

BYLAWS
OF
PARKER FALLS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION AND PURPOSE

Section 1. Name. The name of the Corporation is and shall be PARKER FALLS HOMEOWNERS ASSOCIATION, INC. (hereinafter referred to as the "Association").

Section 2. Principal Office. The principal office of the Association shall be located at 8368 Six Forks Road, #204, Raleigh, Wake County, North Carolina 27615.

Section 3. Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 4. Other Offices. The Association may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the Corporation may require from time to time.

Section 5. Purpose of Association. The purpose for which the Association is formed are to own, maintain and administer the Common Area(s) (as hereinafter defined), if any, within all phases of the "PARKER FALLS NORTH SUBDIVISION" and the "PARKER FALLS SOUTH SUBDIVISION" (hereinafter referred to collectively as the "Subdivisions") as presently and as hereafter constituted; to administer and enforce the terms and provisions of the Declaration (as hereinafter defined); and to collect and disburse the assessments and charges specified in the Declaration.

ARTICLE II

DEFINITIONS

Section 1. The following words or terms when used in these By-Laws, unless the context shall prohibit, shall have the following meanings:

- A. "Association" shall mean and refer to PARKER FALLS HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, its successors and assigns.
- B. "Board of Directors" shall mean and refer to the Board of Directors of the Association.
- C. "By-Laws" shall mean and refer to the By-Laws of the Association.
- D. "Class A Member(s)" shall mean and refer to all "Owners" in the Subdivision other than TEAGUE-HANKINS DEVELOPMENT, CORP., a North Carolina corporation, the Declarant named in the Declaration, and its successors and/or assigns, unless Declarant is converted to a Class A Member in the future pursuant to the terms of these By-Laws and the Declaration
- E. "Class B Member" shall mean and refer to TEAGUE-HANKINS DEVELOPMENT, CORP, a North Carolina corporation, its successors and/or assigns (the "Declarant").
- F. "Committee" shall mean and refer to the Architectural Review Committee of the Association.

- G. "PERMANENT OPEN SPACE 1", "PERMANENT OPEN SPACE 2", "PERMANENT OPEN SPACE 3", "20' LANDSCAPE & SIGN EASEMENT" and "COMMON AREA" (hereinafter referred to collectively as the "Common Areas") shall mean and refer to the real property, together with any improvements thereon, if any, owned by the Association, whether in fee, by easement or otherwise, for the common use and enjoyment by the Owners of the Lots within the Subdivision. The Common Areas shall be maintained by the Association, or its successors in interest, unless dedicated to public use as set forth herein. The Association shall comply with all Wake County and North Carolina ordinances with regard to said Common Areas.
- H. "Contract Seller" or "Builder" shall mean and refer to an Owner who purchases a Lot in either of the Subdivisions for resale and is not an occupant of any improvements thereon.
- I. "Declarant" shall mean and refer to TEAGUE-HANKINS DEVELOPMENT, CORP, a North Carolina corporation. It shall also mean and refer to any person, firm, entity or corporation to whom or which TEAGUE-HANKINS DEVELOPMENT, CORP. shall assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Wake County Registry, North Carolina.
- J. "Declarant's Property" shall mean and refer to any real property owned by Declarant, its successors and/or assigns, which (a) is situated in the Subdivision or is adjacent to and adjoins any Lot or Common Areas in the subdivision, and (b) is subject by the provisions of the Declaration to future assessment by the Association, and (c) has been annexed into the Subdivision and into the Association pursuant to the terms and provisions of the Declaration.
- K. "Declarations" and "Declaration" shall mean and refer to those certain instruments entitled "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PARKER FALLS NORTH SUBDIVISION" recorded in Book 11425, Page 2690, as amended in Book 11533, Page 892, all of the Wake County Registry, and "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PARKER FALLS SOUTH SUBDIVISION" recorded in Book 11425, Page 2666, as amended in Book 11533, Page 897, all of the Wake County Registry, and as said Declarations may from time to time hereafter be supplemented and/or amended.
- L. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map or plat of the Properties, with the exception of any Common Areas owned in fee or by easement or otherwise by the Association, and with the exceptions of any street rights-of-way shown on any such recorded subdivision map or plat of the Properties.
- M. "Member" shall mean and refer to every person or entity who holds membership in the Association, whether Class A Member or Class B Member.
- N. "Membership" shall mean and refer to all of the Members of the Association.
- O. "Owner" shall mean and refer to a person or entity who is a record owner of a fee interest in any Lot which is a part of the Properties, including Contract Seller or Builders who own the Lot (and do not merely have it under contract).
- P. "Property" or "Properties" shall mean and refer to the "Existing Property" described in Exhibit A to the Declaration and any additional property annexed into the Association pursuant to the terms and provisions of the Declaration.
- Q. "Street" shall mean and refer to any street, road, drive, highway or other thoroughfare as shown on any recorded map or plat of the Properties.

- R. "Subdivisions" and "Subdivision" shall mean and refer to the PARKER FALLS NORTH SUBDIVISION and the PARKER FALLS SOUTH SUBDIVISION located on the west side of Old Creedmoor Road (North Carolina Highway 50) between Boyce Mill Road and Noarth Carolina Highway 98, near the City of Raleigh, in the Township of Barton's Creek, County of Wake, State of North Carolina, together with any additions thereunto annexed by the Declarant pursuant to the terms and provisions of the Declarations.

ARTICLE II

THE DECLARATION

Section 1. All of the terms and provisions of the Declarations, as presently amended, copies of which are attached hereto, are incorporated herein by reference.

Section 2. The Association and all of its Officers, Directors, Members and agents shall be bound by and shall comply with all of the terms and provisions of the Declarations as now set forth or as may hereafter be amended and with all the terms and provisions of the Articles of Incorporation of PARKER FALLS HOMEOWNERS ASSOCIATION, INC., a copy of which shall be maintained at all time in the corporate minute book of the Association.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership in the Association.

- A. Every person or entity who is a record Owner of a fee interest in any Lot which is a part of the Properties, including Contract Sellers or Builders who own the Lot (and do not merely have it under contract), shall be a Member of the Association (herein referred to as "Member" or collectively as "Members"). the foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security, unless such persons or entities acquire title to a Lot through judicial or non-judicial foreclosure, deed in lieu of foreclosure or other action.
- B. Membership in the Association shall be appurtenant to and shall not be separated from ownership of Lot. Ownership of a Lot shall be the sole qualification for Membership. When more than one (1) person holds an interest in any Lot, all such persons shall be Members, but the vote for such Member shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot owned by Class A Members, and in no event shall more than forty-two (42) votes be cast with respect to any such lot owned by the Class B Member. See Section 3 of this Article IV entitled "Voting Rights".

Section 2. Classes. There shall be two (2) classes of voting Members:

- A. The Class A Members shall be all those Owners other than the Declarant.
- B. The Class B Member shall be the Declarant, its successors and/or assigns. Class B Membership shall cease and be converted to Class A Membership upon the first to occur of the following events: (1) written notice by the Declarant, its successors and/or assigns, to the Secretary of the Association that the Class B Membership of the Declarant is to be converted to Class A Membership; or (2) Declarant shall no longer own any Declarant's Property in the Subdivision; or (3) at 5:00 p.m. on the date ten (10) years next

immediately following the date upon which the last of the Declarations are recorded in the Office of the Register of Deeds of Wake County, North Carolina, provided Declarant has not been reestablished as a Class B Member pursuant to the terms and provisions of Paragraph C of this Section 2.

- C. Notwithstanding a conversion of the Declarant, its successors and/or assigns to a Class A Member or the cessation of the Class B Membership due to the occurrence of one of the events specified above in Paragraph B of this Section 2, in the event Declarant, its successors and/or assigned, thereafter acquires or adds additional lots to the Subdivision such that Declarant, its successors and/or assigns would, according to Paragraph B of this Section 2 of this Article IV, be entitled to Class B Membership, Declarant, its successors and/or assigns, shall thereupon be reestablished as and converted to a Class B Member of the Association, with the benefits and burdens pertaining thereto.

Section 3. Voting Rights.

- A. Class A Members. Class A Members shall be entitled to one (1) vote for each Lot owned.
- B. Class B Member. Class B Member shall be entitled to forty-two (42) votes for each Lot owned in PARKER FALLS NORTH SUBDIVISION and in PARKER FALLS SOUTH SUBDIVISION (whether or not it is under contract to a Contract Seller or Builder).
- C. No cumulative voting shall be permitted.
- D. Only those Members who are in good standing with the Association may vote.

ARTICLE V

MEETINGS OF MEMBERS OF THE ASSOCIATION

Section 1. Place of Meetings. All meetings of the Members shall be hold at the principal office of the Association, or at such other place, either within or without the State of North Carolina, as shall be designed in the notice of the meeting or agreed upon by a majority of the Members entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of the Members of the Association shall be held each year on the date hereinbelow specified in Article VI of these By-Laws for the purpose of electing Directors of the Association and for the transaction of such other business as may be properly brought before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be hold on the next succeeding business day.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designed by these By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meeting. Special meetings of the Members of the Association may be called at any time by the President, Secretary of Board of Directors of the Association, or upon the written request of the Members entitled to cast at least one-fourth (1/4) of the votes appurtenant to

the entire membership of the Association (i.e., one-fourth of all Class A Members and Class B Member votes).

Section 5. Notice of Meetings. Written or printed notice stating the time and place of the meeting shall be delivered not less than ten (10) nor more than fifty (50) days before the date of any Members' meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each Member of record entitled to vote at such meeting; provided that such notice must be given not less than twenty (20) days before the date of any meeting at which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, address to the Member at his address as it appears on the record of Members of the Association, with postage thereon prepaid.

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

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one (1) adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6. Voting Lists. At least ten (10) days before each meeting of Members the Secretary of the Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof, with the address of and number of votes held by each, which list shall be kept on file at the registered office of the Association for a period of ten (10) days prior to such meeting, and shall be subject to inspection by any Member at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspections by any Member during the whole time of the meeting.

Section 7. Quorum. A majority of the outstanding votes of the Association entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members, except that at a substitute annual meeting of Members the number of shares there represented either in person or by proxy, even though less than a majority shall constitute a quorum for the purposes of such meeting.

The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. In the absence of a quorum at the opening of any meeting of Members, such meeting may be adjourned from time to time by vote of the majority of the Members voting on the motion to adjourn; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

Section 8. Proxies. Shares may be voted either in person or by one (1) or more agents authorized by a written proxy executed by the Member or by his/her duly authorized attorney in fact. A proxy is not valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten (10) years from the date of its execution.

Section 9. Voting of Members. The Class A Members and the Class B Member shall be entitled to cast the number of votes specified in Section 3 of Article IV hereof on each matter submitted to a vote at a meeting of Members.

Except in the election of Directors as governed by the provisions of Section 2 of Article VI of these By-Laws, the vote of a majority of the Members voted on any matter at a meeting of Members at which a quorum is present shall be the act of the Members on that matter, unless the vote of a greater number is required by law, or by the Articles of Incorporation of this Association, or by the Bylaws of this Association, or by the Declaration.

Section 10. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the Association to be kept as part of the Association's corporate records.

ARTICLE VI

ADMINISTRATION AND MANAGEMENT

Section 1. Governing Documents. The administration of the Properties shall be governed by the provisions of the Declarations, the Articles of Incorporation of the Association (the "Articles"), the By-Laws of the Association (the "By-Laws"), and the published rules and regulations of the Association (the "Rules"), if any. In the event of a conflict between the provisions of the Declarations and the Articles and the By-Laws and the Rules, the provisions of the Declarations shall control. In the event of a conflict between the provisions of the Articles and the By-Laws and the Rules, the Articles shall control. In the event of a conflict between the By-Laws and the Rules, the By-Laws shall control.

Section 2. Management of the Association/Board of Directors. The affairs of the Association shall be managed by an Initial Board to two (2) Directors who need not be Members of the Association and who shall be elected by the Declarant. The persons who are to act in the capacity as the Initial Directors of the Association until the selection of their successors are: (inset names)

- A. Election of Directors. For so long as the Declarant shall be a Class B Member the number of Directors of the Association shall be two (2) (the "Initial Directors") and such Directors shall be elected by the Declarant. Thereafter the number of Directors of the Association shall be increased to three (3), said three (3) Directors to be elected by the Members at a special meeting of the Members of the Association called by the Declarant within one hundred twenty (120) days next immediately following the date upon which Declarant shall cease to be a Class B Member of the Association. At such special meeting of the Members of the Association the members shall elect one (1) Director to serve a term of one (1) year and one (1) Director to serve a term of two (2) years and one (1) Director to serve a term of three (3) years.
- B. Annual Meeting of the Association. The annual meeting of the Members of the Association shall be held each year thereafter on the anniversary of the aforescribed special meeting, unless such date shall fall on a legal holiday, and in such case, on the next business day immediately following such legal holiday.
- C. Election of Subsequent Directors. At each annual meeting of the Association after the first annual meeting, the Members shall elect the number of Directors needed to fill the vacancy or vacancies created by the Director or Directors whose term(s) is/are expiring, to serve for a term of three (3) years (except in the case of the initial election of a Director, in which case the term of that Director may be shortened to provide for the staggering set forth in this Article, or in the case of the filling of a vacancy, in which case the Director elected fill the vacancy shall be elected for the unexpired term of the Director whose vacancy is being filled). The term of office of

the Directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly created directorship, the terms of not less than one nor more than two Directors shall expire at each annual meeting of the Members of the Association. Each Director shall hold office until his/her death, resignation, retirement, removal or disqualification, or until his/her successor is elected and qualified, whichever event shall first occur. Directors need not be Members of the Association.

- D. After the date upon which the Declarant shall cease to be a Class B Member of the Association, the Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of Directors of the Association, provided, however, that the number of Directors shall not be increased to more than five (5) or decreased to less than three (3) without amendment of the By-Laws of the Association.
- E. So long as the Declarant is a Class B Member, all Directors of the Association shall be elected by the Class B Member. So long as the Declarant is not a Class B Member, all Directors of the Association shall be elected by the Class A Members.

Section 3. General Power of the Board of Directors. The business and affairs of the Association shall be managed by its Board of Directors. In particular the Board of Directors shall have, subject to the terms and provisions of the Declaration, to power to:

- A. Adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of the Members and their families and guests thereon, and to establish penalties for infractions thereof;
- B. Suspend a Member's voting rights during any period in which he or she shall be in default in the payment of any assessment levied by the Association pursuant to Article VII of the Declaration. Such rights may be suspended after such notice and hearing as the Board of Directors, in its sole discretion, shall establish, for a period not to exceed sixty (60) days, for infraction of the published rules and regulations of the Association;
- C. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- 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 without good cause;
- E. Employ a manager, an independent contractor, or such other employees as it deems necessary and prescribe their duties; and to contract with a management company to manage the operation of the Association. In the event that a contract is entered into with a management company, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days notice and any management contract made with the Declarant shall be for a period not to exceed three (3) years;
- F. Employ attorneys to represent the Association when deemed necessary;
- G. Employ a certified public accountant to represent the Association when deemed necessary; and

- H. Grant easements (both public and private) for the installation, maintenance, repair, replacement and operation of sewage, utility or drainage facilities upon, over, under and across the property owned by the Association without the assent of the Members when such easements are necessary for the convenient use and enjoyment of the Properties.
- I. Borrow money in the Association's name for the purpose of improving, renovating, repairing and reconstruction the Common Areas, so long as such borrowing is in compliance with the terms and provisions of Subparagraph 3 of Paragraph A of ARTICLE VI of the Declarations.

Section 4. Duties of the Board of Directors. It shall be the duty of the Board of Directors to:

- A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members;
- B. Supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- C. As more fully provided in the Declaration, to fix the amount of the annual assessment against each Lot at least thirty (30) days before February 15 of each year; send written notice of such assessment to every Owner subject thereto at least fifteen (15) days before February 15 of each year. As to any Lot for which an assessment is not paid within thirty (30) days after it becomes due, the Board of Directors may bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against such Lot;
- D. Issue, or cause an appropriate officer of the Association to issue, upon demand by any person a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be established by the Board of Directors for the issuance of such certificate. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment;
- E. If deemed necessary by the Board, procure and maintain adequate liability insurance covering the Association and its Board of Directors and adequate hazard insurance on the real and personal property owned by the Association;
- F. Cause the Common Areas and all facilities erected thereon to be maintained;
- G. If it deems necessary or if directed by the Members to do so, establish and maintain an adequate reserve fund for the periodic maintenance, repair, upkeep and replacement of the improvements constructed on the Common Areas;
- H. Provide such notices to and obtain such consents from the owners and holders of first deeds of trust on Lots within the Properties as is/may be required by the declaration and these By-Laws;
- I. Pay all ad valorem taxes and public assessments levied against the real and personal property owned by the Association;
- J. Hold annual and special meetings and elections for the Board of Directors as provided for in this ARTICLE VI; and
- K. Prepare annual budgets and financial statements for the Association and make same available for inspection by the Members at all reasonable times.

Section 5. Removal. Any Director or Directors may be removed at any time with or without cause by a vote of the Members, both Class A and Class B, holding a majority of the outstanding shares entitled to vote at an election of Directors, except that for so long as Declarant shall be a Class B Member, no Director(s) may be removed without the written consent of the Declarant.

Section 6. Vacancies. For so long as Declarant is a Class B Member, any vacancy (ies) occurring in the Board of Directors shall be filled by the Declarant. Thereafter, any vacancy (ies) occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors even though less than a quorum, or by the sole remaining Director. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any Directorship to be filled by reason of 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.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of Shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, with or without the State of North Carolina, for the holding of additional regular meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

Section 3. Notice of Meeting. Regular meetings of the Board of Directors may be held without notice.

The person or persons calling a special meeting of the Board of Directors shall, at least three (3) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 4. Waiver of Notice. Any Director may waive notice of any meeting. The attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Quorum. A majority of the number of Directors fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his/her contrary vote is recorded or his/her dissent is otherwise entered in the minutes of the meeting or unless he/she shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the

Association immediately after the adjournment of the meeting. such right to dissent shall not apply to a Director who votes in favor of such action.

Section 8. Informal Action by Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 9. Chairman. A Chairman of the Board of Directors shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of President, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

Section 10. Compensation. No Director shall receive compensation for any service he or she may render to the Association in the capacity of director. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his/her duties.

ARTICLE VIII

OFFICERS

Section 1. Officers of the Association. The officers of the Association shall consist of a President, a Vice-President, a Secretary, and a Treasurer. Any number of Assistant Secretaries and Assistant Treasurers may be elected by the Board of Directors at the discretion of the Board of Directors. The officers of the Association need not be Members of the Association. An officer of the Association may also be a Director of the Association.

For so long as the Declarant shall have the power under the terms and provisions of the Declaration and these By-Laws to elect the Directors of the Association, any two (2) or more offices may be held by the same person, but no officer may act in more than one (1) capacity where action of two (2) or more officers is required. Upon and after such time as Declarant shall no longer have the power under the terms and provisions of the Declaration and these By-Laws to elect the Directors of the Association, no officer may hold more than one office at the same time.

Section 2. Election and Term. The officers of the Association shall be elected by the Declarant until such time as Declarant shall no longer be a Class B Member. Thereafter, the officers of the Association shall be elected by the Board of Directors. Each officer shall hold office until his/her death, resignation, retirement, removal, disqualification or his/her successor shall have been elected and qualified.

Section 3. No compensation for Officers. No officer of the Association shall receive compensation for any service he or she may render to the Association in the capacity of officer. However, any officer may be reimbursed for his or her actual expenses incurred in the performance of his/her duties.

Section 4. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby.

Section 5. Bonds. The Board of Directors may by resolution require any officer, agent, or employee of the Association to give bond to the Association, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors.

Section 6. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He/She shall, when present, preside at all meetings of the Members. He/She shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the Association thereunto authorized by the Board of Directors, certificates of the Association, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Vice President. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice-President, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The vice-President may sign, with the Secretary or an Assistant Secretary, certificates of the Association; and shall perform such other duties as from time to time may be assigned to time by the President or Board of Directors.

Section 8. Secretary. The Secretary shall: (a) keep the minutes of the meetings of the Members of the Association and of the Board of Directors in one (1) or more books provided for the purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the Association's corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each Member of the Association which shall be furnished to the Secretary by such Member; (e) sign with the President, or Vice-President, certificate of the Association, the issuance of which shall have been authorized by resolution of the Board of Directors (f) have general charge of the membership transfer books of the Association; (g) keep or cause to be kept in the State of North Carolina at the Association's registered office or principal place of business a record of the Association's Members, giving the names and addresses of all Members and the number and class of shares held by each, and prepare or cause to be prepared voting lists prior to each meeting of Members as required by law; and (h) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 9. Assistant Secretaries. In the absence of the Secretary or in the event of his/her 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. Any Assistant Secretary may sign, with the President, or Vice-President, certificates of the Association.

Section 10. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipt for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such depositories as shall be selected in accordance with the provisions of these Bylaws; (b) prepare, or cause to be prepared, a true statement of the Association's assets and liabilities as of the close of each fiscal year, all in reasonable detail, which statement shall be made and filed at the Association's registered office or principal place of business in the State of North Carolina within four (4) months after the end of such fiscal year and there at kept available for a period of at least ten (10) years; and (c) in general, perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors, or by these By-Laws.

Section 11. Assistant Treasurers. In the absence of the treasurer or in the event of his/her death, or inability or refusal to act, the Assistant Treasurers in the order of their length of service as assistant Treasurer, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Directors.

ARTICLE IX

SUBJECTING ADDITIONAL PROPERTY TO THE DECLARATION

Section 1. Additions to the Properties by Declarant. The Declarant, its successors and/or assigns, shall have the right, subject to the terms and provisions of Paragraph F of ARTICLE II of the Declarations and the provisions of Section 5 of ARTICLE XV of these By-Laws, to annex into and bring within the scheme of the Declaration additional properties which are located within any phase of the Subdivisions, or any other property which is contiguous at any point with the Property or any additions to the Property. A public road, railroad, utility right-of-way, or buffer dividing two properties shall not be deemed to deprive them of contiguity.

Section 2. Method of Making Additions (Annexation). Additions to the Property shall be made by filing for record in the Office of the Register of deeds of Wake County, North Carolina a Supplemental Declaration of Covenants, Conditions and Restrictions (the "Supplemental Declaration") with respect to the additional property, which said Supplemental Declaration shall described the property being annexed. Such Supplemental Declaration (s) may contain such additions and modifications of Article VIII of the Declarations as may, in the sole discretion of Declarant, be necessary to reflect the different character of the added properties. In no event, however, shall such Supplemental Declaration(s) revoke, modify or add to the Restrictions established by the Declarations with respect to the Properties already subject to the Declarations, except to grant the Owners of Lots then subject to the Declarations limited rights with respect to such additional properties (changes to assessments brought about by such addition shall be deemed not to be a revocation, modification or addition of the Restrictions).

Section 3. Future Additions of Common Area. Subject to the terms and provision of Paragraph F of ARTICLE II of the Declarations and Section 5 of ARTICLE XV of these By-Laws, future Common Areas may be added to the scheme of the Declarations and included within the Properties subject to the jurisdiction of the Association, although there is no obligation to do so, and no representations are made by Declarant with respect to any such additions. Such additional Common Areas will be deeded to the Association by the Declarant.

Section 4. Additions by Others. So long as Declarant is a Class B Member and subject to the terms and provisions of Paragraph D of ARTICLE II of the Declarations, additions may be made by any other Owner who, with the approval of the Declarant and the Board of Directors, which approval may be withheld in their sole discretion, desires to add such property located within the boundaries of the Subdivision to the scheme of the Declarations and to subject it to the jurisdiction of the Association. When Declarant ceases to be a Class B Member, such additions may be made upon approval by two-thirds (2/3) majority vote of the Members who are entitled to vote. Such approval by the Declarant, Board of Directors and, if required, the Membership shall be evidenced by a certified copy of a resolution of approval recorded in the Office of the Register of Deeds of Wake County, North Carolina.

ARTICLE X

ARCHITECTURAL CONTROL

Section 1. Architectural Control.

A. Until such time as Declarant, its successors and/or assigns, shall no longer be an owner of any "Declarant's Property" as defined in ARTICLE II of these By-Laws, no dwelling or other structure or other improvements (the "Improvements") shall be erected, placed or altered on any Lot in the Properties, or in any addition thereto, until the Improvements' plans and specifications and the Lot plan (showing the location of such Improvements on the Lot (collectively, the "Plans") have been approved in writing by the Declarant as to conformity with the Restrictions, quality, materials and as to conformity and harmony of external design with existing (and approved or proposed) Improvements in the Properties, and as to location of the Improvements with respect to topography and finished ground elevation. Such written approval from the Declarant must be obtained prior to commencing clearing, grading or construction of any kind on a Lot. All improvements shall comply with the plans as presented unless changes are approved in writing by the Declarant. The written approval of Declarant shall also be required prior to erecting, placing or altering mail boxes, signs and newspaper boxes upon any Lot. All roof pitches for a dwelling and/or garage on any Lot must be approved by Declarant.

B. Anything herein to the contrary notwithstanding, during the initial development of the Properties, Declarant may limit its review to a review of a typical set of Plans and Specification and Materials for the proposed residence type proposed by a Contract Seller or a Builder to be built within the Subdivision, and, upon Declarant's written approval of such typical Plans, Specifications, and Materials, residences may be constructed in the Subdivision consistent with such approved Plans, Specifications, and Materials without the requirement of further review by the Declarant.

C. Upon or prior to the date upon which Declarant shall cease to own any "Declarant's Property, the Declarant shall form an "Architectural Review Committee" for the Properties (herein referred to as the "Committee"), which said Committee shall be composed of three (3) members appointed by the Declarant. Each of the three (3) members of the Committee must be Members of the Association. The initial three (3) members of the Committee shall serve until the annual meeting of the Association next immediately following the date of such appointment by the Declarant. Thereafter the members of the Committee shall be appointed by the Board of Directors of the Association, each such member to serve for a term of one (1) year, said term to expire upon the date of the annual meeting of the Association. Each member of the Committee shall have one (1) vote and a majority vote of the Committee shall be required to constitute Committee action on any issue brought before the Committee. Upon the date upon which Declarant shall no long own any "Declarant's Property", the Committee shall assume and be responsible to all of the approvals and responsibilities set forth in subparagraph 1 of paragraph A of this Article with regard to Architectural Control within the Properties. Upon approval by the Committee of the Plans as herein provided, the Committee shall evidence its approval in writing, with each member of the Committee indicating his/her written approval by memorandum or directly upon such Plans and the applicant Owner may then commence construction in accordance with such Plans. The Committee shall approve or reject in writing any Plans within thirty (30) business days after the receipt of the submitted Plans or such approval will deemed to have been given.

Section 2. Limitation of Liability. No approval of Plans by Declarant or by the Committee shall be construed as a representation, warranty or implication that the Improvements, if built in accordance therewith, will be free from defects, shall meet applicable codes and laws, or will be built in a good and workmanlike manner. Any approvals of Declarant or of the Committee shall be concerned solely with matters of aesthetics and the satisfaction of the requirements set forth in the Declaration. None of the Declarant, the Association, the Committee, the Board of Directors, or the officers of Members of the Association, shall be liable or responsible to anyone submitting Plans for approval for any loss or damage arising out of or related to the approval, disapproval or failure to approve any such Plans, the noncompliance of such Plans with applicable codes and laws, or the construction undertaken pursuant to such Plans. Approval of the Plans by

Declarant or by the Committee shall not be construed as approval of any Plans, or as an indication of approval of any Plans by the appropriate authorities of Wake County, North Carolina.

ARTICLE XI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. Funds of the Association shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors may select.

ARTICLE XII

RECORD OF MEMBERSHIP BOOK

Section 1. The Board of Directors shall cause the Secretary of the Association to maintain at all times a listing of the Members of the Association, together with the address of each of the Members as supplied to the Secretary by the Members.

Section 2. Closing Record of Membership Book and Fixing 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 or any other proper purpose, the Board of Directors may provide that the Record of Membership Book shall be closed for a stated period but not to exceed, in any case, thirty (30) days. If the Record of Membership Book shall be closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members, such book shall be closed for a least ten (10) day immediately preceding such meeting.

In lieu of closing the record of Membership Book, 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 thirty (30) days and, in case of a meeting of Members, not less than ten (10) days immediately preceding the date on which the particular action, requiring such determination of Members, is to be taken. If the Record of Membership Book is not closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, the date on which notice of the meeting is mailed shall be the record date for such determination of Members.

When a determination of Members entitled to a vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof except

where the determination has been made through the closing of the Record of Membership Book and the stated period of closing has expired.

ARTICLE XIII

INDEMNIFICATION AND REIMBURSEMENT OF DIRECTORS AND OFFICERS

Section 1. Expenses and Liabilities. The association shall have the power to indemnify any present or former director or officer of the Association with respect to any liability or litigation expenses, including reasonable attorney's fees, incurred by any such person to the extent and upon the terms and conditions provided by law. Therefore, to the extent and upon the terms and conditions provided by law, the association shall so indemnify any and all of its officers and directors against liability and litigation, expenses, including reasonable attorney's fees, arising out of their status as such or their activities in any of the foregoing capacities (excluding, however, liability or litigation expenses which any of the foregoing may incur on account of his or her activities which were, at the time taken, known or believed by him or her to be clearly in conflict with the best interest of the Association). Such officers and directors shall be entitled to recover from the Association, and the Association shall pay, all reasonable costs, expenses, and attorney's fees in connection with the enforcement of rights to indemnification granted herein. Any person who at any time after the adoption of this Bylaw serves or has served as an officer or director of the Association or on behalf of the Association shall be deemed to be doing or have done so in reliance upon and as consideration for the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Bylaw.

The right of indemnification hereinabove provided for shall not be exclusive of any rights to which any such director or officer may otherwise be entitled under any Bylaw, agreement, vote of the Board of Directors or Members or otherwise with respect to any liability or litigation expenses arising out of his or her activities in such capacity.

Section 2. Advancement Payment of Expenses. Expenses incurred by a director or officer of the Association in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized by the Board of Directors in the specific case or as authorized or required under any charter of Bylaw provision or by any applicable resolution or contract, upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association against such expenses. Notwithstanding the above, the Association shall, upon receipt of an undertaking by or on behalf of the director or officer involved to repay the expenses described above unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association against such expenses, pay such expenses incurred by such director or officer in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding.

Section 3. Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Association, or is or was serving at the request of the Association as a director or officer of the Association against any liability asserted against him or her and incurred by him or her in such capacity, or arising out of his/her status as such, whether or not the association would have the power to indemnify him or her against such liability.

ARTICLE XIV

ASSESSMENTS

Section 1. Annual and Special Assessments. As more fully provided in Article VII of the Declarations, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon which the assessment is made. Any assessments which are not paid when due shall be delinquent. Any assessment not paid within ten (10) days after the due date shall bear a late charge in the amount of twenty-five dollars (\$25.00) or such other amount as the Board of Directors shall from time to time establish, and, if not paid within thirty (30) days after the due date, shall bear interest from the due date at the rate of twelve (12%) percent per annum, or the highest rate allowed by law, whichever is less. The Association may bring an action at law against the Owner personally obligated to pay the same and/or may foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorney's fees of any such action or foreclosure shall be added to the amount of such assessment. No Owner/Member may waiver or otherwise escape liability for the assessments provided for herein or in the Declarations by nonuse of the Common Areas or by abandonment of his or her Lot. Owners/holders/mortgagees of a first deed of trust or first mortgage on a Lot in the Subdivisions shall not be required to collect Annual and/or Special Assessments. Each Lot Owner (Member) shall be responsible for payment of any and all Annual and/or Special Assessments directly to the Association or its designated representative. Failure of a Member to pay Annual and/or special Assessments shall not constitute a default under an insured HUD/FHA/VA mortgage.

Section 2. Declarations Control. The Association, the Board of Directors and all of the Members of the Association shall be bound by the terms and provisions of Article VII of the Declarations ("COVENANT FOR MAINTENANCE ASSESSMENT"), which said terms and provisions are incorporated herein by reference. All assessments shall be levied, fixed, established and collected pursuant to the terms of said Article VII of the Declarations.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Seal. The corporate seal of the Association shall consist of two (2) concentric circles between which is the name of the Association and in the center of which is inscribed "SEAL"; and such seal, as impressed on the margin hereto, is hereby adopted as the Corporate seal of the Association.



Section 2. Waiver of Notice. whenever any notice is required to be given to any Member or Director by law, by the charter or by these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such Notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

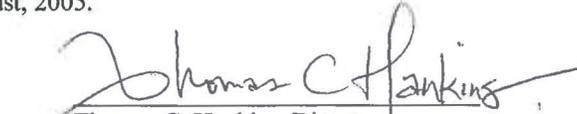
Section 3. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

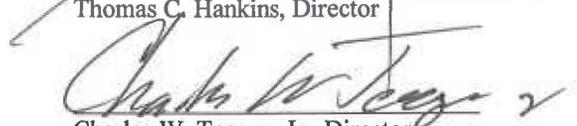
Section 4. Amendments. Subject to the terms and provisions of Section 5 of this ARTICLE XV, these By-Laws may be amended by the vote of two-thirds (66-2/3%) of the Members voting in person or by proxy on such matter at a meeting called for such purpose,

written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting. For so long as Declarant shall be a Class B Member, no

Bylaw adopted or amended by the Declarant or by the Members shall be altered or repealed by the Board of Directors.

This the 31st day of August, 2005.


Thomas C. Hankins, Director


Charles W. Teague, Jr., Director

WRITTEN CONSENT OF THE INITIAL DIRECTORS
OF THE
PARKER FALLS HOMEOWNERS ASSOCIATION, INC.
TO
ACTION WITHOUT MEETING

Pursuant to the provisions of Section 55A-24.1 (a) of the North Carolina Nonprofit Corporation Act, the undersigned, being the initial Directors of PARKER FALLS HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation (hereinafter referred to as the "Corporation"), do hereby adopt the following Resolutions by signing their written consent thereto:

ARTICLES OF INCORPORATION

RESOLVED, that a certified copy of the Articles of Incorporation of the Corporation, the original of which was filed in the Office of the Secretary of State of North Carolina on the 29th day of August, 2005, be placed in the Minute Book of the Corporation

ADOPTION OF BY-LAWS AND DECLARATION

RESOLVED, that the By-Laws of the Corporation, which have been inserted in the Minute Book of the Corporation immediately preceding this Written Consent be, and they hereby are, adopted as the By-Laws of the Corporation, and that the "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PARKER FALLS NORTH SUBDIVISION" recorded in Book 11425, Page 2690, and amended in Book 11533, Page 892, all of the Wake County Registry, and the "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PARKER FALLS SOUTH SUBDIVISION" recorded in Book 11425, Page 2666, and amended in Book 11533, Page 897, all of the Wake County Registry, copies of which are attached hereto, be, and they hereby are, adopted as part of the By-Laws of the Corporation.

ELECTION OF DIRECTORS

RESOLVED, that Thomas C. Hankins and Charles W. Teague, Jr. be and they hereby are, elected as the two (2) Directors of the Corporation to serve in such capacity until their successors shall have been duly elected and qualified.

ELECTION OF OFFICERS

RESOLVED, that the following persons be, and they hereby are, elected as officers of the Corporation to serve in such capacities at the pleasure of the Board of Directors until their successors shall have been duly elected and qualified:

<u>Name:</u>	<u>Office</u>
Thomas C. Hankins	President
Charles W. Teague, Jr.	Vice President
Thomas C. Hankins	Treasurer
Charles W. Teague, Jr.	Secretary

FISCAL YEAR

RESOLVED, that the fiscal year of the Corporation be, and the same hereby is, established as January 1 through December 31.

BANKING RESOLUTION

RESOLVED, that the SouthTrust Bank, Raleigh, North Carolina, (the "Bank") be, and same hereby is, designated as a depository of the Corporation; and

RESOLVED FURTHER, that the resolution in the form requested by the Bank, a copy of which form is attached hereto as Exhibit A and made a part hereof, be, and the same hereby is, adopted and approved as the resolution of this Corporation; and

RESOLVED FURTHER, that the President and Secretary of the Corporation be, and they hereby are, authorized and directed to certify to the Bank the adoption of said resolution.

ADOPTION OF A CORPORATE SEAL

RESOLVED, that the form of corporate seal which is impressed on the margin of this page be, and the same hereby is, approved and adopted as and for the Corporate Seal of the Corporation.

AUTHORIZATION TO SECURE NECESSARY CORPORATE BOOKS

RESOLVED, that the President and the Secretary of the Corporation, and they hereby are, authorized and directed to procure all corporate books and books of account required by the Statutes of the State of North Carolina or necessary as appropriate in connection with the business of the Corporation

AUTHORIZATION TO PAY ORGANIZATIONAL EXPENSES

RESOLVED, that the Treasurer of the Corporation be, and he hereby is, authorized and directed to pay all expenses and to reimburse all persons or entities made in connection with the organization of the Corporation, including but not limited to filing fees paid to the Secretary of State and legal expenses incurred.

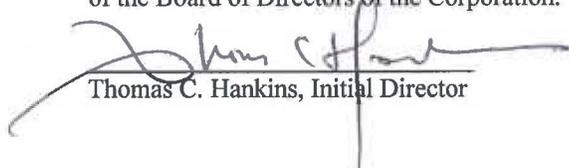
RATIFICATION OF ALL ACTS TAKEN BY THE INCORPORATOR

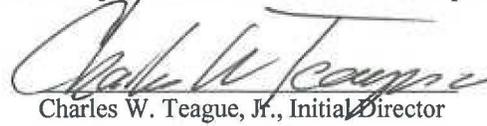
RESOLVED, that all acts taken by Thomas C. Hankins as the Incorporator prior to incorporation on behalf of the corporation, and the same hereby are, ratified, confirmed and approved.

RATIFICATION OF ALL ACTS TAKEN BY THE OFFICERS
AND DIRECTORS OF THE CORPORATION SINCE INCORPORATION

RESOLVED, that all acts taken by the officers and directors of the Corporation on behalf of the Corporation since incorporation be, and the same hereby are, ratified, confirmed, approved and adopted as the official acts of the Corporation.

This action and these Resolutions are effective as of the 31st day of August, 2005, and shall be filed with the Secretary or the Corporation as part of the corporate records and minutes of the proceedings of the Board of Directors of the Corporation.


Thomas C. Hankins, Initial Director


Charles W. Teague, Jr., Initial Director