer of the Master Association shall have a right to be indemnified by the Master Association to the fullest extent permitted by N.C. Gen Stat. Sections 55A-8-51 through 55A-8-57 and shall be afforded limited civil liability in accordance with N.C. Gen. Stat. Section 55A-8-60.

The Board of Directors of the Master Association shall take all such action as may be necessary and appropriate to authorize the Master Association to pay the indemnification required by this Bylaw, including, without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the Members of the Master Association.

Any person who at any time after the adoption of this Bylaw serves or has served as a director or officer of the Master Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.

Section 5. Fiscal Year. The fiscal year of the Master Association shall be fixed by resolution of the Board of Directors.

Section 6. Amendments. The power to alter, amend or repeal these Bylaws or to adopt new Bylaws shall be vested in the Board of Directors; provided, however, the Board of Directors shall not have the power to alter, amend or repeal the Bylaws or to adopt new Bylaws in any way that is inconsistent with the Declaration of Covenants and Restrictions for Governors Village nor which dilutes or adversely affects the rights of the Declarant unless, and until, such alterations, amendments or repeal or new Bylaws are approved by Declarant. The foregoing limitation on the authority of the Board of Directors to alter, amend or repeal the Bylaws or adopt new Bylaws includes but is not limited to the restriction that the Board of Directors may not adopt any provision that would have the effect of altering the number of members of the Board of Directors or altering the appointment of members of or control of the Architectural Review Board, unless such alterations are approved by Declarant.

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AMENDMENT TO BYLAWS OF GOVERNORS VILAGGE PROPERTY OWNERS
ASSOCIATION, INC.

The Board of Directors of Governors Village Property Owners Association, Inc.
(hereinafter the "Association unanimously voted to amend the Bylaws as follows;

Section 2 of Article IV of the Association Bylaws is amended to read as follows:

The number persons constituting the Board of Directors shall be eight (8). Directors shall serve for terms of three(3) years, which terms shall be staggered as determined by the initial Board after turnover control by the Declarant, and each Director shall hold office until his/her successor has been duly elected or until his/her resignation or removal, whichever occurs earlier. No Director may be elected to more than two consecutive three-year terms. Directors must be owners, but none is required to be a resident of North Carolina.

Section 3 of Article IV of the Association Bylaws is amended to read as follows:

After turnover of control of the master Association, the number of directors shall be eight (8), the apartment Owner Member shall be entitled to elect one (1) of the Board of Directors and the remaining seven (7) residential Members are to consist of at least one (1) member from each of the following neighborhoods: Governors Forest, Governors Park, Governors Village, and Townes of Governors Village. In the event no resident member from an aforementioned neighborhood is running, then that position may be filled from another neighborhood. Directors shall be elected by strict plurality of the association members with those persons who receive the highest number of votes being deemed to have been elected. There shall be no cumulative voting.

The above amendment shall be incorporated into the existing Bylaws and the undersigned, as Secretary of the Association, does hereby certify to the accuracy and validity of the amendment.

Governors Village Property Owners Association, Inc.

By: Deborah Nichols
Secretary

12/22/05

THIRD AMENDMENT TO BYLAWS OF GOVERNORS VILLAGE PROPERTY OWNERS ASSOCIATION, INC.

The Board of Directors of Governors Village Property Owners Association, Inc. (hereinafter the "Master Association") unanimously voted to amend the Bylaws (hereinafter the "Amendment") as follows:

Section 2 of Article IV of the Master Association Bylaws is deleted and replaced with the following:

The number persons constituting the Board of Directors shall be nine (9). Directors shall serve for terms of three (3) years, which terms shall be staggered as determined by the Board, and each Director shall hold office until his/her successor has been duly elected or until his/her resignation or removal, whichever occurs earlier. No Director may be elected to more than two consecutive three-year terms. Directors must be Owners, but none is required to be a resident of North Carolina.

Section 3 of Article IV of the Master Association Bylaws is deleted and replaced with the following:

The number of Directors shall be nine (9), the apartment Owner Member shall be entitled to elect one (1) of the Board of Directors and the remaining eight (8) Residential Members are to consist of at least one (1) member from each of the following neighborhoods: Governors Forest, Governors Lake, Governors Park, Governors Village, and the Townes of Governors Village. In the event no Residential Member from an aforementioned neighborhood is running, then that position may be filled from another neighborhood. Directors shall be elected by strict plurality of the Residential Members with those persons who receive the highest number of votes being deemed to have been elected. There shall be no cumulative voting.

This Amendment shall be incorporated into the existing Bylaws and the undersigned, as Secretary of the Master Association, does hereby certify to the accuracy and validity of this Amendment.

Governors Village Property Owners Association, Inc.

By: Michelle D. Hunt

Secretary

Meeting held 6 Nov 2007
Signed 1 Dec 2007

**Fourth Amendment
To the Bylaws of Governors Village
Property Owners Association, Inc.**

Pursuant to Article VIII, Section 6 of the Bylaws (hereinafter "Bylaws") of Governors Village Property Owners Association, Inc. (hereinafter "Association"), the authority to amend the Bylaws rests solely with the Board of Directors (hereinafter "Board"). On or about 6 December 2007, the Board voted to amend the Bylaws, effective immediately. The new language is detailed below:

Article IV, Section 4 is deleted and replaced with the following:

Section 4. Removal. Directors may be removed with or without cause by a majority vote of the class of Members that chose such Directors present, in person or by proxy, at a duly convened meeting called for such purpose. A Director may be removed for failure to attend two (2) consecutive meetings of the Board upon a two thirds (2/3) vote of the members of the Board.

Article IV, Section 5 is deleted and replaced with the following:


Section 5. Vacancies. Any vacancy occurring on the Board may be filled temporarily by an appointment of the remaining Board members upon a majority vote of the Board. Such appointed Director will serve until the next annual meeting of the membership when that seat on the Board will be filled by election. The class of Members who elected the vacated Director shall vote to fill that seat for the unexpired term of the vacated Director. The appointed Director may run for election for the seat.

The amendments set forth herein shall be effective immediately.

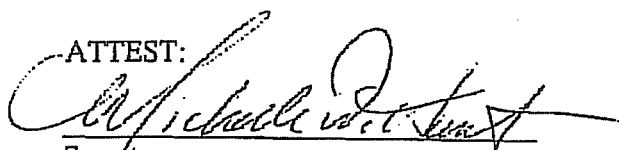
This the 1st day of December, 2007.

Certification of Amendment

The undersigned hereby certifies that he/she is the President of the Governors Village Property Owners Association or is the individual duly authorized by the Governors Village Property Owners Association Board of Directors to act in this matter, and I certify that the foregoing amendment to the Bylaws was passed after a proper Motion and a vote by the required majority of the members of the Board.



President

ATTEST:


Secretary