

BYLAWS
OF
LAFAYETTE
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is **LAFAYETTE HOMEOWNERS ASSOCIATION, INC.** (hereinafter referred to as the "Association"). The principal office of the Association shall be located at 5909 Falls of Neuse Road, Wake County, Raleigh, NC 27609. The location of the principal office of the Association may be changed by the Board of Directors. Meetings of members and directors may be held at such places within Wake County, North Carolina as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Act" shall mean and refer to Chapter 47F of the North Carolina General Statutes known as the North Carolina Planned Community Act.

Section 2. "Amenities" shall mean the facilities constructed, erected or installed on the Common Areas for the use, benefit and enjoyment of Members.

Section 3. "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.

Section 4. "Association" shall mean and refer to **LAFAYETTE HOMEOWNERS ASSOCIATION, INC.** its successors and assigns.

Section 5. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 6. "Common Areas" or "Common Properties" shall mean and refer to the real property, together with any improvements thereon, owned by the Association, whether in fee or easement, for the common benefit of the Owners of Lots within the Subdivision, open space lots, including area within any private drainage easements and the Stormwater Control Measures constructed therein, including Stormwater Control Measures situated outside of the public streets, and which serve more than one Lot and are not maintained by any governmental authority. Common Area also includes water and sewer lines which serve more than one Lot and are not located within

a City of Raleigh ("the City") utility easement or a public street right-of-way. The Common Area shall be maintained by the Association, including, but not limited to the funding of the Stormwater Replacement Protection Easement and Access Maintenance Agreement Replacement Contribution (Replacement Contribution Agreement) with the City of Raleigh for the Stormwater Control Measures, or its successors in interest unless dedicated to public use and accepted by a public agency, or authority as set forth herein. The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as "Common Properties". All "Common Properties" are to be devoted to and intended for the common use and enjoyment of the Owners, subject to the fee schedules and operating rules adopted by the Association.

Section 7. "Declarant" shall mean and refer to PSW, L.L.C., a North Carolina Limited Liability Company. It shall also mean and refer to any person, firm or corporation to whom or which PSW, LLC, shall assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Wake County Registry.

Section 8. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision map of the Properties, with the exception of any Common Area owned in fee by the Association and any street rights-of-way shown on such recorded map. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of a new subdivision plat, any newly-platted lot shall thereafter constitute a Lot.

Section 9. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 10. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity redemption, but excluding those having such interest merely as security for the performance of an obligation.

Section 11. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 12. "Properties" shall mean and refer to the certain real property hereinbefore described in Exhibit "A" attached, and incorporated herein by reference, and additions as are subjected to the Declaration or any Supplemental Declaration.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meetings. An annual meeting of the Association shall be held for the purpose of electing members of the Board of Directors and for the transaction of such other business as may be properly brought before the meeting. The annual meetings shall be held at a date, time, and place determined by the Board of Directors

Section 2. Special Meetings: Special meetings of the shareholders may be called at any time by the President or Board of Directors of the Association, or by any member pursuant to the written request of the holders of not less than one-fourth of all votes of Class A membership. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in said notice.

Section 3. Place of Meetings. Meetings of the Members shall be held at such place, within Wake County, North Carolina, as may be determined by the Board of Directors.

Section 4. Notice of Meeting: Except as otherwise provided in the Act Articles of Incorporation, the Declaration, or these By-Laws, written or printed notice stating the time and place of the meeting shall be delivered not less than ten (10) or more than sixty (60) days before the date of any Association 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 entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered 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 the North Carolina Nonprofit Corporation Act.

When a meeting is adjourned for thirty 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 days in any one 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 5. Quorum: Except as otherwise provided in the Act Articles of Incorporation, the Declaration, or these By-Laws, the presence at the meeting of Members or of proxies entitled to cast, ten percent (10%) of the votes appurtenant to each Class of Lots in combination (Class A and B) shall constitute a quorum for any action. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. The quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

Section 6. Proxies: Votes may be cast either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney in fact. 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, or 11 months after its date (unless a shorter period is specified), whichever event first occurs.

Section 7. 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 in the minute book of the Association.

Section 8. 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 thirty (30) days delinquent in any payment due the Association shall not be an eligible vote and shall not be counted for purposes of deciding any question so long as such delinquency is not cured, nor shall such member be eligible to be elected to the Board of Directors.

Section 9. Multiple Owners of Lot. In cases where there are multiple owners of a Lot, if only one of the multiple Owners of a Lot is present at a meeting of the Association, the Owner who is present is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any one of the multiple Owners casts the votes allocated to the Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

ARTICLE IV BOARD OF DIRECTORS

Section 1. General Powers: The business and affairs of the Association shall be managed by its Board of Directors.

Section 2. Number, Term and Qualifications: The number of directors constituting the Board of Directors shall be not less than three (3) during Declarant Control Period as defined in Article I, Section 8 of the Declaration or 3 to 5 members after transition as determined by the membership. At the first annual meeting after Declarant Control Period, the Members may elect two directors to serve for a term of one year, two directors to serve for a term of two years, and the remaining director positions to serve for a term of three years. At subsequent annual meetings thereafter, 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. Directors must be Members of the Association.

Section 3. 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 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 fewer than the number of vacancies that are to be filled.

Section 4. Election. The directors shall be elected by secret written ballot at the annual meeting of the Members. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these By-Laws. The persons receiving the highest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Removal: Any directors may be removed at any time with or without cause, by a majority vote of the members.

Section 6. Vacancies: Any vacancy occurring in the Board of Directors may be filled by the selection of a successor by the remaining Directors, who shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the Directors.

Section 7. Compensation. No Director shall receive compensation for any service he may render to the Association in the capacity of Director. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties.

ARTICLE V MEETINGS OF DIRECTORS

Section 1. Regular Meetings: A regular meeting of the Board of Directors shall be held at least quarterly, without notice and at such place and hour as may be fixed from time to time by the Board of Directors.

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.

Section 4. Informal Action by Directors. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is so taken.

Section 5. 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 6. Participation in Meetings by Means of Conference Telephone. Members of the Board of Directors, or any committee of the Board, may participate in a meeting of the Board or of such committee by means of a conference telephone or similar communications device by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

ARTICLE VI 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 Areas and the personal conduct of the Members and their guests thereon, and to establish suspensions, fines and penalties for the infraction thereof. No suspension, fine, penalty or infraction shall be imposed without notice of the charge and opportunity to be heard and to present evidence and notice of the decision;

(b) suspend a Member's voting rights and right to use of any recreational facilities during any period in which he shall be in default in the payment of any assessment levied by the Association pursuant to the provisions of the Declaration for a period of thirty (30) days or longer. Such rights may also be suspended after such notice and hearing as the Board, in its discretion, may determine, for a period not to exceed 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 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 director shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, independent contractors, or such other employees or agents as it may deem necessary and prescribe their duties. In the event a contract is entered into with a management company to manage the affairs of the Association, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days notice. Any management contract shall be for a term of not more than three years;

(f) employ attorneys and other professionals to represent Association when necessary;

(g) grant easements for the installation and maintenance of sewage, cable, utility or drainage facilities upon, over, under and across the Common Areas without the assent of the Members, when such easements, in the opinion of the Board, are necessary for the convenient use and enjoyment of the Property;

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient;

(i) contract for the provision of a central television antenna, or, in the absence of the availability thereof, to supply cablevision for the convenience of the Members, the cost of either of which may be included in annual or special assessments, and regulate or prohibit the erection of television antenna or dishes on individual lots; and

(j) contract with the owners of recreational facilities for the use of such facilities by the members, which use shall be optional with all fees for such use to be paid directly to the owners by the member, and not as a part of the "Assessment" or dues, or furnish such facilities within the "Common Area".

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 Association affairs 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 Members entitled to at least one-fourth (1/4) of the votes appurtenant to Class A. Lots;

(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:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days before January 1 of each year;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days before each annual assessment period; and

(3) as to any Lot for which an assessment is not paid within thirty (30) days after it becomes due, 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 office to 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 made by the Board of Directors for the issuance of such certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability insurance covering the Association in an amount not less than \$1,000,000.00 and full replacement value hazard insurance on the real and personal property owned by the association and procure and maintain officers', directors' and employees' liability insurance;

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

(g) cause the Common Areas including Stormwater Control Measures and all facilities erected thereon to be maintained;

(h) establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements constructed on the Common Areas;

(i) provide such notices to and obtain such consents from the owners and holders of first deeds of trust on Lots within Lafayette Subdivision as is required by the Declaration or these By-Laws; and

(j) pay all ad valorem and public assessments levied against the real and personal property owned in fee by the Association.

ARTICLE VII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the 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 Director, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

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

Section 8. Duties. The duties of the officers are as follows:

(a) President. 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, promissory notes, mortgages, deeds and other written instruments, and, in the absence of the Treasurer, shall sign all checks.

(b) Vice Presidents: The Vice President shall act in the place instead of the President in the event of his death, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary: 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 a seal, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members, keep appropriate current records showing the Members of the Association and their addresses, and perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all fund of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks of the Association, shall keep proper books of account, shall cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year, and 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.

ARTICLE VIII COMMITTEES

The Board of Directors of the Association may appoint a Nominating Committee, as provided in these By Laws, and shall appoint an Architectural Control Committee, as provided in the Declaration. The Board of Directors may appoint such other committees as it deems appropriate in carrying out its purpose.

ARTICLE IX BOOKS AND RECORDS

The books, records and papers of the Association shall at all time, during reasonable business hours, be subject to inspection by any Member or his authorized agent with just cause and by appointment. The Declaration, the Articles of Incorporation and the By-Laws of the Association, current rules and regulations governing the use of the Common Area and the Lots, and any current Architectural Guidelines shall be available for inspection at the principal office of the Association, where authorized copies, as outlined in a resolution by the Board of Directors, may be purchased at reasonable cost.

ARTICLE X ASSESSMENTS

As more fully provided in Article V of 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 date of delinquency at the rate of eighteen percent (18%) per annum or the maximum interest rate charge as may be established by the Board of Directors, 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 for which such assessment is due. Interest, costs, and reasonable attorneys' 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 nonuse of the Common Area or abandonment of his unit.

ARTICLE XI CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words;
LAFAYETTE HOMEOWNERS ASSOCIATION, INC.

ARTICLE XII AMENDMENTS AND CONFLICTS

Section 1. Amendments. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of members present at a meeting duly

called for such purpose, in person or by proxy.

Section 2. Conflicts. In case of any conflict between the Articles of Incorporation and these 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 XIII 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.

CERTIFICATION

I, the undersigned, do hereby certify: That I am duly elected and acting Secretary of the **LAFAYETTE HOMEOWNERS ASSOCIATION, INC.**, a North Carolina non-profit corporation, and that the foregoing By-Laws constitute the original By-Laws of said **LAFAYETTE HOMEOWNERS ASSOCIATION, INC.**, as a duly adopted at a meeting of the Board of Directors thereof, held on the ____ day of _____, 20 ____.

IN WITNESS WHEREOF, I hereunto subscribed my name and affixed the seal of said **LAFAYETTE HOMEOWNERS ASSOCIATION, INC.** this ____ day of _____, 20 ____.

_____, Secretary