

**BY-LAWS OF
BATTS FARM OWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND OFFICES**

Section 1.1 Name. The name of the corporation is BATTS FARM OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association."

Section 1.2 Principal Office. The principal office of the Association shall be located at such place, within or without the State of North Carolina, as shall be determined from time to time by the Board of Directors and as shall have been so designated most recently in the annual report of the Association or amendment thereto, filed with the North Carolina Secretary of State pursuant to the North Carolina Nonprofit Corporation Act.

Section 1.3 Registered Office. The Association shall maintain a registered office in the State of North Carolina as required by law, which may be, but need not be, identical with the principal office.

Section 1.4 Other Offices. The Association may have offices at such places, either within or outside the State of North Carolina, as the Board of Directors may designate or as the affairs of the Association may from time to time determine.

**ARTICLE II
DEFINITIONS**

Section 2.1. "Association" shall mean and refer to the BATTS FARM OWNERS ASSOCIATION, INC., its successors and assigns.

Section 2.2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.3. "Property" shall mean and refer to the parcel of land to which the Declarations apply. Property is more particularly described on Exhibit A attached hereto.

Section 2.4. "Lot" shall mean any lot or parcel of property on the Property which has been subdivided, contains delineated boundary lines and is set forth on a map recorded in the Wilson County Registry.

Section 2.5. "Declarant" shall mean and refer to Pinecrest Development Company, LLC, and their successors and assigns and any entity, including but not limited to, corporations, partnerships and limited liability companies and any other entity in which a Declarant owns a controlling interest.

Section 2.6. "Declarations" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Batts Farm Subdivision applicable to the Property recorded in Book 2160, Page 944, of the Wilson County Registry, and any other Declaration of Covenants, Conditions and Restrictions for any section of Batts Farm.

Section 2.7. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Articles of Incorporation and Declarations.

Section 2.8. "Common Area" shall mean and refer to any common area or conservation area as may be set forth on any plat of any section of Batts Farm.

ARTICLE III MEETING OF MEMBERS

Section 3.1 Annual Meetings. The annual meeting of the members shall be held on the 15th day of March of each year. If the day for the annual meeting of the members is a legal holiday, the meeting shall be held at the same hour on the first day following which is not a legal holiday.

Section 3.2 Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in the manner provided for the call of a special meeting in accordance with the provisions of Section 3.3 of this Article III and a substitute annual meeting so called shall be designated as and shall be treated, for all purposes, as the annual meeting.

Section 3.3 Special Meetings. Special meetings of the members may be called at any time by the President, or the Board of Directors or upon the written request of the member or members entitled to cast one-fourth of all of the votes of the total members of the Association, provided such demand or demands describe the purpose or purposes for which said special meeting is to be held and are signed, dated and delivered to the Secretary of the Association. Notice of a special meeting called at the demand of a member or members shall be given within ten (10) days after the date of receipt by the Secretary of the demand or demands requiring the call of such special meeting.

Section 3.4 Place of Meetings. All meetings of members shall be held at the principal office of the Association or at such other place, within or outside the State of North Carolina, as may be designated by the Board of Directors.

Section 3.5 Notice of Meetings. Written or printed notice stating the date, time and place of a meeting of members shall be delivered, personally or by mail, by or at the direction of the President, the Secretary or other person authorized to call such meeting, to each member of record entitled to vote at such meeting and each other member entitled to notice pursuant to the Articles of Incorporation or applicable law, at least fifteen (15) days prior to the date of such meeting. A statement of the business to be transacted at an annual or substitute annual meeting of the members need not be set forth in the notice of such meeting unless such statement is expressly required by the provisions of these By-laws or by applicable law. In the case of a special meeting the notice shall set forth the nature of the business to be transacted.

If a meeting is adjourned for more than thirty (30) days after the date fixed for the original meeting, or if a new record date is fixed for the adjourned meeting, or if the date, time and place for the adjourned meeting is not announced prior to adjournment, then notice of the adjourned meeting shall be given as in the case of any original meeting; otherwise, 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.

A member's attendance at a meeting constitutes a waiver by such member of (a) objection to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (b) objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the notice of the

meeting, unless the member objects to considering the matter before it is voted upon.

Section 3.6 Record Date. For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or in order to make a determination of members for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of members, such record date in any case to be not more than twenty (20) days immediately preceding the date of the meeting or the date on which the particular action, requiring such determination of members, is to be taken.

If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, the close of business on the day before the date on which notice of the meeting is first mailed to members shall be the record date for such determination of members.

A determination of members entitled to notice of or to vote at a members' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting, which it must do if the meeting is adjourned to a date more than thirty (30) days after the date fixed for the original meeting.

Section 3.7 Quorum. Except as otherwise provided by statute, or by the Articles of Incorporation of the Association, or by these By-Laws, or by the Declarations, the presence at the meeting of members entitled to cast, or of proxies entitled to cast, a majority of the total votes entitled to be cast shall constitute a quorum for the transaction of business.

In the absence of a quorum, the members entitled to vote who are present in person or by proxy, may adjourn the meeting from time to time.

The members present in person or by proxy at a meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 3.8 Organization. Each meeting of members shall be presided over by the President or such officer of the Association as the Board of Directors may designate, or in the absence of such designation, by any person selected to preside by a majority of the votes represented and entitled to vote at the meeting. The Secretary, or in the absence or at the request of the Secretary, any person designated by the person presiding at the meeting, shall act as secretary of the meeting.

Section 3.9 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by a member of a Lot or upon written notice of revocation filed with the Secretary.

Section 3.10 Voting. (a) At each meeting of members, each member shall have the right to cast on each question one vote for each Lot of which he is an Owner. Fifty-one percent (51%) of the eligible votes entitled to be cast by members present at the meeting, in person or by proxy, shall be a majority unless the question is one which, by express provision of statute or of the Articles of Incorporation of the Corporation, or of the Declarations or of these By-Laws, a different majority vote is required, in which case such express provision shall govern.

(b) Should any of the Lots be owned by more than one person or entity, only one vote shall still be allowed with respect to each such Lot and such vote shall be exercised by such persons or entities

among themselves as they shall determine. No fraction of one vote may be cast by any member.

(c) In the event and so long as any co-owners of a Lot are unable to agree on the manner in which the vote appurtenant to such Lot shall be cast, then such vote shall not be regarded and shall not be counted.

(d) The vote of any Owner who is a corporation, trust, limited liability company or partnership may be cast by any officer, trustee, manager or partner, as the case may be, and unless objection by any such officer, trustee, manager or partner of such Owner is noted at the meeting, the presiding member of the meeting shall have no duty to inquire as to the authority of the person casting such vote.

Section 3.11 Informal Action By Members. Any action which may be taken by the members at a meeting thereof may be taken without a meeting if consent in writing, setting forth the action taken, shall be signed by members who would be entitled to cast a majority of the votes upon such action at a meeting and filed with the Secretary of the Association. Any consent so filed with the Secretary of the Association shall be kept as part of the Association's records. Any such consent shall have the same force and effect as a majority vote of members.

Section 3.12 Loss of Right to Vote. The vote of any member who is shown on the books or records of the Association to be more than sixty (60) days delinquent in any payment due the Association shall not be eligible to vote and shall not be counted for purposes of deciding any questions so long as such delinquency is not cured.

ARTICLE IV BOARD OF DIRECTORS

Section 4.1 General Powers. All powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be managed under the direction of, the Board of Directors.

Section 4.2 Number, Term of Office and Qualifications. The number of directors constituting the Board of Directors shall be three (3), except that the initial Board of Directors of the Association shall be two (2) and are as follows:

Greg Turnage
Turner B. Bunn, IV

The terms of initial directors and the term of any director elected to fill a vacancy shall expire at the next members' meeting at which directors are elected. Otherwise, the term of each director shall be the period from the effective date of his or her election to the next annual meeting of members. Notwithstanding the stated terms of directors, a director shall continue to serve after expiration of his or her stated term until his or her successor is elected and qualifies or there is a decrease in the number of directors eliminating his or her position, and a director shall cease to serve as such and his or her position shall be deemed vacant upon his or her death, resignation, removal or disqualification.

Directors need not be members of the Association. If a member is a corporation, trust, limited liability company or partnership, an officer, trustee, manager or partner, as the case may be, can serve in the capacity of a director of the Association.

Section 4.3 Nomination and Election of Directors.

(a) Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election 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.

(b) Election. Except as provided in Section 4.6 of this Article, the directors, other than the initial directors, shall be elected at the annual meeting of members and the persons who shall receive the highest number of votes shall be the elected directors.

Section 4.4 Voting for Directors. Directors shall be elected by plurality of the votes cast at a meeting at which a quorum is present. Except as provided in the Articles of Incorporation or required by applicable law, members have no right to cumulate their votes for directors. Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declarations.

Section 4.5 Removal. Except as otherwise provided in the Articles of Incorporation or by applicable law, the Board of Directors or any individual director may be removed from office with or without cause by a majority vote of the votes entitled to be cast at a members' meeting. A director may not be removed by the members at a meeting unless the notice of the meeting states that a purpose of the meeting is removal of such director. If any or all directors are so removed, new directors may be elected at the same meeting.

Section 4.6 Vacancies. A vacancy occurring in the Board of Directors, including positions not filled by the members or those resulting from an increase in the number of directors, may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director. The members may elect a director at any time to fill any vacancy not filled by the directors.

Section 4.7 Compensation of Directors. No director shall receive compensation for any services he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V MEETINGS OF DIRECTORS

Section 5.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 5.2 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or by any director.

Section 5.3 Notice of Meetings. Regular meetings of the Board of Directors may be held without

notice. Special meetings shall be called on not less than three (3) days prior notice. Notice of a special meeting need not state the purpose thereof and such notice shall be directed to each director at his residence or usual place of business by mail, cable, telegram or may be delivered personally. The presence of a director or the participation of a director at a meeting shall constitute a waiver of notice of that meeting unless the director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or to the transaction of business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 5.4 Quorum and Manner of Acting. A majority of the number of directors fixed by these By-Laws as the number of directors of the Association shall constitute a quorum for the transaction of any business at any meeting of the Board of Directors. Except as otherwise expressly provided in these By-Laws or required by applicable law, the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such later meeting, any resumption of business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 5.5 Organization. Each meeting of the Board of Directors shall be presided over by the Chairman of the Board (if there shall be a person holding such office), or, in the absence or at the request of the Chairman of the Board, by the Chief Executive Officer, and in their absence or at their request, by any person selected to preside by vote of a majority of the directors present. The Secretary, or in the absence or at the request of the Secretary, any person designated by the person presiding at the meeting, shall act as secretary of the meeting.

Section 5.6 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting at which they could have taken any action by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 5.7 Resignations. Any director may resign at any time by giving written notice to the President or the Secretary of the Association. Such resignation shall take effect at the time specified therein, or if no time is specified therein, at the time such resignation is received by the President or Secretary of the Association unless it shall be necessary to accept such resignation before it becomes effective, in which event the resignation shall take effect upon its acceptance by the Board of Directors. Unless otherwise specified therein, the acceptance of any such resignation shall not be necessary to make it effective.

Section 5.8 Participation by Conference Telephone. Any one or more directors may participate in a meeting of the Board of Directors by means of a conference telephone or similar communications device that allows all persons participating in the meeting to simultaneously hear each other during the meeting.

ARTICLE VI POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 6.1 Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules, regulations and procedures governing the ownership, management, operation, repair, and maintenance of the common area and the portions of the Lots that are to be maintained by the Association, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. A voting right of a member may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Declarations;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) Employ a manager, an independent contractor, attorney, or accountant, or such other employees as they deem necessary, and to prescribe their duties.

Section 6.2 Duties. It shall be the duty of the Board of Directors to:

(a) Insure that the Common Area shall be owned, managed and operated in full compliance with the provisions of any rules and regulations that are applicable to the same; and to insure the proper maintenance of the portions of the Lots that are to be maintained by the Association;

(b) Insure that payment is made in full and in a timely manner for any fees, costs or assessments imposed by the City of Wilson for any repairs or improvements made by the City of Wilson to or for the benefit of the Common Area, and any fees and costs for applications, permits or inspections required in connection therewith;

(c) Insure that payment is made in full and in a timely manner for any ad valorem taxes;

(d) Procure and maintain adequate public liability insurance with respect to the Common Area and to insure that the premiums are paid in full and in a timely manner;

(e) Cause to be kept, a complete record of all of the acts and affairs of the Association and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(f) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

(g) As more fully provided in the Declarations, to:

(1) Fix the amount of the annual or special assessment against each Lot at least thirty (30) days in advance of each annual or special assessment period;

(2) Send written notice of each assessment to every Owner subject thereto, at least thirty (30) days in advance of each annual or special assessment period; and

(3) Foreclose the lien in the manner of a foreclosure pursuant to a power of sale in a deed of trust against any Lot for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally

obligated to pay the same;

(h) Issue, or cause an appropriate officer to issue, upon demand by any member, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(i) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(j) Prepare and distribute to each member an annual report which shall include the annual financial statement summarizing the operation and actions of the Association and its income, expenditures and reserves.

ARTICLE VII OFFICERS

Section 7.1 Officers of the Association. The officers of the Association shall consist of a President, a Vice President, a Secretary, a Treasurer and such Assistant Vice-Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person except the offices of President and Secretary, but no officer may act in more than one capacity where action of two or more officers is required. The President and Vice-President shall at all times be members of the Board of Directors.

Section 7.2 Election, Term of Office and Qualifications. Each officer shall be appointed by the Board of Directors. Each officer shall serve as such at the pleasure of the Board of Directors.

Section 7.3 Subordinate Officers and Agents. The Board of Directors from time to time may appoint other officers or agents, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors from time to time may determine. The Board of Directors may delegate to any officer or agent the power to appoint any subordinate officer or agent and to define his respective authority and duties.

Section 7.4 Removal. Any officer may be removed, either with or without cause, by vote of a majority of the whole Board of Directors. The removal of any person from office shall be without prejudice to the contract rights, if any, of the person so removed.

Section 7.5 Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary of the Association, or if he was appointed by an officer or agent in accordance with Section 7.3 of this Article VII, by giving written notice to the officer or agent who appointed him. Any such resignation shall take effect upon its being accepted by the Board of Directors or by the officer or agent appointing the person so resigning.

Section 7.6 Vacancies. A vacancy in an office because of death, resignation, removal, or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these By-Laws for regular appointments or elections to such offices.

Section 7.7 President. The President shall be the chief executive officer of the Association, and, subject to the instructions of the Board of Directors, shall have general charge of the business, affairs and property of the Association and control over its other officers, agents and employees. He shall preside at

all meetings of the members and of the Board of Directors at which he may be present. The President shall see that orders and resolutions of the Board are carried out. The President shall sign leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes and shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7.8 Vice-President. At the request of the President, or in his absence or disability, the Vice-President shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice-Presidents shall perform such other duties and have such authority as from time to time may be assigned to them by the Board of Directors.

Section 7.9. Secretary. The Secretary shall keep the Minutes of the meetings of members and of the Board of Directors, and shall see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law. He shall be custodian of the records, books, reports, statements, certificates and other documents of the Association and of the seal of the Association, and he shall see that the seal is affixed to all documents requiring such seal. In general, he shall perform all duties and possess all authority incident to the office of Secretary, and he shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 7.10. Assistant Secretary. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Directors.

Section 7.11. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the Association. He shall keep full and accurate accounts of the finances of the Association in books especially provided for that purpose. The Treasurer shall cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year. The Treasurer shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the members. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors. The Treasurer shall sign all checks and promissory notes of the Association. He shall in general perform all duties and have all authority incident to the office of Treasurer and shall perform such other duties and have such other authority as from time to time may be assigned or granted to him by the Board of Directors. He may be required to give a bond for the faithful performance of his duties in such form and amount as the Board of Directors may determine.

Section 7.12. Duties of Officers may be Delegated. In case of the absence of any officer of the Association or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being provided a majority of the entire Board of Directors concurs therein.

Section 7.13. Salaries of Officers. No officer of the Association shall receive compensation for any services he may render to the Association. However, any officer may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VIII RECORDS AND REPORTS

Section 8.1 General. The Association shall keep all records and submit and file all reports and filings as are required by applicable law. Unless the Board of Directors otherwise directs, the Treasurer shall be responsible for keeping, or causing to be kept, all financial and accounting records of the Association and for submitting or filing, or causing to be submitted or filed, all reports and filings of a financial or accounting nature, and the Secretary shall be responsible for keeping, or causing to be kept, all other records and for submitting or filing, or causing to be submitted or filed, all other reports and filings.

The Association shall keep as permanent records minutes of all meetings of its incorporators, members and Board of Directors and a record of all actions taken by the members or Board of Directors without a meeting. The Association shall maintain appropriate accounting records. The Association or its agent shall maintain a record of its members in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order.

Section 8.2 Records at Principal Office. The Association shall keep a copy of the following records at the Association's principal office:

- (a) Its Articles of Incorporation and all amendments to them currently in effect;
- (b) Its By-Laws and all amendments to them currently in effect;
- (c) Its Declarations and all amendments to it currently in effect;
- (d) The minutes of all members' meetings, and records of all action taken by members without a meeting, for the past three years;
- (e) All written communications to members generally within the past three years and the financial statements required by law to be made available to the members for the past three years;
- (f) A list of the names and business addresses of its current directors and officers; and
- (g) Its most recent annual report delivered to the North Carolina Secretary of State pursuant to the North Carolina Nonprofit Corporation Act.

Section 8.3 Financial Statements. The Association shall make available to its members annual financial statements as appropriate. If financial statements are prepared for the Association on the basis of generally accepted accounting principles, the annual financial statements shall also be prepared on that basis. If the annual financial statements are reported upon by a public accountant, such accountant's report shall accompany them.

Section 8.4 Other Reports to Members. If the Association is not a public corporation and it indemnifies or advances expenses to a director in connection with a proceeding by or in the right of the Association, the Association shall report the indemnification or advance in writing to the members with or before notice of the next members' meeting.

Section 8.5 Annual Report. The Association shall prepare and deliver to the North Carolina Secretary of State for filing each year the annual report required by the North Carolina Nonprofit

Corporation Act. Such annual report shall be filed with the tax return of the Association each year or at such other time as is then required by applicable law. The Association may, and when required by law shall, file all necessary or appropriate corrections and amendments to such annual report, and shall promptly file an amendment to its annual report to reflect any change in the location of the principal office of the Association.

ARTICLE IX ASSESSMENTS

Each member is obligated to pay to the Association annual and special assessments as more fully provided in the Declarations (as amended), which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after due date, the assessment shall bear interest from the date of delinquency at the highest rate allowed by the law of North Carolina, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Lot.

ARTICLE X GENERAL PROVISIONS

Section 10.1 Corporate Seal. The corporate seal of the Association shall consist of two concentric circles between or within which are the name of the Association, the state of incorporation, the year of incorporation and the word "SEAL". The seal may be used by causing it or a facsimile thereof to be impressed, affixed, stamped or reproduced by any means. Any officer of the Association authorized to execute or attest a document on behalf of the Association may affix or reproduce on such document, as and for the corporate seal of the Association, a seal in any other form sufficient to evidence that it is intended by such officer to represent the corporate seal of the Association, in which case such seal shall be as effective as the corporate seal in the form herein prescribed.

Section 10.2 Fiscal Year. The fiscal year of the Association shall be established by resolution of the Board of Directors.

Section 10.3 Waiver of Notice. Except as otherwise provided in the Articles of Incorporation or these By-Laws, any notice permitted or required to be given pursuant to these By-Laws may be given in any manner permitted by applicable law and with the effect therein provided. Without limiting the generality of the foregoing, written notice by the Association to a member is effective when deposited in the United States mail with postage thereon prepaid and correctly addressed to the member's address shown in the Association's current record of members.

Whenever any notice is required to be given to any member or director under the provisions of the North Carolina Nonprofit Corporation Act or under the provisions of the Articles or By-Laws of this Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 10.4 Amendments. Except as otherwise herein provided, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of a majority of the votes entitled to be cast at a duly organized meeting of the members specifically called for such purpose at which a quorum is present.

Section 10.5 Indemnification. Any person who at any time serves or has served as a director or officer of the Association shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) expenses, including reasonable attorneys' fees, actually and necessarily incurred by him or her in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether formal or informal, and whether or not brought by or on behalf of the Association, arising out of his or her status as such director, or his or her status as an officer, employee or agent of the Association, or his or her service, at the request of the Association, as a director, officer, partner, trustee, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise or as a trustee or administrator under an employee benefit plan, or his or her activities in any of the foregoing capacities, and (b) any liability incurred by him, including without limitation, satisfaction of any judgment, money decree, fine (including any excise tax assessed with respect to an employee benefit plan), penalty or settlement, for which he or she may have become liable in connection with any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this By-Law, including without limitation, to the extent necessary, (a) making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him or her and (b) giving notice to and obtaining approval by the members of the Association.

Expenses incurred by a director in defending an action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director to pay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association against such expenses.

Any person who at any time after the adoption of this By-Law serves or has served as a director 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, and any modification or repeal of these provisions for indemnification shall be prospective only and shall not affect any rights or obligations existing at the time of such modification or repeal. Such right shall inure to the benefit of the legal representatives of any such person, shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this By-Law, and shall not be limited by the provisions for indemnification in Section 55A-8-51 through 55A-8-56 of the North Carolina Nonprofit Corporation Act or any successor statutory provisions. Any person who is entitled to indemnification by the Association hereunder shall also be entitled to reimbursement of reasonable costs, expenses and attorneys' fees incurred in obtaining such indemnification.

Section 10.6 Construction. All personal pronouns used in these By-Laws shall include persons of any gender. All terms used herein and not specifically defined herein but defined in the North Carolina Nonprofit Corporation Act shall have the same meanings herein as given under the North Carolina Nonprofit Corporation Act, unless the context otherwise requires.

Section 10.7 Liability of Directors and Officers. The members of the Board of Directors and Officers shall not be liable to the Owners for any mistake of judgment, negligence or otherwise except for their own individual willful misconduct or bad faith. The Association will indemnify and hold

harmless each of the members of the Board of Directors and Officers against all contractual liability to others arising out of contracts made by the Board on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declarations, these By-Laws or the Articles of Incorporation. It is intended that the members of the Board of Directors or Officers shall have no personal liability with respect to any contract made by them on behalf of the Association except to the extent of their liability as Owners. The liability of each Owner is limited to the proportion set forth in the Declarations.

IN WITNESS WHEREOF, we, being all the directors of the BATTS FARM OWNERS ASSOCIATION, INC., have hereunto set our hands and seals, this 3rd day of March, 2006.

 (SEAL)
Greg Turnage, Director

 (SEAL)
Turner B. Bunn, IV, Director