

BY-LAWS

OF

THE WOODS OF PARKSIDE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is THE WOODS OF PARKSIDE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 7000 Six Forks Road, Wake County, Raleigh, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to THE WOODS OF PARKSIDE HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property including improvements thereto owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets.

Section 5. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to J.A.G., Inc., its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Wake County, North Carolina.

Section 8. "Member" shall mean and refer to those persons or entities entitled to membership as provided in these By-Laws.

Section 9. "Majority Lender" shall mean the lenders who collectively hold at least fifty-one (51%) percent of all outstanding first mortgages and deeds of trust on the Lots.

ARTICLE III MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every owner of a Lot which is subject to assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot subject to assessment. The voting rights of the Members shall be as provided in these By-Laws.

Section 2. Property Rights. Each Member shall be entitled to the use and enjoyment of the facilities as provided in the Declaration. Any Member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property. Such Member shall notify the secretary of the Association in writing of the name of the delegate. The rights and privileges of such delegates are subject to suspension to the same extent as those of the Member.

ARTICLE IV MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Number of members who must be present to validate a meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Authority To Set Quorum.

Section 5. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting, the members shall elect one director for a term of one (1) year, one director for a term of two (2) years, and one

director for a term of three (3) years; and at each annual meeting thereafter the Members shall elect directors for of term of three years (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of both classes of Members of the Association. In the event of the death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board of Directors shall also be removed upon petition by the Majority Lender. Such petition for removal shall state that a member or members of the Board of Directors has failed to carry out his duties as required by the declaration and these By-Laws and give the factual basis therefor, and shall state such failure has resulted in the Majority Lender's security being jeopardized or diminished. Upon receipt of such petition, a special meeting of the Board or the Members as provided hereafter shall be called and the director or directors specified in such petition shall be removed and a new director or directors shall be elected. It is specifically recognized that the Majority Lender shall have standing to take such action as may be necessary to enforce the obligations of the Board of Directors contained in the Declaration and these By-Laws.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without A Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors as the representative of the Class A members 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 until

the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for 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 by the Class A members. Such nominations may be made from among Members or non-members. The Declarant shall nominate directors to represent the Class B member on the Board.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members of their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3. Election by Class. The Class B Member shall be entitled to elect two (2) members of the Board of Directors and the Class A Members shall be entitled to elect one (1) member of the Board of Directors. At such time as there shall no longer be a Class B Member, the Class A Members shall elect all three (3) directors.

ARTICLE VII MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, or at such other periodic intervals as may be established by the Board of Directors from time to time, 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 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members, and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to the use of the recreational facilities of a member during any period if any assessment, dues or charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days from 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 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 or in the event that the Majority Lender petitions for the removal of one or more members of the Board. The member or members which the Majority Lender petitions to be removed shall not vote on their own removal. If the Majority Lender petitions for the removal of two (2) directors, the remaining director shall constitute a quorum and shall act to remove the two (2) directors to be removed and appoint two (2) successors who shall not be the same directors previously removed upon petition by the Majority Lender. In the event that the Majority Lender petitions for the removal of all the members of the board, a special meeting of the members shall be called and the existing directors shall be removed and new directors (other than directors previously removed) shall be elected;

(e) employ a manager, a managing agent, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) employ attorneys to represent the Association when deemed necessary.

Section 2. Duties. 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, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) retain at all times a managing agent (the "Managing Agent") approved by the Majority lender. All agreements with the Managing Agent shall contain a provision allowing cancellation upon thirty (30) days' notice in the event that the Majority Lender shall so request. The Board of Directors shall remove the Managing Agent and retain another Managing Agent approved by the Majority Lender upon request by the Majority Lender. The form of the Managing Agent Agreement shall be submitted to the Majority Lender for its approval prior to execution. In the event that the Board of Directors shall fail to continuously retain a Managing Agent approved by the Majority Lender, the Majority Lender is hereby delegated the authority to retain a Managing Agent on behalf and at the expense of the association on such terms and conditions as the Majority Lender may deem appropriate;

(d) take such actions as are required in the Declaration, including but not limited to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period in an amount sufficient to fund the budget for the upcoming year as submitted by the Managing Agent, including the creation of reserves for major replacements and repairs;

(2) levy such special assessment as may be required in order to fund operation of the Properties, including but not limited to major repairs and replacements for the upcoming year as suggested by the Managing Agent, to the extent funds therefore are not available from reserves;

(3) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;

(4) commence foreclosure proceedings to enforce the lien against any property for which assessments are not paid

within ninety (90) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(5) maintain the Common Areas and the exteriors of all structures located on the Properties, including the structures located on the Lots, as well as all utilities located in the Common Areas; and

(6) pay all taxes and assessments levied on the Common Areas.

(e) issue, or to cause an appropriate officer to issue, upon demand by any person, 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;

(f) procure and maintain adequate liability insurance covering the Association, its directors, officers, agents and employees and to procure and maintain adequate liability insurance with replacement coverage on the real and personal property owned by the Association and the structures located on the Common Areas and the Lots. Each Owner shall maintain his own insurance coverage for his own personal property and the contents of his living unit. In the event of damage or destruction of any of the improvements located on the Common Areas or the structures located on the Lots, the Board of Directors shall promptly cause any such damage to be repaired using insurance proceeds and reserves (to the extent necessary) to the extent that the cost of repair is covered by insurance, the Association shall, to the extent possible, waive the right of subrogation against any Lot Owner. To the extent that such damage or destruction is not covered by insurance and is due to the fault of a Lot Owner, his family, tenants, guests or invitees, such Lot Owner shall be required to reimburse the Association for the cost of any such repairs, and the cost thereof shall become a special assessment against such Owner's Lot, creating a lien and a personal obligation as provided in the Declaration;

(g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate or as may be required by the Majority Lender; and

(h) cause an adequate reserve be established for major repairs and replacements. Such reserve shall be used only for such items as exterior painting and preparation, replacement

of gutters and roofs, major repairs to streets, parking areas and utilities, major replacement or reworking of shrubbery and landscaping. For the purpose hereof repairs and replacements shall be deemed to be major if the cost thereof exceeds \$300.00.

ARTICLE IX
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualify to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, management agreements and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) 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; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall cause the Management Agent to prepare and annual budget and statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 8. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

ARTICLE X
INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify any Director or officer or former officer of Director of the Association against expenses actually and necessarily incurred by him in connection with the defense of any action, suit, or proceeding in which he is made a party by reason of being or having been such Director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty.

ARTICLE XI
COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

Section 1. Landscaping and Architectural Control Committee. The Landscaping and Architectural Control Committee shall be three (3) or more representatives appointed by the Board of Directors, whose function shall be review and approval or disapproval of proposals made by individual Owners. The Owner requesting approval shall submit plans and specifications to the Landscaping and Architectural Control Committee. In the event the Board of Directors or the Landscaping and Architectural Control Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, then said plans and specifications must be resubmitted to the Board of Directors or the Landscaping and Architectural Control Committee a second time and if said plans are not approved or disapproved within fifteen (15) days after the second submission of said plans and specifications, said plans and specifications shall be deemed approved. Provided, however, that the inaction of the Board of Directors or Landscaping and Architectural Control Committee shall not be deemed to be approval of any plans which call for alteration or modification of the exterior of any structure located on any Lot. The Declarant or its designated agent, for the purpose of approving such plans and specifications shall sit on the Board of Directors and the Landscaping and Architectural Control Committee until Class B membership in

this Association as defined hereinabove, no longer exists. Provided, further, that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant. As a condition to the granting of approval of any request made under this Article, the Board of Directors or the Landscaping and Architectural Control Committee may require that the Owner requesting such change be liable for any costs of maintaining or repairing the approved project. If such condition is imposed, the Owner shall evidence his consent thereto by a written document in recordable form satisfactory to the Board of Directors or the Landscaping and Architectural Control Committee. Thereafter, the Owner, and any subsequent owner of the Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree that any costs of maintenance and repair of such improvement shall be a part of the annual assessment or charge.

ARTICLE XII
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIII
ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property 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 the due date, the assessment shall bear interest from the due date at the rate of eighteen (18%) percent per annum or the highest rate permitted by law, whichever is lower, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessments. No Owner may waive or otherwise -- escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XIV
AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of two-thirds (2/3) of all Members, provided, however, that any proposed amendment hereto must have the prior approval of the Majority Lender.

Section 2. In the case of any conflict between the Articles of Incorporation and the By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV
MISCELLANEOUS

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.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of THE WOODS OF PARKSIDE HOMEOWNERS ASSOCIATION, INC., a North Carolina corporation, and

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the ____ day of _____, 19__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this the 15 day of August, 1988.

Swann B. Houston (SEAL)
SECRETARY