

**BYLAWS OF LINDEN RIDGE SUBDIVISION,
WILMINGTON, NORTH CAROLINA**

ARTICLE I – GENERAL

1. Name and Location. The name of the Association is LINDEN RIDGE PROPERTY OWNERS ASSOCIATION, INC. The principal office of the Association shall be located at 100 Talamore Ct. Wilmington, NC, 28412, or at such other place as may be subsequently designated by the Board of Directors of the Association.

2. Applicability. The provisions of these Bylaws are binding on all owners of Lots in Linden Ridge (herein called "Subdivision"), their tenants, guests, invitees, agents, employees, grantees, successors and assigns.

3. Fiscal Year. The fiscal year of the Association shall be the calendar year.

4. Definitions. The definitions of the terms used in these Bylaws but not otherwise defined herein shall be the same as the definitions set forth in the Declaration of Covenants, Conditions and Restrictions for Linden Ridge, Section 1, recorded in Book 2317, Page 343, New Hanover County Registry (herein called "Declaration")

5. Association Rights and Obligations. The rights, powers and obligations of the Association shall be as set out herein, in the Declaration and the Articles of Incorporation of the Association.

6. Conflict. In the event of a conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control.

ARTICLE II – MEMBERSHIP

1. Rights and Obligations. The rights and obligations of the members of the Association (the "Members") shall be as defined in and be governed by the applicable provisions of the Declaration.

ARTICLE III - MEETINGS OF MEMBERSHIP

1. Place. All meetings of Members shall be held at such place and time as may be designated in the notice of the meeting, to be determined by the Board of Directors of the Association (the "Board" or the "Board of Directors")

2. Annual Meeting. Annual meetings of the Members shall be held at a time and on a day in the month of September of each year, to be determined by the Board. The first annual meeting of the Members shall take place in the month of September after the completion of the turnover by the Declarant of the

management of the Subdivision, as provided in the Declaration. At the first annual meeting of the Members, the voting Members shall elect the new members of the Board of Directors and transact such other business as may properly come before the meeting.

3. Special Meetings. Prior to the termination of the Class B Control Period, special meetings of the Members may be called at any time by the Board. After the termination of the Class B Control Period, special meetings of the Members may be called at any time by the President of the Association, or by the Board, or at the written request of the voting Members entitled to vote one-third (1/3) of all of the votes of the Association. Business transacted at all special meetings shall be confined to the objects stated in the notice of the meeting.

4. Notice of Meetings. Written notice of each meeting and special meeting of the Members shall be served upon or mailed to each Member entitled to vote thereat, at such address as appears on the books of the Association, at least ten (10) days but no more than fifty (50) days before the meeting. The notice shall specify the place, day, time and purpose of the meeting. Waiver in writing of the notice required herein, signed by the Member before, at, or after such a meeting, shall be equivalent to the giving of such a notice. Each Member shall notify the Secretary of the Association of any address change, and the giving of notice shall be in all respects sufficient if sent to the address of the Member which is then on file with the Secretary.

5. Membership List. At least ten (10) days before every election of Directors, a complete list of Members entitled to vote at the Election, showing the Lot owned by the Member and the residence address of each, shall be prepared by the Secretary. Such list shall be open to examination by any Member throughout the ten (10) day period preceding the election, until the election is completed.

6. Voting Rights. The vote for each membership in the Association shall be cast as provided by the Declaration. The voting rights attributable to a membership in the Association may not be exercised unless all assessments, and any interest, fees and costs associated therewith, which are attributable to the Lot giving rise to the membership are completely paid and up to date as of the date which is ten (10) days prior to the date of the meeting. If more than one person or one or more legal entity owns a lot, the Owners shall file a certificate with the Secretary naming the person authorized to cast the vote for the Lot (the "Voting Member"). If no certificate is filed, the co-owners must designate at the time of the meeting, the Voting Member authorized to cast such a vote. The Voting Members shall cast the votes of the Members, as provided herein and in the Declaration.

7. Proxies. At all meetings of the Members, every Voting Member shall have the right to vote in person or by proxy. All proxies shall be executed in writing by the Voting Member or by his duly authorized attorney-in-fact and shall be filed with the Secretary prior to the meeting at which any such proxy is used. No proxy

shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

8. Quorum. The presence at a meeting of Voting Members entitled to cast, or of proxies entitled to cast, fifty (50) percent of the votes of the Association shall constitute a quorum for any action, except as otherwise provided in the Declaration or these Bylaws. If, however, such quorum is not present or represented at any meeting, the Members present and entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. If adjournment extends thirty (30) days past the originally scheduled meeting date, notice of the date on which the adjourned meeting is to be reconvened shall be given as herein provided.

9. Voting Required to Transact Business. When a quorum is present at any meeting, a majority of the votes entitled to be cast by the Voting Members present or the votes represented by proxy shall decide any question brought before the meeting unless the question is one upon which, by express provision of the Declaration or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

10. Action Without Meeting. Any action which is required or permitted to be taken at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members entitled to vote with respect to the subject matter thereof and filed with the Secretary, whether done before or after the action so taken.

11. Order of Business. The order of business at annual Members' meetings and as far as practical at other Members' meetings, shall be established by the Board and may be set forth in the notice of meeting.

12. Rules of Order. On all matters not specifically addressed herein, meetings of the Association or the Neighborhood Associations shall be governed by Robert's Rules of Order.

ARTICLE IV - BOARD OF DIRECTORS

1. Number and Qualification. The affairs of the Association shall be managed by a Board of Directors consisting of not less than three (3) nor more than ten (10) directors (the "Directors"), all of whom shall be members of the Association, except that none of the initial Directors need be Members. Directors need not be residents of the state of North Carolina. The number of directors on the initial Board appointed by the Incorporator shall be established by the Incorporator. After the completion of the turnover by the Declarant of the management of the Subdivision, as provided in the Declaration, the number of Directors shall be established by the Board. No Member shall be eligible to serve as a Director

unless all assessments, and any interest, fees and costs associated therewith, which are attributable to the Member's Lot are completely paid and up to date.

2. Term and Term Limits. The Term of Office of a Director elected by the Members after the turnover by the Declarant of the Management of the Subdivision, as provided in the Declaration, shall be staggered terms of three (3) years. Each Director shall serve until his or her death, resignation, retirement, removal, disqualification, or until his or her successor has been appointed, elected and qualified. No individual shall be allowed to serve more than three (3) consecutive terms as a Director. Any individual who has served three (3) consecutive terms as a Director shall not be eligible to serve as a Director until a period of one (1) year shall have elapsed since his or her last date of service as a Director.

3. Nomination and Election. After the completion of the turnover of the management by the Declarant to the Association, nominations for election to the Board of Directors shall be made by the Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board, and two Members in good standing, all of whom shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for elections to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Election to the Board of Directors shall be by secret written ballot. The persons receiving a plurality of the votes cast shall be elected. Cumulative voting is not permitted.

4. Vacancy. Any vacancy occurring in the Board of Directors by reason of transfer of ownership, death, resignation, retirement, disqualification, removal from office or other reason, may be filled by the remaining Board of Directors. A Director appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

5. Removal. Any Director elected by the Voting Members may be removed from the Board of Directors, with or without cause, by a majority vote of the total membership of the Association.

6. Initial Board of Directors. The initial Board of Directors shall consist of those Directors appointed by the Incorporator, as provided in Chapter 55A of the North Carolina General Statutes. The Initial Board of Directors shall serve until the first annual meeting of Members.

7. Compensation. No Director shall receive compensation for any service he may render to the Association in his capacity as a Director. However, each Director

shall be reimbursed for actual expenses incurred in the performance of his duties.

8. Powers. The Board of Directors may exercise all corporate powers not specifically prohibited by statute, the Articles of Incorporation or the Declaration. The powers of the Board shall specifically include, but not be limited to, the following:

- a. To propose and adopt an annual budget for the Subdivision.
- b. To make and collect all assessments and establish the time within which payment of such assessments are due.
- c. To use and expend the assessments collected to maintain, care for, manage and preserve the common area.
- d. To insure the common areas and facilities of Subdivision in the manner set forth in the Declaration against loss from fire and other casualty, public Liability, and to purchase such other insurance as the Board may deem advisable.
- e. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.
- f. To make and amend rules and regulations governing the use of the common areas and facilities and the conduct of the Lot owners, their tenants and guests.
- g. To acquire, rent or lease property in the name of the Association or its designee.
- h. To contract for management of Subdivision and to delegate to such manager , employee or contractor any or all powers and duties of the Association, except those specifically reserved to the Board of Directors or the membership of the Association.
- i. To enforce the provisions of these Bylaws, the Declaration and the rules and regulations promulgated thereunder by any legal means, including the denial of a Lot Owner's right to use the common areas and facilities and assessment of penalties.
- j. To adopt and enforce traffic regulations and designate and regulate parking spaces for any common areas and roads.

ARTICLE V - MEETINGS OF DIRECTORS

1. Regular Meetings. The first regular meeting of each newly elected Board of Directors shall be held immediately upon adjournment of the meeting at which

such Board was elected, provided a quorum is present, or as soon thereafter as may be practicable. Subsequent regular meetings of the Board shall be held, at such place and hour as may be fixed from time to time by resolution of the Board, after not less than three (3) day's notice to each Director.

2. Special Meetings. Special Meetings of the Board of Directors shall be held when called by the President, or by any two (2) Directors, after not less than three (3) day's notice to each Director.

3. Quorum. A majority of the Board then in office shall constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting at which a quorum is present shall be regarded as an act of the Board.

4. Waiver of Notice. Attendance of a Director at any meeting shall constitute waiver of notice 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. If a meeting of Directors, which is otherwise valid, is held without proper call or notice, action taken at such a meeting is deemed ratified by a Director who did not attend, unless promptly, after having knowledge of the action taken and of the impropriety in question, he files with the Secretary of the Association his written objection to the holding of the meeting or to any specific action so taken.

5. Action without a Meeting. Any action taken by a majority of Directors without a meeting is nevertheless effective if written consent to the action is obtained from all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

6. Attendance by Telephone. Any Director may participate in a meeting of the Board, by means of a conference telephone or similar communications device which allows all persons participating in the meeting to hear each other. Such participation by a Director in a meeting shall be deemed presence in person by the Director at such meeting.

ARTICLE VI - OFFICERS AND THEIR DUTIES

1. Executive Officers. The executive officers of the Association shall be a President, Vice-President, Secretary and Treasurer, all of whom shall be elected annually by the Board of Directors. All executive officers of the Association shall be Directors. Any two offices may be held by the same person, except the offices of the President and Secretary.

2. Special Officers. The Board of Directors may from time to time elect such other officers as the affairs of the Association require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may

prescribe.

3. Term. The executive officers shall hold office for one (1) year, serve until his or her death, resignation, retirement, removal, disqualification, or until his or her successor has been appointed, elected and qualified.

4. Removal or Resignation. Any officer may be removed from office with or without cause, at any time, by action of a majority of the members of the Board then in office. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of the notice, unless a later time is specified therein. The acceptance of the resignation shall not be required to make it effective.

5. Vacancy. A vacancy in any office may be filled by the Board of Directors. Any officer appointed to fill a vacancy shall serve for the expired term of the officer he replaces.

6. Duties. The duties of the officers are as follows:

a. President. The President shall preside at all meetings of the Members and Board of Directors; shall have general and active management of the business of the Association; shall see that all orders and resolutions of the Board are carried into effect; and shall see that their duties are performed properly; shall be an ex-officio Member of all Committees, and shall have the general powers and duties of supervision and management usually vested in the office of the president of a corporation.

b. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be prescribed by the Board.

c. Secretary. The Secretary shall record the notes and keep the minutes of all meetings of the Members and of the Board of Directors in one or more books provided for that purpose; shall see that all notices are fully given in accordance with the provisions of these Bylaws or as required by Law; shall be custodian of the Association's records and the seal of the Association and shall see that the seal of the Association is affixed to all documents requiring said seal; shall keep the records of the Association, except those of the Treasurer, and in general, shall perform all duties as from time to time may be assigned to him by the President or by the Board of Directors.

d. Treasurer. The Treasurer shall receive and deposit all monies and other property of the Association in such depositories as may be designated by the Board; shall keep proper books of Account; shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such

disbursements, and shall render to the President and Board of Directors, or whenever they may require it, an Account of all his transactions as Treasurer and of the financial condition of the Association, which records shall be open to inspection by Members at reasonable times; shall, if required, give the Association at the Association's costs, a bond satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the Association, in the case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property or whatever kind in his possession belonging to the Association; shall prepare an annual budget and a statement of income and expenditure to be presented to the Members at their annual meeting; shall with the approval of the Board, be authorized to delegate all or part of his responsibilities to competent accounting, collection or management personnel, but in such event, the Treasurer shall retain supervisory responsibilities, and in general shall perform all duties incident to the office of Treasurer and assigned to him by the President or the Board.

7. Fidelity Bond. The Association shall provide blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. A management agent that handles funds for the Association should also be covered by its own fidelity bond. Except for fidelity bonds that a management agent obtains for its personnel, all other such bonds shall name the Association as an obligee and their premiums shall be a common expense and paid for by the owner's Association. The fidelity bond shall cover the maximum funds that will be in the custody of the owner's Association or its management agent at any time while the bond is in force. The bonds must include a provision that calls for 10 day's written notice to the Association, any insurance trustee, or any servicer that services a FNMA-owned mortgage in Subdivision, before the bond can be cancelled or substantially modified for any reason.

ARTICLE VII – COMMITTEES

1. Nominating Committee. The Board of Directors shall appoint a Nominating Committee which shall have the responsibilities as provided herein.

2. Architectural Standards Committee. The Architectural Standards Committee (the "ASC") shall be appointed and shall be responsible for the administration of the Development Standards and Architectural Review Criteria, in accordance with the Declaration. Until the conveyance of 100% of all Lots to Owners, the Declarant shall have the right to appoint all members of the ASC, who shall serve at the discretion of the Declarant. After the conveyance of 100% of all Lots to Owners other than Builders, the Board shall appoint the members of the ASC, who shall serve and may be removed in the Board's discretion.

3. Other Committees. The Board may establish other committees which it deems necessary to carry out the duties of the Association.

4. Organization of Committees. Each such committee shall consist of one or more directors. Such committees, other than the ASC, shall at all times be subject to the control of the Board of Directors. Except as otherwise provided herein, the chair and members of each committee shall be appointed by the Board and may be removed at any time, with or without cause, by the Board. Each chair shall report regularly to the Board. The President shall be an ex-officio member of all committees.

5. Term of Office. The chair and each member of each committee shall serve for a term of one year or until his or her successor is appointed or until such committee is sooner terminated, or until such person is removed, resigns, or otherwise ceases to qualify as a chair or a member, as the case may be, of the Committee.

6. Vacancies. Vacancies on any committee may be filled for the unexpired portion of the term in the same manner as provided in the case of original appointment.

7. Meetings; Quorum. Each committee shall meet as often as necessary to perform its duties at such times and places as directed by its chair or by the Board. A majority of the members of the committee shall constitute a quorum of such committee, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. Each committee shall keep accurate minutes of its meetings, the chair or the committee designating a secretary of the committee for this purpose, and shall make periodic reports and recommendations to the Board of Directors.

8. Participation. Any one or more members of a committee may participate in a meeting of the committee by means of a conference telephone or similar device which allows all persons participating in a meeting to hear each other, and such participation in a meeting shall be deemed presence in person at such meeting.

ARTICLE VIII – FINANCES

1. Checks. All checks and notes of the Association shall be signed by the President, Vice-President, Secretary or Treasurer, or by such other persons as the Board of Directors designate. All expenditure of the Association's funds shall be authorized by appropriate action of the Board.

2. Depository. The Association shall deposit its monies in such bank or banks as the Board of Directors designate.

ARTICLE IX – RECORDS

1. Records. The Board of Directors or the manager shall keep detailed accurate records of the receipts and expenditures of the Association and records of the financial affairs of the Association, including all required accounting records and financial statements, and shall have prepared and maintained written records of the proceedings and actions of the Board, records of the activities of the Association, and records of the names and addresses of the Members, and all other records customarily maintained by organizations similar to the Association (the "Books and Records"). All Books and Records shall be kept in accordance with currently accepted accounting and business practices.

2. Inspection of Books and Records. Upon reasonable prior written notice, the Association shall make available to Owners, Members, lenders, holders, insurers or guarantors of any first mortgage, current copies of the Declaration, Articles of Incorporation and Bylaws, or all other rules and regulations and policies concerning Subdivision, and the Books and Records, provided that said documents and Books and Records shall be available for inspection only during normal business hours and under reasonable circumstances.

3. Request for Notice. Upon written request to the Association, any mortgage holder, insurer or guarantor will be entitled to timely written notice of (a) any condemnation or casualty loss that affects either a material portion of Subdivision or the Lot securing its mortgage, (b) any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage, (c) a lapse, cancellation or material modification of any insurance policies or fidelity bonds maintained by the Association, (d) any proposed action that requires the consent of a specified percentage of mortgage holders.

ARTICLE X - RULES AND REGULATIONS

The Board of Directors shall have the right to enact reasonable administrative rules and regulations regarding the use of the common areas and facilities and conduct of the Members and penalties for violation of said rules, as provided in the Declaration.

ARTICLE XI – AMENDMENT

These Bylaws may be amended at a duly called meeting of the Members, following an affirmative vote on the amendment by a majority of the Board of Directors. The notice of the Members' meeting shall contain a full statement of the proposed amendment. Amendments must be approved by an affirmative vote of a majority of the votes of all Association Members. All owners shall be bound to abide by any amendment upon the same being passed and duly set forth in an amended declaration, duly recorded.

ARTICLE XII – INSURANCE

1. Common Area Insurance. The Association acting through its Board or its duly authorized agent, shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Area. If blanket "all-risk" coverage is not generally available at a reasonable cost, then the Association shall obtain fire and extended coverage, including coverage for vandalism and malicious mischief. The face amount of the policy shall be sufficient to cover full replacement cost of the insured property. The cost of such insurance shall be a Common Expense to be allocated among all Lots subject to assessment as part of the annual Annual Assessment.

2. Public Liability. The Association also shall obtain a public Liability policy on the Common Area insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the public liability policy shall have at least \$1,000,000.00 combined single limit as respect bodily injury and property damage per occurrence and at least \$2,000,000.00 limit per occurrence and in the aggregate.

3. Premiums. Premiums for all insurance on the Common Area shall be Common Expenses and shall be included in the Annual Assessment.

4. Deductible. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage.

5. Policy Requirements. All insurance coverage obtained by the Association shall:

a. be written with a company authorized to do business in North Carolina which holds a Best's rating of A or better, if reasonably available, or, if not available, the most nearly equivalent rating which is available.

b. be written in the name of the Association as trustee for the benefited parties. Policies on the Common Area shall be for the benefit of the Association and its Members.

c. vest in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss;

d. not be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees; and

e. have an inflation guard endorsement, if reasonably available.

The Board shall use reasonable efforts to secure insurance policies containing endorsements that:

a. waive subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents and guests;

b. waive the insurer's rights to repair and reconstruct instead of paying cash;

c. preclude cancellation, invalidation, suspension or renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure;

d. exclude individual Owner's policies from consideration under any "other insurance" clause; and

e. require at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or nonrenewal.

7. Additional Coverage. The Association shall also obtain, as a Common Expense, worker's compensation insurance and employer's liability insurance, if and to the extent required by law, Directors' and officers' liability coverage, if reasonably available, and flood insurance, if advisable and reasonably available. The Association also shall obtain, as a Common Expense, a fidelity bond or bonds, if generally available at reasonable cost, covering all persons responsible for handling Association funds. The Board shall determine the amount of fidelity coverage in its best business judgment.

8. Damage and Destruction.

a. Immediately after damage or destruction to all or any part of the Properties covered by insurance written in the name of the Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

b. Any damage to or destruction of the Common Area shall be repaired or reconstructed unless the Voting Members representing at least 75% of the total Class "A" votes in the Association, and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct.

If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. No Mortgagee shall have the right to participate in the determination of whether the damage or reconstruction to the Common Area shall be repaired or reconstructed.

9. Disbursement of Proceeds. Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association and placed in the capital improvements account.

ARTICLE XIII – INDEMNIFICATION

1. Definitions. For purposes of this Article, the following definitions shall apply.

a. "Act" means the North Carolina Nonprofit Association Act, effective July 1, 1994, and all amendments and additions thereto.

b. "Association" means the Association as a corporation as such term is defined in Section 55A-8-50(b)(1) of the Act.

c. "Director" means an individual who is or was a director of the Association or an individual who, while a director of the Association, is or was serving at the Association's request as a director, officer, manager, partner, trustee, employee or agent of another foreign or domestic corporation (whether a business or nonprofit corporation) limited liability company, partnership, joint venture, trust, employee benefit plan, or other enterprise. A director is considered to be serving as a director, officer, manager, partner, trustee, employee or agent of an employee benefit plan at the Association's request if such director's duties to the Association also impose duties on , or otherwise involve services by, the director to the plan or to participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the estate and personal representative of a Director.

d. "Expenses" means expenses of every kind incurred in defending a Proceeding, including, but not limited to, legal, accounting, expert and investigatory fees and expenses.

e. "Indemnified Officer" shall mean each officer of the Association who is also a Director of the Association and each other officer of the Association who is designated by the Board of Directors from time to time as an Indemnified Officer. An Indemnified Officer shall be entitled to indemnification hereunder to the same extent as a Director, including, without limitation, indemnification with respect to service by the Indemnified Officer at the Association's request as a director, officer, manager, partner, trustee, employee, or agent of another foreign or

domestic corporation (whether a business or nonprofit corporation) limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise. "Indemnified Officer" includes, unless the context requires otherwise, the estate or personal representative of the Indemnified Officer.

f. "Liabilities" means any obligation to pay any or all of the following: a judgment, a settlement, a penalty, a fine (including an excise tax assessed with respect to an employee benefit plan) and reasonable expenses, including, but not limited to, attorney's fees of opposing parties incurred with respect to a Proceeding.

g. "Proceeding" means any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether formal or informal, and any appeal therein (and any inquiry or investigation that could lead to such a proceeding)

2. Statement of Intent. The Association shall indemnify the Directors and the Indemnified Officers to the maximum extent permitted by the Act.

3. Indemnification. In addition to, and not in any way in limitation of, all indemnification rights and obligations otherwise provided by law, the Association shall indemnify and hold harmless its Directors and Indemnified Officers against all Liabilities and Expenses in any Proceeding (including, without limitation, a Proceeding brought by or on behalf of the Association itself) arising out of their status as Directors or Officers, or their service at the Association's request as a director, officer, manager, partner, trustee, employee or agent or another foreign or domestic corporation (whether a business or nonprofit corporation) limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, or their activities in any such capacity; provided, however, that the Association shall not indemnify a Director or Indemnified Officer against Liabilities or Expenses that such person may incur on account of activities if such person which at the time taken were known or believed by him or her to be clearly in conflict with the best interest of the Association. The Association shall also indemnify each Director and Indemnified Officer for his or her reasonable costs, expenses and attorneys' fees incurred in connection with the enforcement of the rights to indemnification granted herein, if it is determined in accordance with Section 4 of this Article VII that the Director or Indemnified Officer is entitled to indemnification hereunder.

The Board of Directors shall have the authority to adopt such resolutions pertaining to the implementation of this Section 3 of this Article as it may from time to time determine, and such resolutions shall be given full effect, even though they supplement, amplify or go beyond the provisions of this Section 3 of this Article, provided and to the extent such resolution does not violate any provision of the Act or the Articles of Incorporation. This Section 3 shall be construed in a manner to fully affect the purpose and intent of the resolution of the Board of Directors approving and adopting this provision.

4. Determination. Any indemnification under Section 3 of this Article shall be paid by the Association in a specific case only after a determination that the Director or Indemnified Officer has met the standard of conduct set forth in Section 3 of this Article. Such determination shall be made:

a by the Board of Directors by a majority vote of a quorum consisting of the members thereof not at the time parties to the Proceeding;

b by special legal counsel (i) selected by the Board of Directors or a committee thereof in the manner prescribed in Section 4(a).

The Board of Directors shall take all such action as may be necessary and appropriate to enable the Association to pay the indemnification required by this Article VII.

5. Advances for Expenses. The Expenses incurred by a Director or an Indemnified Officer in defending a Proceeding may be paid by the Association in advance of the final disposition of such Proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director or Indemnified Officer to repay such amount, unless it shall ultimately be determined that such person is entitled to be indemnified by the Association against such expenses. Subject to receipt of such undertaking, the Association shall make reasonable periodic advances for Expenses pursuant to this Section 5, unless the Board of Directors shall determine, in the manner provided in Section 4 of this Article and based on the facts then known that indemnification under this Article is or will be precluded.

6. Reliance and Consideration. Any Director or Indemnified Officer who at any time after the adoption of this Article serves or has served in any of the aforesaid capacities for or on behalf of the 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, however, shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Article. No amendment, modification or repeal of this Article shall adversely affect the right of any Director or Indemnified Officer to indemnification hereunder with respect to any activities occurring prior to the time of such amendment, modification or repeal.

7. Insurance. The Association may purchase and maintain insurance on behalf of its directors, officers, employees and agents and those persons who were or are serving at the request of the Association in any capacity with another corporation (whether a business or nonprofit corporation) limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against or incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Association would

have the power to indemnify such person against such liability under the provisions of this Article or otherwise. Any full or partial payment made by an insurance company under any insurance policy covering any director, officer, employee, agent or other person identified above, made to or on behalf of a person entitled to indemnification under this article shall relieve the Association of its liability for indemnification provided for in this Article or otherwise to the extent of such payment, and no insurer shall have the right of subrogation against the Association with respect to such payment.

8. Savings Clause. If this article or any portion hereof shall be invalidated on any ground by any court or agency or competent jurisdiction, then the Association shall nevertheless indemnify each person indemnified hereunder to the fullest extent permitted by the portion of this Article that is not invalidated and also to the fullest extent permitted or required by applicable law.

The foregoing was adopted as the Bylaws of the Linden Ridge Property Owners Association Inc, a nonprofit corporation under the laws of the State of North Carolina at the first meeting of the Board of Directors.

CONSENT OF INITIAL INCORPORATIONS

The undersigned, being all of the initial Incorporators of the Linden Ridge Property Owners Association, Inc, a North Carolina non-profit Corporation (the "Corporation") pursuant to Chapter 55A of the General Statutes of North Carolina, do hereby adopt the following resolutions by signing their written consent hereto:

ARTICLES OF INCORPORATION

RESOLVED, that a certified copy of the Articles of Incorporation filed with the Secretary of State of North Carolina on December 4, 2002 shall be placed by the Secretary in the Corporate records book of the corporation.

ADOPTION OF BYLAWS

RESOLVED, that the Bylaws that have been inserted into the minute book of the corporation immediately preceding this consent be and hereby are adopted as the Bylaws of the Corporation.

ELECTION OF INITIAL DIRECTORS

RESOLVED, that Tom Perry, Dean Webb, Peggy O'Leary, and Teresa Van Damme be, and they hereby are, elected as the initial directors of the Corporation to serve until the first annual meeting of shareholders or until their successors are duly elected and qualified.

MISCELLANEOUS ITEMS

RESOLVED FURTHER, that the proper Officers of the Corporation be and hereby are authorized and directed to do and perform all acts and things necessary and appropriate to commence and carry on the business which the corporation was formed to conduct; and

RESOLVED FURTHER, that any action taken prior to the date hereof by the incorporator, officers or directors in connection with the incorporation and organization of the Corporation be, and they hereby are, ratified and adopted as the action of the Corporation effective as of the date such action was taken.

ROAD MAINTENANCE AGREEMENT

This ROAD MAINTENANCE AGREEMENT ("Agreement") made this 31st day of March 2003, by and between LINDEN RIDGE PARTNERS, INC, a North Carolina corporation ("Developer") and LINDEN RIDGE PROPERTY OWNERS ASSOCIATION, INC, a non-profit corporation organized and existing under the laws of the state of North Carolina ("POA")

WITNESSETH

WHEREAS, DEVELOPER is the Declarant named in the Declaration of Covenants, Conditions and Restrictions for Linden Ridge recorded in Book 2397, Page 343, New Hanover County Registry, as amended (herein, "Declaration")

AND WHEREAS, DEVELOPER, possesses certain rights, duties , benefits and obligations as described in the Declaration (herein, "Declarants Rights and Duties") relating to the Linden Ridge Subdivision (herein "Property")

AND WHEREAS, The Declaration provides that upon the happening of certain events, the Declarant's rights and Duties are to be transferred to and assumed by POA.

AND WHEREAS, DEVELOPER, has assigned to POA the DEVELOPER'S rights and duties under the Declaration relating to the Property; and POA has agreed to accept DEVELOPER'S rights and to assume DEVELOPER'S duties and obligations thereunder (herein, "Assignment and Assumption of Declarant's Rights")

AND WHEREAS, DEVELOPER, except as provided herein, has constructed the roads within the Property in accordance with the minimum construction requirements of the North Carolina Department of Transportation for transfer to the North Carolina Department of Transportation;

AND WHEREAS, a portion of said roads have not been completed in accordance with said standards and the DEVELOPER desires to retain the responsibility to complete said road;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. DEVELOPER shall retain the responsibility for the maintenance and construction of the following described road in accordance with the minimum construction requirements of the Department of Transportation:

That portion of Hedingham Lane from the intersection of Alder Ridge to the cul-de-sac located southwest of the intersection of Pleasant Dale Drive.

2. The responsibilities of the DEVELOPER with regard to said roads shall automatically terminate upon completion of the road as described herein and its acceptance by the North Carolina Department of Transportation;

3. Upon the termination of the responsibilities of the DEVELOPER as provided herein, the POA shall assume the rights and responsibilities of the DEVELOPER with regard to said road.

4. The DEVELOPER hereby indemnifies and holds the POA harmless from any claims or damage incurred by the POA as a result of any default by the DEVELOPER of its obligations under the Terms of this Agreement with regard to said road.

5. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns.

6. This Agreement shall be governed by and construed in all respects under the laws of the State of North Carolina.

CONSENT OF DIRECTORS

We, the undersigned, being all of the initial directors of LINDEN RIDGE PROPERTY OWNERS ASSOCIATION, INC. (herein "Corporation") do hereby adopt the following resolutions by signing our written consent hereto:

ELECTION OF OFFICERS

Resolved, that the following persons are hereby appointed to the offices named, said persons to serve in the offices indicated until their successors have been duly appointed and qualified:

President - Tom Perry

Vice-President - Dean Webb
Secretary - Teresa Van Damme
Treasurer - Peggy O'Leary

ASSIGNMENT OF DECLARANT'S RIGHTS AND PROPERTY TO CORPORATION

WHEREAS, pursuant to the terms of the Declaration of Covenants, Conditions and Restrictions For Linden Ridge recorded in Book 2397, Page 343, New Hanover County Registry, as amended (herein "Declaration") Linden Ridge Partners, Inc. the Declarant named in the Declaration, has requested the Corporation to accept the turnover to the Corporation of the rights and duties of the Developer, and the Corporation is willing to accept said turnover;

NOW THEREFORE, BE IT RESOLVED, that the Corporation hereby acknowledges, approves and accepts the Assignment and Assumption of Developer's Rights, a copy of which is attached hereto as Exhibit A. The Corporation authorizes its officers to execute the Assignment and Assumption on behalf of the Corporation, and to execute any other instruments and to take any other action necessary or desirable to carry out the intent and purpose of this resolution.

AND BE IT FURTHER RESOLVED, that the Corporation hereby acknowledges, approves and accepts the Quitclaim Deed, a copy of which is attached hereto as Exhibit B, conveying to the Association the Declarant's rights in and to certain common area property and easements in the subdivision.

AND BE IT FURTHER RESOLVED, the Corporation authorizes its officers to accept the Quitclaim Deed on behalf of the Corporation, and to execute any other instruments and to take any other action necessary or desirable to carry out the intent and purpose of this resolution.

AND BE IT FURTHER RESOLVED that all prior lawful action taken by the officers or Directors on behalf of the Corporation with regard to said assignment of developer's rights or property to the Corporation, is hereby ratified as the action of the Corporation, effective as of the date such action was taken

ADOPTION OF CORPORATE SEAL

RESOLVED, that pursuant to the Bylaws of the Corporation, the Board of Directors adopts as the corporate seal of this Corporation a circular seal, an imprint of which being made on the margin hereof adjacent to this resolution.

BANKING RESOLUTIONS

RESOLVED, that(the 'Bank") at its various branches, be and hereby be designated as the depository of the Corporation, and that funds deposited therewith may be withdrawn upon a check, draft, note or order of the Corporation, signed by the President, Vice-President or Treasurer, whose signatures shall be certified to the Bank by the Secretary of the Corporation; and no checks, drafts, notes or orders drawn against such account shall be valid unless so signed; and

RESOLVED FURTHER, that the Bank is hereby authorized to honor, receive, certify or pay all instruments signed in accordance with the foregoing resolutions even though drawn or endorsed to the order of any persons signing the same and tendered by him for cash, or in payment of the individual obligation of such person, or for deposit to his personal account; and the Bank shall not be required to inquire as to the circumstances of the issuance or use of any instrument signed in accordance with the foregoing resolution, or the application or disposition of such instrument or the proceeds thereof; and

RESOLVED FURTHER, that the printed form resolutions of the Bank are hereby incorporated and adopted by reference, and the officers of the Corporation are authorized to verify the same and deliver a certified copy to the Bank, and

RESOLVED FURTHER, that these resolutions shall remain in effect until rescinded or modified by resolution of the Board of Directors and until a certified copy of such resolution shall have been filed with the Bank.

MISCELLANEOUS ITEMS

RESOLVED, that the proper officers of the Corporation be and hereby are authorized to pay or cause to be paid all fees and expenses incident and necessary to the organization of the Corporation; and

RESOLVED FURTHER, that the proper officers of the Corporation be and hereby are authorized to pay or cause to be paid any costs previously advanced on behalf of the Corporation or expenses incurred on behalf of the Corporation prior to or subsequent to the organization, and

RESOLVED FURTHER, that the proper officers of the Corporation be and hereby are authorized and directed to do and perform all acts and things necessary and appropriate to commence and carry on the business which the corporation was formed to conduct; and

RESOLVED FURTHER, that any action prior to the date hereof by the Incorporator, officers or directors in connection with the incorporation and organization of the Corporation be and they hereby are ratified and adopted as the action of the Corporation, effective as of the date such action was taken.

ARTICLES OF INCORPORATION

In compliance with the requirements of Chapter 55A of the General Statutes of North Carolina, the undersigned being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a corporation not for profit and does hereby certify:

ARTICLE 1

NAME

The name of the corporation is LINDEN RIDGE PROPERTY OWNERS ASSOCIATION, INC., hereinafter called the Corporation

ARTICLE 2

DURATION

The period of duration of the Corporation shall be perpetual.

ARTICLE 3

REGISTERED OFFICE AND AGENT, PRINCIPAL OFFICE

The initial registered office of the Corporation and the principal office of the Corporation are located at 16 North Fifth St. Wilmington, New Hanover County, Wilmington, North Carolina 28401. The Mailing Address of the registered office and also the principal office is 16 North Fifth St. Wilmington, New Hanover County, North Carolina 28401. The Name of the initial registered agent of the Corporation at such address is Frank B. Gibson, Jr.

ARTICLE 4

PURPOSES AND POWERS

This Corporation does not contemplate pecuniary gain or profit to the members thereof. No part of the net income of the Corporation shall inure to the benefit of any officer, director or member of the Corporation. The specific purposes for which it is formed are to provide for the maintenance, management and preservation of that certain development known as LINDEN RIDGE (hereafter "Development") as shown and described in the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS of LINDEN RIDGE, Section 1, (herein "Declaration") recorded in Book 2397, Page 343, New Hanover Registry, as amended and on the deeds and plats recorded in the Office of the Register of Deeds of New Hanover County, North Carolina, and any additions thereto which may be brought within the jurisdiction of the Corporation; and to

promote the health, safety and welfare of the Owners of Lots in the Development, and any additions thereto as may hereafter be brought within the jurisdiction of this Corporation

ARTICLE 5

MEMBERSHIP

The Corporation shall have Members as provided in the Declaration. Every person or entity who is or becomes a record Owner of title to any property subject to the Declaration, including contract sellers, shall automatically become a Member of the Corporation, except for persons or entities which hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any property which is subject to the Declaration. When more than one person or entity holds an interest in any lot, such persons or entities shall be Members.

ARTICLE 6

VOTING RIGHTS

The Corporation shall have voting memberships as provided in the Declaration. The vote for such lot or parcel shall be exercised in accordance with the provisions if the Declaration and the By-Laws of the Corporation

ARTICLE 7

DISSOLUTION

The Corporation may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the members of each class. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation may be dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created or such assets may be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes or after all of its liabilities and obligations have been discharged or adequate provisions made therefore, or be distributed for by the Non Profit Corporation Act of the State of North Carolina or may be distributed as provided by the Planned Community Act of the State of North Carolina.

ARTICLE 8

AMENDMENT

Amendment of the Articles of Incorporation requires the approval of at least two-thirds(2/3) vote of Owners of lots in the Development.

ARTICLE 9

TAX STATUS

Notwithstanding any other provision of these articles, this Corporation hereby elects tax-exempt status under Section 528 of the Internal Revenue Code of 1986 or any corresponding sections or provisions of any future United States Internal Revenue Law (the "code"). This Corporation shall not carry on any activities prohibited by a corporation electing tax-exempt status under Section 528. It is further provided that no distributions of income of the Corporation are to be made to members, directors or officers of the Corporation, except that members of the Corporation may receive a rebate of any excess dues and assessments previously paid to the extent permitted by the Code and applicable law.

ARTICLE 10

INCORPORATOR

The name and address of the incorporator of this Corporation is

Frank B Gibson Jr

16 North Fifth St

Wilmington NC 28401