

RESOLUTION OF DIRECTORS OF
WELLINGTON SQUARE HOMEOWNERS ASSOCIATION, INC.

WHEREAS, The present provisions of the By-Laws of the Wellington Square Homeowners Association, Inc., provide for the election of directors on an annual basis; and

WHEREAS, in order to insure continuity in the management of the business and affairs of the Association, the Board of Directors is desirous of providing a method whereby the election of directors will be accomplished on a staggered basis; and

WHEREAS, Article XVI of the By-Laws of the Association authorize an amendment to such By-Laws by the Board of Directors;

NOW, THEREFORE, we, the undersigned, being all of the directors of Wellington Square Homeowners Association, Inc., do hereby adopt the following resolution by signing our written consent thereto, the same being authorized by Article VIII, Section 10, of such By-Laws

RESOLVED, effective with the election of directors at the 1994 annual meeting of the members of the Association, Article VIII of the Association's By-Laws shall be amended by deleting the same in its entirety and by substituting in the place thereof the following:

Section 1. The business and affairs of this Association shall be managed by a Board of Directors which shall consist of five (5) in number, divided into two classes, Class One consisting of three directors and Class Two consisting of two directors, the term of office of Class One directors expiring at the first annual meeting of the members after their election and the term of Class Two directors expiring at the second annual meeting of the members after their election. At each annual election of the directors after the first such classification and election to be held at the 1994 Annual Meeting of the members, directors chosen to succeed those whose terms expire shall be elected for a term of office to expire at the second annual meeting of the members after their election. In the event of the death, resignation, removal or disqualification of a director during his elected term of office, his successor shall be appointed to serve only until the expiration of the term of his predecessor.

Section 2. Notwithstanding anything contained herein to the contrary, in any instances where there exists a vacancy or vacancies in the Board of Directors, the remaining directors shall continue to manage the business and affairs of this Association so long as the Board of Directors consist of not less than three (3) in number.

Section 3. Except as otherwise provided in this Section 3 of Article VIII, directors shall be elected at the annual meeting of the members by ballot; and the persons who receive the highest number of votes shall be deemed to have been elected. Each director shall hold office until his death, resignation, removal, disqualification, or his successor is elected or appointed and qualified. Any vacancy may be filled at any time by a majority of the remaining directors, though less than a quorum, but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting or at a special meeting of members called for that purpose.

Section 4. The directors shall act only as a board, and the individual directors shall have no power as such. A majority of the directors for the time being in office shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice until a quorum be at hand. The act of a majority of directors present at any meeting at which there is a quorum shall be the act of the Board of Directors.

Section 5. The Board of Directors may, by resolution adopted by a majority thereof, designate one or more committees, each committee to include not less than two (2) directors as members thereof, which committees to the extent provided in said resolution, may have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the affairs of the Association.

Section 6. The Board of Directors shall meet for the transaction of business at such time and place as may be designated from time to time by resolution of the Board. Regular meetings of the Board may be held without notice. Special meetings of the Board of Directors may be called by the President or by any two (2) members of the Board for any time and place, provided reasonable notice of such meetings shall be given to each member of the Board before the time appointed for such meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting and objects thereto to the transaction of any business because the meeting is not lawfully called or convened.

Section 7. The Board of Directors may from time to time determine the order of business at its meetings. At all meetings of the Board, the President, or in his absence, the Chairman chosen by the directors present, shall preside.

Section 8. The Board of Directors, after the close of the fiscal year, shall submit to the members of the Association a report as to the condition of the Association and its property and shall submit also an account of the financial transactions of the past year.


Section 9. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be appointed by the remaining members of the Board.

Section 10. No director shall receive compensation for any service he may render to the Association, provided, however, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

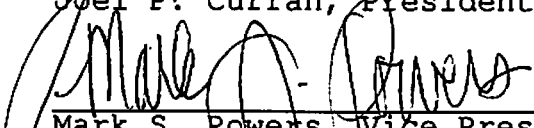
Section 11. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

RESOLVED FURTHER, that this resolution shall remain in effect until rescinded or modified by resolution of the Board of Directors of the Association.


This action is effective this the 13 day of October, 1993.



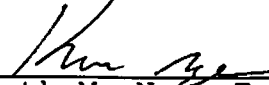
Joel P. Curran, President



Mark S. Powers, Vice President



Janis E. Francis, Secretary



Kenneth M. Nyé, Treasurer



Ann N. Bales, Asst. Secretary/
Treasurer

RESOLUTIONS OF THE
WELLINGTON SQUARE HOMEOWNERS ASSOCIATION, INC.,
BOARD OF DIRECTORS

RESOLVED, that pursuant to Article XVI of this Association's Bylaws, the following new Bylaw shall be adopted as part of the Bylaws and shall be added as Article XIX entitled "North Carolina Planned Community Act."

RESOLVED, FURTHER, that the form "Violation Notice" attached to new Article XIX, although not a part thereof, shall, until changed, be used by the Association for notifying its members of violation(s) and action(s) taken or to be taken under Article XIX.

I, Mark Bartholomew, do hereby certify that I am the duly elected, qualified secretary of Wellington Square Homeowners Association, Inc., and the foregoing is a full, true, and correct copy of a resolution duly adopted by the Board at a meeting held on the 13 day of January, 2003.

IN WITNESS WHEREOF, I have hereunto subscribed my name as Secretary and affixed the corporate seal of the Association on this the 20 day of January, 2003.

(SEAL)

Mark Bartholomew
Mark Bartholomew, Secretary
Board of Directors
Wellington Square Homeowners Association, Inc.

ARTICLE XIX
NORTH CAROLINA PLANNED
COMMUNITY ACT

Section 1. The purpose of this Article XIX is to subject the Wellington Square Homeowners Association, Inc. (the "Association"), to the provisions of the North Carolina Planned Community Act applicable to planned community associates organized prior to January 1, 1999. These applicable provisions include N.C.G.S. §47F-3-102(1) through (6) and (11) through (17), N.C.G.S. §47F-3-107(a), (b), and (c), N.C.G.S. §47F-3-115 and N.C.G.S. §47F-3-116, and any provisions which may be enacted hereafter and which are made applicable to the Association without the requirement for further action on its part.

Section 2. Subject to the provisions of the Articles of Association and the Declaration applicable to the Properties, the Association may impose the following charges, fines, and penalties.

A. A charge for late payment of assessments in the amount of Seventy-Five and No/100 Dollars (\$75.00).

B. Interest on all past due assessments from the due date thereof at the rate of eighteen percent (18%) per annum.

C. Subject to the provisions of Section 3. of this Article XIX, fines in the following amounts:

- (i) Violation of the Declaration - a one time amount of up to \$150.00 prior to the hearing provided for in Section 3. or the date upon which the right to request a hearing expires, if a hearing is not requested (the "Expiration Date") and up to \$150.00 per day after the hearing or the Expiration Date.
- (ii) Failure to submit a required request to the Architectural Review Committee (the "ARC") - a one time amount of up to \$150.00 prior to the hearing provided for in Section 3. or the Expiration Date and up to \$150.00 per day after the hearing or the Expiration Date.
- (iii) Violation of any rule, regulation, or ruling of the Association, the Board of Directors, a standing committee of the Association established pursuant to the Declaration for the management and maintenance of limited common areas, and/or the ARC - a one time amount of up to \$150.00 prior to the hearing provided for in Section 3. or the Expiration Date and up to \$150.00 per day after the hearing or the Expiration Date.

D. All fines under this Section 2., subparagraph C., shall be assessed by the Board of Directors, subject to the hearing procedures hereinafter set forth.

Section 3. Notwithstanding anything contained herein to the contrary, each Owner charged with a violation which may result in the imposition of a fine under this Article shall be entitled to a hearing before an adjudicatory committee consisting of not less than a majority of the Board of Directors to contest any alleged violation covered by these provisions which hearing shall be set at a time not more than thirty (30) days from the Association's receipt of the Owner's request for a hearing. Provided, an Owner's request for a hearing must be made to the Board of Directors, in writing, within fifteen (15) days of the mailing of a written notice of violation to such Owner. Under these procedures, all parties shall be given the opportunity to be heard at the hearing, to present evidence, and to receive notice of the Board's decision. The president of the Association shall serve as the principal hearing officer and may set reasonable rules as to the introduction of evidence, the use of witnesses, the disqualification of persons with conflicts of interest, and other procedures, including (but not limited to) allocating reasonable time for the hearing of matters and the testimony of individual parties.

Section 4. Each notice of a violation shall set forth, in reasonable detail, the alleged violation(s), the amount of any penalty imposed as of the date thereof, and the date of expiration of the right to request a hearing under these provisions. Each such notice shall also contain a copy of this Article XIX.

Section 5. Notwithstanding anything contained in this Article XIX to the contrary, an Owner(s) may not be fined more than the sum of \$150.00 for each violation from the date of written notice thereof until a final determination is made by the Board of Directors in the hearing process, or in the event the Owner(s) elects to not request a hearing on a matter, then from the date of written notice thereof to the Owner(s) until the time to request a hearing has expired (the "Initial Fine").

Section 6.

A. In the event (1) an Initial Fine is assessed under these provisions; (2) no request for hearing is made by the Owner affected and the time for requesting a hearing expires; and (3) the Board of Directors decides to consider the impositions of a daily fine, then the Board of Directors shall comply with the following procedures prior to implementing a daily fine:

- (i) A hearing date to consider the imposition of a daily fine shall be set by the president of the Association or by the Board of Directors;
- (ii) The hearing date shall be set at no less than ten (10) days nor more than thirty (30) days from the mailing date of the notice described in subsection (iii) hereinbelow.

- (iii) The Board of Directors shall mail the Owner(s) affected a written notice setting forth the hearing date and the time and place thereof, which notice shall contain the following: **THE PURPOSE OF THIS HEARING IS TO CONSIDER THE IMPOSITION OF A DAILY FINE AGAINST YOU, AS THE OWNER(S), AND THIS HEARING IS RELATED TO THE RECENT VIOLATION NOTICE SENT TO YOU BY THE BOARD OF DIRECTORS. UNDER THE ASSOCIATION'S BYLAWS, A FINE IN THE AMOUNT OF \$150.00 PER DAY MAY BE ASSESSED AGAINST YOU IN THIS MATTER.**

B. In the event the Owner(s) appears at the hearing, the Owner(s) shall be entitled to make proposals to compromise and settle, to be heard and to object to the imposition of a daily fine (but not the Initial Fine), subject to the hearing procedures set forth in Paragraph D, Section 3, of this Article XIX.

C. The Board of Directors shall provide the Owner(s) with written notice of its decision within fifteen (15) days of the date of the conclusion of the hearing; provided, any daily fine imposed may not be assessed until such notice is mailed to the Owner(s).

D. All fines imposed under this Article shall be treated as assessments subject to the Association's lien and foreclosure rights set forth in the Declaration and N.C.G.S. §47F-3-116.