

**ORCHARD KNOB
OWNERS ASSOCIATION, INC.
BYLAWS**

**INDEX TO BYLAWS
OF
ORCHARD KNOB OWNERS ASSOCIATION, INC.
A NON-PROFIT CORPORATION**

ARTICLE I - NAME AND OFFICE 1

Section 1. Name 1

Section 2. Office 1

ARTICLE II - DEFINITIONS 1

ARTICLE III - PURPOSES 1

ARTICLE IV - MEMBERSHIP AND VOTING RIGHTS 2

Section 1. Members 2

Section 2. Place of Meetings 2

Section 3. Annual Meetings 2

Section 4. Substitute Annual Meetings 2

Section 5. Special Meetings 2

Section 6. Notice of Meetings 2

Section 7. Voting Lists 3

Section 8. Quorum 3

Section 9. Proxies 3

Section 10. Informal Action by Members 3

ARTICLE V - EXECUTIVE BOARD 4

Section 1. General Powers 4

Section 2. Number, Nominations, Election and Term 4

Section 3. Resignations 5

Section 4. Removal 5

Section 5. Chairman of the Executive Board 5

ARTICLE VI - STANDING COMMITTEES 5

Section 1. Nominating Committee 5

Section 2. Architectural Control Committee 5

Section 3. Other Committees 6

ARTICLE VII - MEETINGS OF EXECUTIVE BOARD 6

Section 1. Annual Meeting 6

Section 2. Quorum 6

Section 3. Regular Meetings 6

Section 4. Special Meetings 7

Section 5. Attendance 7

Section 6. Manner of Acting 7

Section 7. Presumption of Assent 7

Section 8. Informal Action by Board Members 7

ARTICLE VIII - OFFICERS 7

Section 1. Officers 7

Section 2. Nomination 7

Section 3. Elections 8

Section 4. President 8

Section 5. Vice President 8

Section 6. Secretary 8

Section 7. Treasurer 9

Section 8. Assistant Officers 9

ARTICLE IX - INDEMNIFICATION 9

Section 1. Right of Indemnification 9

Section 2. Right to Advancement of Expenses 9

Section 3. Right of Such Person to Bring Suit 10

Section 4. Insurance 10

Section 5. Indemnification Agreements 10

Section 6. Non-Exclusivity, Nature & Extent of Rights 10

Section 7. Partial Indemnification 11

Section 8. Limitation of Liability 11

Section 9. Severability 11

Section 10. Amendment, Alteration or Repeal 11

ARTICLE X - AMENDMENTS 11

ARTICLE XI - DISSOLUTION 12

ARTICLE XII - MISCELLANEOUS 12

Section 1. Debts 12

Section 2. Salaries 12

Section 3. Investments 12

Section 4. Fiscal Year and Audits 12

Section 5. Conflicts with Declaration 12

**BYLAWS
OF
ORCHARD KNOB OWNERS ASSOCIATION, INC.**

A NON-PROFIT CORPORATION

**ARTICLE I
NAME AND OFFICE**

SECTION 1. NAME. The name of the organization shall be Orchard Knob Owners Association, Inc.

SECTION 2. OFFICE. The principal office shall be at 1560 North Main Street, High Point, NC, 27262.

**ARTICLE II
DEFINITIONS**

For purposes of these Bylaws, the terms specifically defined in the Declaration of Covenants, Conditions and Restrictions for Orchard Knob recorded in the Office of the Register of Deeds of Guilford County (hereinafter referred to as the "Declaration"), and as it may be from time to time amended, shall have the same meaning herein.

**ARTICLE III
PURPOSES**

The purposes for which the Corporation is organized are:

(a) To administer the operation and management of that certain residential housing development known as Orchard Knob Subdivision located on that certain parcel of land in Guilford County, North Carolina, more particularly described in the formal Declaration;

(b) To undertake the performance of the acts and duties incident to the administration of the operation and management of said real property in accordance with the terms, provisions, conditions and authorization contained in the Declaration; to maintain a common entry way into the Orchard Knob Subdivision; and to own, operate, lease, sell, trade and otherwise deal with the real property as may be necessary or convenient in the administration of the same;

(c) To do any and all things necessary in order to realize the purposes herein set forth, and, to the extent consistent with the preceding clause, to engage in any lawful activity or activities for which corporations may be organized under Chapter 55A of the General Statutes of North Carolina; and the foregoing clause shall be construed as both objects and purposes and the

foregoing enumeration of specific objects and purposes shall not limit or restrict in any manner the objects and powers of this corporation.

ARTICLE IV MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERS. Every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including Declarant and any affiliated entity, including, without limitations, Triad Property Group, LLC, shall be a voting Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Such Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. On all matters which the Membership shall be entitled to vote, the Member(s) owning each Lot, shall be entitled to one (1) vote. When more than one person holds an interest in any Lot all such persons shall be Members. The vote of such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

SECTION 2. PLACE OF MEETINGS. All meetings of Members shall be held at the principal office of the Corporation or at such other place, either within or without the State of North Carolina, as shall be designated in the notice of the meeting or agreed upon by a majority of the Members entitled to vote thereat.

SECTION 3. ANNUAL MEETINGS. The annual meeting of the membership of this Corporation shall be held immediately following the Annual Meeting of the Executive Board. Notice of the time and place of such meeting shall be given in writing at least two (2) weeks in advance, unless such actual notice is not required by the laws of the State of North Carolina or these Bylaws for the validity of the Members' actions at such meeting.

SECTION 4. SUBSTITUTE ANNUAL MEETINGS. 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 6 of this ARTICLE IV. 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 of the Corporation, or by any Member pursuant to the written request of not less than one-tenth (1/10th) of all the Members entitled to vote at the meeting.

SECTION 6. NOTICE OF MEETINGS. Written or printed notice stating the time and place of the meeting shall be delivered not less than fifteen (15) nor more than sixty (60) days from the date of any Members' meeting either personally or by mail, by or at the direction of the Chairman or other person calling the meeting to each member of record entitled to vote at such 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 the Members of the Corporation 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 Non-Profit Corporation Act.

When a meeting is adjourned for thirty (30) 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 (30) 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 7. VOTING LISTS. At least ten (10) days before each meeting of Members, the Secretary of the Corporation shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof with the address of and number of shares held by each, which list shall be kept on file at the registered office of the Corporation 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 whole time of the meeting.

SECTION 8. QUORUM. A quorum is present throughout any meeting of the association if persons entitled to cast ten percent (10%) of the votes which may be cast for election of the executive board are present in person or by proxy at the beginning of the 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 a quorum is present any business may be transacted which might have been transacted at the original meeting.

SECTION 9. PROXIES. Votes may be cast either in person or by one or more agents authorized by a written proxy executed by the Members or by his duly authorized attorney in fact. A proxy is not valid after the expiration of eleven (11) months from the date of its execution unless the person executing the proxy specifies a shorter term.

SECTION 10. INFORMAL ACTION BY MEMBERS: Any action which may be taken at a meeting of Members may be taken without a meeting if a consent in writing setting forth the action shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Corporation to be kept as a part of the corporate records.

ARTICLE V EXECUTIVE BOARD

SECTION 1. GENERAL POWERS. Except as otherwise provided in the Articles of Incorporation or in these Bylaws, all the corporate powers shall be and are hereby vested in and shall be exercised by the Executive Board. The Executive Board may by general resolution delegate to committees of their own number or a management agent such powers as they may see fit.

SECTION 2. NUMBER, NOMINATIONS, ELECTIONS AND TERM.

(a) Number and Qualification: Until the end of the Period of Declarant Control, ~~the number of Executive Board Members shall be three (3).~~ After the Period of Declarant Control, the number of Board Members shall be five (5).

(b) Nominations: After the Period of Declarant Control, at least twenty (20) days prior to the Annual Meeting, the Nominating Committee shall present to the Executive Board a slate of the nominees to be elected to serve on the Executive Board at the Annual Meeting. Other candidates may be nominated by the members of the Executive Board from the floor to be added to those selected by the Nominating Committee, provided that the nominee's willingness to serve has been determined in advance of the nomination.

(c) Election: Triad Property Group, LLC, as Declarant under the Declaration (hereinafter the "Declarant"), shall have the right to designate and select the members of the Executive Board of the Corporation through the Period of Declarant Control, as it is defined in the Declaration. After the Period of Declarant Control, the Members by a majority vote, shall have the right to designate and select the Executive Board of the Corporation in accordance with Article V, Section 2(d) below. Prior to the end of the Period of Declarant Control, Declarant shall have the right to remove any persons selected by it and to replace such persons with other persons to act and serve in their place for the remainder of the unexpired term of any Board Member so removed. Any Board Member designated and selected by Declarant need not be the Owner of a Lot in the Glen Village development. Any person chosen by Declarant to serve on the Executive Board shall not be required to disqualify himself from any vote on any contract or matter between Declarant and the Corporation where Declarant may have a pecuniary or other interest. The Declarant shall not be required to disqualify itself upon any contract or matter between itself and the Corporation where the Declarant may have a pecuniary or other interest. Subsequent to the Period of Declarant Control, each of the five (5) Board Members shall be elected at the Annual Meeting by the vote of a majority of the Members.

(d) Term: Members of the Executive Board shall take office at the Annual Meeting at which they are elected and shall serve terms of three (3) years. Board Members may serve two (2) consecutive terms. In the event of the death, resignation, retirement, removal or disqualification of a Board Member during his elected term or office, his successor shall be elected to serve such term consistent with these Bylaws.

(e) Vacancies: Any vacancy occurring in the Executive Board may be filled at any time by the affirmative vote of a majority of the remaining Board Members even though less than a quorum, or by the sole remaining Board Member. A Board Member so elected to fill a vacancy shall serve such term consistent with these Bylaws.

SECTION 3. RESIGNATIONS. Board Members may resign at any time by giving written notice of such resignation to the Chairman of the Executive Board.

SECTION 4. REMOVAL. Removal of Board Members elected by the Members shall be by the affirmative vote of a majority of the Members present at any regular or any special meeting called for that purpose and for such reason as may be satisfactory to the Executive Board. Any Board member proposed to be removed shall be entitled to at least two (2) weeks written notice of any meeting at which such removal is to be voted upon and shall be entitled to appear before and be heard by the Executive Board at such meeting. Prior to end of the Period of Declarant Control, Declarant shall have the right to remove any persons selected by it and to replace such persons with other persons to act and serve in their place for the remainder of the unexpired term of any Board Member so removed.

SECTION 5. CHAIRMAN OF THE EXECUTIVE BOARD. The Chairman of the Executive Board shall be the President of the Corporation and shall preside at all meetings of the Executive Board and shall perform all other such duties as are incident to his/her office or may properly be required of him/her by the Executive Board. He/She shall be, ex officio, a member of all committees.

ARTICLE VI STANDING COMMITTEES

SECTION 1. NOMINATING COMMITTEE. Subsequent to the Period of Declarant Control, the Board Members shall appoint a committee of three (3) Members to act as a Nominating Committee for purposes of nominating a slate of proposed Board Members for election consistent with the provisions of these Bylaws. The Nominating Committee shall prior to nominating determine any nominee's willingness to serve as a Board Member of this Corporation.

SECTION 2. ARCHITECTURAL CONTROL COMMITTEE. An Architectural Control Committee consisting of three (3) or more persons shall be appointed by the Declarant prior to the end of the Period of Declarant Control. Subsequent to the Period of Declarant Control, the Executive Board of the Association shall appoint a new committee of three or more persons. The Architectural Control Committee shall designate a chairman among them. During the Period of Declarant Control, the Declarant, and subsequently the Executive Board, may remove a committee member and appoint a new one at any time, with or without cause or reason.

(a) Purpose. Pursuant to the authority granted under the Declaration, the Architectural Control Committee shall regulate the external design, appearance, use, location, and

maintenance of the Properties and of improvements thereon in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. To that end, no improvements, alterations, repairs, change of paint color, excavation, change in grade, planting, landscaping or other work which in any way alters the exterior of any Lot or the improvements located thereon from its natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner shall be made or done without the prior written approval of the Architectural Control Committee. No building, fence, wall, residence, or other structure shall be commenced, erected, maintained or improved, altered, removed, made or done without the prior written approval of the Architectural Control Committee.

(b) Declarant Control. Notwithstanding any of the provisions of these Restrictive Covenants, including the provisions of this Article V, until Declarant by written instrument or as otherwise described herein transfers approval authority to the Association, no Owner of any Lot shall be required to submit plans to the Architectural Control Committee, nor shall Architectural Control Committee approval be required until such time. Declarant shall review all such requests for change or improvement, in accordance with the review standards established for the Architectural Control Committee in this Article V, and Declarant shall approve or deny such request in accordance with such standards, and in accordance with the procedures, and within the time limits, set out herein.

SECTION 3. OTHER COMMITTEES. The Executive Board may appoint such committees as it deems advisable, not inconsistent with these Bylaws. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Executive Board, or any member thereof, of any responsibility or liability imposed upon it or him/her by law.

**ARTICLE VII
MEETINGS OF THE EXECUTIVE BOARD**

SECTION 1. ANNUAL MEETING. An annual meeting of the Executive Board of this Corporation shall take place within ninety (90) days after the end of each fiscal year of the Corporation on a date determined by the Executive Board, at a place designated by the Chairman of the Executive Board. Notice of the time and place of such meeting shall be given in writing at least two (2) weeks in advance, unless such actual notice is not required by the laws of the State of North Carolina or these Bylaws for the validity of the Board Members' actions at such meeting.

SECTION 2. QUORUM. A quorum to transact business at any meeting of the Executive Board shall consist of at least a simple majority in number of the members of the Executive Board.

SECTION 3. REGULAR MEETINGS. The Executive Board shall hold regular meetings at such times as are designated by the Chairman of the Executive Board. At least ten (10) days advance written notice shall be given for each meeting, unless such actual notice is not required by

the laws of the State of North Carolina or these Bylaws for the validity of the Board Members' actions at such meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Executive Board for a specific purpose may be called at any time by its Chairman or by the request of at least one (1) member of the Executive Board. The specific purpose must be stated in the notice and no other business shall be transacted thereat. Unless actual notice is not required by the laws of the State of North Carolina or these Bylaws for the validity of the Board Members' actions at any such special meeting, notice must be given not less than forty-eight (48) hours prior to any special meeting. Such notice may be given by any usual means of communication. Meetings shall be held at the principal office of the Corporation at such time as shall be fixed by the Chairman or Executive Board members calling the meeting.

SECTION 5. ATTENDANCE. All Executive Board members are expected to attend all meetings.

SECTION 6. MANNER OF ACTING. Except as otherwise provided in these Bylaws, the act of the majority of the members of the Executive Board present at a meeting at which a quorum is present shall be the act of the Executive Board.

SECTION 7. PRESUMPTION OF ASSENT. A member of the Executive Board of the Corporation who is present at a meeting of the Executive Board 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 Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Board Member who voted in favor of such action.

SECTION 8. INFORMAL ACTION BY BOARD MEMBERS. Action taken by a majority of the Executive Board without a meeting is nevertheless Executive Board action if written consent to the action in question is signed by all the members of the Executive Board and filed with the minutes of the proceedings of the Executive Board, whether done before or after the action so taken.

ARTICLE VIII OFFICERS

SECTION 1. OFFICERS. Officers of the Corporation shall consist of a President, Vice President, Secretary and Treasurer and other officers as the Executive Board may from time to time elect.

SECTION 2. NOMINATION. In the event the Executive Board has appointed a nominating committee to act, such committee shall present a slate of candidates for each office to be filled at

least ten (10) days prior to the Annual Meeting. Other candidates may be nominated by the Executive Board from the floor to be added to those selected by the Nominating Committee provided that the nominee's willingness to serve has been determined in advance of the nomination.

SECTION 3. ELECTIONS. Officers shall be elected at the Annual Meeting of the Executive Board by a majority in number of the members of the Executive Board present. Officers shall assume their duties immediately after the Annual Meeting and shall serve for a one (1) year term and until their successors are duly elected.

SECTION 4. PRESIDENT. The President shall in general supervise and control all of the business and affairs of the Corporation, shall be a Board Member and shall perform all such other duties as are incident to his/her office or may properly be required of him/her by the Corporation. He/She shall be, ex officio, a member of all committees. The President may enter into an agreement with a management agent to conduct the day-to-day operations of the Association.

SECTION 5. VICE PRESIDENTS. In the absence of the President, or in the event of his death, inability or refusal to act, the Vice Presidents, in the order of their length of service as such, unless otherwise determined by the Executive Board, 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. Any Vice President may sign with the Secretary or an Assistant Secretary certificates for shares of the corporation; and shall perform such other duties as from time to time may be prescribed by the President or Executive Board.

SECTION 6. SECRETARY. The Secretary shall:

(a) keep the minutes of the meetings of the Executive Board 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 Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized; and

(d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Executive Board.

SECTION 7. TREASURER. The Treasurer shall:

(a) have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever; and deposit all such monies in the name of the Corporation in such depositories as shall be selected in accordance with the provisions of these Bylaws;

(b) prepare, or cause to be prepared, a true statement of the Corporation's assets and liabilities as of the close of each fiscal year, and a statement of the Corporation's gross receipts and all expenses for such fiscal year, all in reasonable detail, which statements shall be made and filed at the Corporation's registered office or principal place of business in the State of North Carolina within three (3) months after the end of such fiscal year and thereat kept available for a period of at least ten (10) 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/her by the President or by the Executive Board, or by these Bylaws.

SECTION 8. ASSISTANT OFFICERS. Vice Presidents, Assistant Secretaries or Assistant Treasurers, as may be elected by the Executive Board, shall perform the duties and exercise the powers of the Secretary or the Treasurer, respectively, in their absence, and shall perform such other duties incident to their office as may properly be required by the Executive Board.

ARTICLE IX INDEMNIFICATION

SECTION 1. RIGHT OF INDEMNIFICATION. To the fullest extent from time to time permitted by law, every person who at any time serves or has served as a Board Member, officer or employee shall be entitled as a matter of right to be indemnified by the Corporation against liability and litigation expense, including reasonable attorney fees, paid or incurred by such person in connection with any actual, threatened, pending or completed claim, action, suit or proceeding, civil, criminal, administrative, investigative or other, whether brought by or in the right of the Corporation or otherwise (herein called "claim"), in which such person may be involved, as a party or otherwise, arising out of such person's status as such or such person's activities in any of the foregoing capacities. "Liability" shall include amounts of judgments, excise taxes, fines, penalties, and amounts paid in settlement whether before or after any such claim is filed. The Corporation will not indemnify any such person against such liability or litigation expense incurred on account of such person's activities which were at the time taken known or believed by such person to be clearly in conflict with the best interests of the Corporation.

SECTION 2. RIGHT TO ADVANCEMENT OF EXPENSES. To the fullest extent from time to time permitted by law, the Corporation will advance to such person litigation expenses, including reasonable attorneys fees, as incurred by such person in defending any such action, suit

or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the Corporation against such expenses.

SECTION 3. RIGHT OF SUCH PERSON TO BRING SUIT. If a written claim for indemnification is made under this Article and such written claim is not paid in full by the Corporation within thirty (30) days after such written claim has been received by the Corporation, such person may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and, if successful in whole or in part, such person shall also be entitled to recover to the fullest extent from time to time permitted by law from the Corporation such person's ~~reasonable costs, expenses and attorney fees in connection with the enforcement of rights of~~ person was such that under North Carolina law the Corporation would be prohibited from indemnifying such person for the amount claimed, but the burden of proving such defense shall be on the Corporation. The Executive Board of the Corporation (or independent legal counsel appointed by the Executive Board), within thirty (30) days after receipt of a written claim for indemnification shall take all such action as may be reasonably necessary to make a good faith determination as to whether such person is entitled to have the claim for indemnification paid; provided, however, such determination shall not be a defense to any action brought under this Section or create a presumption that such indemnification would be prohibited by law.

SECTION 4. INSURANCE. The Corporation may purchase and maintain insurance to protect itself and any such person against any such liability or expense asserted against or incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability and expense by law or under the provisions of this Article.

SECTION 5. INDEMNIFICATION AGREEMENTS. The Corporation may enter into agreements with any such person, which agreements may grant rights to any such person eligible to be indemnified hereunder or create obligations of the Corporation in furtherance of, different from, or in addition to, but not in limitation of, those provided in this Article upon approval of the Executive Board.

SECTION 6. NON-EXCLUSIVITY, NATURE AND EXTENT OF RIGHTS. The rights of indemnification and advancement of expenses provided for in this Article (i) shall not be deemed exclusive of any other rights, whether now existing or hereafter created, to which those seeking indemnification may be entitled under any agreement, bylaw or charter provision, vote of the Executive Board, or any law or otherwise, (ii) shall be deemed to create contractual rights in favor of such persons entitled to indemnification hereunder, (iii) shall continue as to such persons who have ceased to have the status pursuant to which they were entitled or were denominated as entitled to indemnification hereunder and shall inure to the benefit of the heirs and legal representatives of such persons entitled to indemnification, and (iv) shall be applicable to claims made after the

adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof.

SECTION 7. PARTIAL INDEMNIFICATION. If any such person is entitled under any provision of this Article to indemnification by the Corporation of a portion, but not all, of the liability and litigation expenses resulting from an actual, threatened, pending or completed claim, the Corporation shall nevertheless indemnify such person for the portion thereof to which such person is entitled.

SECTION 8. LIMITATION OF LIABILITY. To the fullest extent that the laws of the State of North Carolina in effect on the date of the adoption of this Bylaw or as thereafter amended permit elimination or limitation of the liability of any such person who at any time serves or has served as a Board Member, officer or employee of the Corporation, no such person shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as such. The provisions of this Section shall be deemed to be a contract with each such person who serves as such at any time while these provisions are in effect and each such person shall be deemed to be serving as such in reliance on the provisions contained herein.

SECTION 9. SEVERABILITY. If any provisions of this Article shall be held to be invalid, illegal or unenforceable for any reason (i) such provision shall be invalid, illegal or unenforceable only to the extent of such prohibition and the validity, legality and enforceability of the remaining provisions of this Article shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the remaining provisions of this Article shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 10. AMENDMENT, ALTERATION OR REPEAL. This Article may be amended, altered or repealed at any time in the future by a three-fourths (3/4) majority of the entire Executive Board of the Corporation; and provided further, any such amendment, alteration or repeal of this Article which has the effect of limiting the rights granted under this Article shall operate prospectively only and shall not limit in any way the indemnification provided for herein with respect to any action taken or failure to act, occurring prior thereto.

ARTICLE X AMENDMENTS

Amendments to these Bylaws can be made by the Executive Board until January 1, 2005 and thereafter by a majority vote of the Members, in regular meeting assembled, either annual or special, and if special, then the purpose of the meeting with the proposed amendment or amendments must be stated in the call.

**ARTICLE XI
DISSOLUTION**

Upon the dissolution of the Corporation, the Executive Board shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner or to such organization or organizations except under Section 528 of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law) as the Board Members shall determine. Any such assets not to disposed of shall be disposed of by the Superior Court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations as said Court shall determine, which are organized and operated exclusively for such purposes.

**ARTICLE XII
MISCELLANEOUS**

SECTION 1. DEBTS. No Officer, Committee, Board Member or employee may incur any expenses or obligation chargeable to the Corporation except as authorized by the Executive Board.

SECTION 2. SALARIES. Board Members shall serve without compensation.

SECTION 3. INVESTMENTS. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner and to invest and reinvest any funds held by it, according to the judgment of the Executive Board, without being restricted to the class of investments which a member of the Executive Board is or may hereafter be permitted by law to make or any similar restriction; provided, however, that no action shall be taken by or on behalf of the Corporation if such action is a prohibited transaction or would result in the denial of the tax exemption under Section 528 of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended.

SECTION 4. FISCAL YEAR AND AUDITS.

(a) The fiscal year of the Corporation shall be set by the Executive Board.

(b) The books of the Corporation and of its fiscal agent shall be audited annually as directed by the Executive Board.

SECTION 5. CONFLICTS WITH DECLARATION. To the extent of any inconsistency or conflict between the provisions of these Bylaws and the Declaration, the Declaration shall control and govern in all events.

APPROVED BY THE EXECUTIVE BOARD OF
ORCHARD KNOB OWNERS ASSOCIATION, INC.
this the _____ day of _____, 2002.

_____, Board Member

_____, Board Member

_____, Board Member