

BYLAWS
OF
PARKRIDGE LANE
CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

A corporation not for profit under
the laws of the State of North Carolina

1. IDENTITY

These are the Bylaws of Parkridge Lane Condominium Homeowners Association, Inc., a nonprofit corporation under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State of North Carolina. Parkridge Lane Condominium Homeowners Association, Inc., hereinafter called the "Association," has been organized for the purpose of administering the operation and management of Parkridge Lane Condominium (the "Condominium"), a condominium established or to be established in accordance with the laws of the State of North Carolina upon the property situated, lying and being in Raleigh, Wake County, North Carolina, and shown on Schedule "A" attached hereto and incorporated herein by reference or so much thereof as may be brought within the jurisdiction of the Association and any additional property which may hereafter be brought within the jurisdiction of the Association.

a) The provisions of these Bylaws are applicable to the Condominium, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions and authorization contained in the Articles of Incorporation and which may be contained in the formal Declaration of Condominium which will be recorded in the Public Records of Wake County, North Carolina (the "Declaration"), at the time said property and the improvements now or hereafter situated thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles of Incorporation and Declaration to be controlling wherever the same may be in conflict herewith.

b) All present and future owners, tenants, their guests and invitees, and all other persons and entities that might use Parkridge Lane Condominium or any of the facilities thereof in any manner, are subject to the regulations set forth in these Bylaws and in said Articles of Incorporation and Declaration.

c) The office of the Association shall be at 1121-107 Parkridge Lane, Raleigh, North Carolina, or such other place as the Executive Board shall designate from time to time.

d) The fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Unit.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

a) The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members shall be as set forth in Article VI of the Articles of Incorporation of the Association, the provisions of which said Article are incorporated herein by reference.

b) A quorum is deemed present throughout any meeting of the members of the Association if persons entitled to cast ten percent (10%) of the votes which may be cast for election of the Executive Board are present in person or by proxy at the beginning of the meeting.

c) If only one of the multiple owners of Unit is present at a meeting of the Association, he is entitled to cast all the votes allocated to that Unit. If more than one of the multiple owners are present, the votes allocated to that Unit 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 that Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit.

d) Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by written notice of revocation delivered to the person presiding over a meeting of the Association. A proxy is void if it is not dated. A proxy terminates one year after its date, unless it specifies a shorter term.

e) Approval or disapproval of a Unit Owner upon any matter, whether or not the subject of a meeting of the Association, shall be by the same person who would cast the vote of such Unit Owner if in an Association meeting.

f) Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these Bylaws or the Declaration, or whether the same may otherwise be required by law, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called meeting of the Association at which a quorum is present shall be binding upon the members.

3. ANNUAL AND SPECIAL MEETING OF MEMBERSHIP

a) The first Annual Meeting shall be held within one (1) year of the incorporation of the Association. During the same calendar month each year thereafter, the Annual Meeting of the Association shall be held at such time and place as may be designated in the notice of meeting, for the purpose of informing the membership of the names of the individuals appointed to the new Executive Board, of informing the membership of the status of the budget for the coming year and for such other purposes as the Executive Board may determine.

b) Special meetings of the Association shall be held whenever called by the President or Vice-President or by a majority of the Executive Board and must be called by such Officers upon receipt of a written request from members of the Association owning twenty percent (20%) of the Units.

c) Notice of all meetings of the Association, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other Officer of the Association in the absence of said Officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place of the meeting and the items on the agenda of such meeting, including the general nature of any proposed amendment to the Declaration or these Bylaws, any proposed budget changes and any proposal to remove an Executive Board Member or Officer. Such notice shall be given to each member not less than ten (10) days nor more than fifty (50) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his post office address as it appears on the records of the Association (Register of Owners) as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice and, when filed in the records of the Association, whether before or after the holding of the meeting, such waiver shall be deemed equivalent to the giving of notice to the member. If any meeting of the Association cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these Bylaws or the Declaration), the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

d) The order of business at Annual Meetings of the Association and, as far as practical, at any other meetings of the Association, shall be:

- i) Calling of the roll and certifying of proxies;
- ii) Proof of notice of meeting or waiver of notice;
- iii) Reading and disposal of any unapproved minutes;
- iv) Reports of Officers;
- v) Reports of Committees;
- vi) Election of Executive Board Members;
- vii) Unfinished business;
- viii) New business; and
- ix) Adjournment.

4. EXECUTIVE BOARD

a) The first Executive Board of the Association and all succeeding Executive Boards during the period Arnage Capital Investment Property Number Twenty, LLC, a North Carolina limited liability company, its successors or assigns (hereinafter called "Declarant") retains the right to appoint a majority of the Executive Board of the Association as set forth in Article XXXII of the Declaration and this paragraph 4 shall consist of three (3) persons. Thereafter the Executive Board shall consist of five (5) persons. Notwithstanding the foregoing, for the period commencing on the date the Association is formed and ending one hundred twenty (120) days after the conveyance of seventy-five percent (75%) of the units (including units which may be created pursuant to Special Declarant Rights; (i.e., seventy-five percent (75%) of one hundred eighty-nine (189) Units) to Unit Owners other than a declarant, but in any event no longer than two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business, two (2) years after the last exercise of any Development Rights set out in Article V of this Declaration or five (5) years from the date of recording of the Declaration, whichever occurs first, Declarant shall have the right to designate and select all of the persons who shall serve as members of each Executive Board of the Association, except as follows:

A. Not later than 60 days after conveyance of twenty-five percent (25%) of the units (including units which may be created pursuant to Special Declarant Rights; (i.e., twenty-five percent (25%) of one hundred eighty-nine (189) Units) to Unit Owners other than a declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant; and

B. Not later than 60 days after conveyance of fifty percent (50%) of the units (including units which may be created pursuant to Special Declarant Rights; (i.e., fifty percent (50%) of one hundred eighty-nine (189) Units) to Unit Owners other than a declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Unit Owners other than the declarant.

b) Election of Executive Board Members shall be conducted in the following manner:

i) Declarant shall, at the beginning of the election of the Executive Board, designate and select that number of Executive Board Members which it shall be entitled to designate and select in accordance with the provisions of these Bylaws, and upon such designation and selection of Declarant by written instrument presented to the meeting at which such election is held, said individuals so designated and selected by Declarant shall be deemed and considered for all purposes Executive Board Members, and shall thenceforth perform the offices and duties of such Executive Board Members until their successors shall have been selected or elected in accordance with the provisions of these Bylaws. Any Executive Board Member designated by and selected by Declarant need not be a Unit Owner resident in the Condominium.

ii) All Members of the Executive Board whom Declarant shall not be entitled to designate and select under the terms and provisions of these Bylaws shall be elected by a plurality of the votes cast at the Annual Meeting of the members of the Association immediately following the designation and selection of the Members of the Executive Board

whom Declarant shall be entitled to designate and select. At least a majority of the Executive Board Members selected by the members of the Association shall be members of the Association or employees, shareholders or partners of a corporate or partnership member of the Association.

iii) Vacancies in the Executive Board may be filled until the date of the next Annual Meeting of the Association by the remaining Executive Board Members except that should any vacancy in the Executive Board be created by any person designated and selected by Declarant to serve as Member of the Executive Board, such vacancy shall be filled by Declarant designating and selecting, by written instrument delivered to any Officer of the Association, such successor to fill the vacated Executive Board position for the unexpired term thereof.

iv) Unless a different term of office is specified by the Executive Board, at the first Annual Meeting of the Association, the term of office of two (2) Executive Board Members shall be established at two (2) years, and the term of office of the other Executive Board Member shall be established at one (1) year. Thereafter, unless otherwise specified by the Executive Board, Executive Board Members shall be elected at the Annual Meeting for a term of two (2) years expiring at the second Annual Meeting following their election, and thereafter until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law.

v) In the election of Executive Board Members there shall be appurtenant to each Unit one (1) vote for each Executive Board Member position to be filled; provided, however, that no member or Owner of one (1) Condominium Unit may cast a vote greater than the Unit's Allocated Interest in the Common Elements for any one person nominated as a Executive Board Member, it being the intent hereof that voting for Executive Board Members shall be noncumulative. Notwithstanding the fact that Declarant may be entitled to designate and select a majority of the Members of the Executive Board, and subject to the provisions contained in Paragraph 4b, Declarant shall still be entitled to cast the vote for each Unit owned by it in the elections of other Executive Board Members; provided, however, that the other Executive Board Members elected are persons other than officers, directors, stockholders, partners and employees of Declarant, or spouses and relatives of any of said persons.

vi) In the event that Declarant, in accordance with the rights herein established, selects any person or persons to serve on any Executive Board of the Association, Declarant shall have the absolute right at any time, in its sole discretion, to replace such person or persons with another person or persons to serve on said Executive Board. Replacement of any person or persons designated by Declarant to serve on any Executive Board of the Association shall be made by written instrument delivered to any Officer of the Association, which instrument shall specify the name or names of the person or persons to be replaced and the name or names of the person or persons designated as successor or successors to the persons so removed from said Executive Board. The removal of any Executive Board Member and designation of his successor shall be effective immediately upon delivery of such written instrument by Declarant to any Officer of the Association.

c) The organizational meeting of each newly elected Executive Board shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Executive Board Members at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary provided a quorum shall be present.

d) Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the Executive Board. Notice of regular meetings shall be given to each Executive Board Member, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.

e) Special meetings of Executive Board the may be called by the President, and must be called by the Secretary at the written request of a majority of the Executive Board Members. Not less than three (3) days' notice of a meeting shall be given to each Executive Board Member, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

f) Any Executive Board Member may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

g) A quorum at a meeting of the Executive Board shall consist of the presence throughout such meeting of Executive Board Members entitled to cast fifty percent (50%) of the votes of the entire Executive Board. The acts of the Executive Board approved by a majority of the votes cast at a meeting at which a quorum is present shall constitute the acts of the Executive Board, except as specifically otherwise provided in the Articles of Incorporation, these Bylaws, or the Declaration. If any meeting of the Executive Board cannot be organized because a quorum has not attended, or because the greater percentage of the Executive Board Members required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these Bylaws or Declaration, the Executive Board Members who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

h) The Presiding Officer of Executive Board meetings shall be the Chairman of the Executive Board, if such an Officer has been elected; and if none, then the President of the Association shall preside. In the absence of the Presiding Officer, the Executive Board Members present shall designate one of their number to preside.

i) An Executive Board Member shall not be compensated for his services rendered in such capacity; provided, however, that an Executive Board Member shall be reimbursed for expenses incurred in the performance of his duties. This provision shall not preclude the Executive Board from employing an Executive Board Member as an employee of the Association and compensating such person as an employee, nor preclude the contracting with an Executive Board Member for the Management of the Condominium.

j) All of the powers and duties of the Association shall be exercised by the Executive Board, including those existing under the common law and statutes, the Articles of Incorporation of the

Association, these Bylaws and the Declaration. Such powers and duties shall be exercised in accordance with said Articles of Incorporation, these Bylaws and the Declaration, and shall include, without limiting the generality of the foregoing, the following:

i) To make, levy and collect assessments against members and members' Units to defray the costs of the Condominium, as provided for in Article XXVI of the Declaration, which Article is herein incorporated by reference, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association.

ii) To maintain, repair, replace, operate and manage the Common Elements wherever the same is required to be done and accomplished by the Association for the benefit of its members; and further to approve any expenditure made or to be made for said purposes.

iii) To reconstruct any part of the Common Elements after casualty in accordance with Articles XXII and XXIII of the Declaration, and to make further improvement to the Common Elements, real and personal, and to make and to enter into any and all contracts necessary or desirable to accomplish said purposes.

iv) To make, amend and enforce regulations governing the use of the Common Elements and Units so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declaration.

v) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Units in the Condominium as may be necessary or convenient in the operation and management of the Condominium, and in accomplishing the purposes set forth in the Declaration, provided that the acquisition of real property other than Units shall require the approval of the Association.

vi) To acquire now or at any time hereafter, and to enter into leases and agreements whereby the Association acquires leaseholds, memberships and other possessory or use interests in lands or facilities including, but not limited to recreational facilities, whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use or benefit to the owners of Units.

vii) To contract for the management of the Condominium and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the Executive Board or membership of the Association.

viii) To enforce by legal means or proceedings the provisions of the Articles of Incorporation and Bylaws of the Association, the Declaration and the regulations hereinafter promulgated governing use of the Common Elements in the Condominium.

ix) To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than Units and the appurtenances thereto, and to assess the same against the members and their respective Units subject to such liens.

x) To purchase insurance for the protection of the members and the Association against casualty and liability in accordance with Article XXII of the Declaration.

xi) To pay all costs of power, water, sewer and other utility services rendered to the Condominium and not directly billed to the Unit Owners.

xii) To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the Condominium including the Common Elements.

xiii) To establish an adjudicatory panel to provide a hearing to determine if a Unit Owner should be fined an amount not to exceed One Hundred Fifty Dollars (\$150.00) for a violation of the Declaration, these Bylaws or any other rules or regulations of the Association. The adjudicatory panel shall accord to the Unit Owner charged with the violation notice of the charge, an opportunity to be heard and to present evidence, and notice of the panel's decision. Any fine established hereunder by an adjudicatory panel shall be an assessment against the Unit Owner charged with the violation and a lien against said Unit Owner's Unit, subject to all the provisions and enforcement of Article XXVI of the Declaration.

xiv) To establish an adjudicatory panel to provide a hearing to determine if a Unit Owner is responsible for damages to any Common Elements or whether the Association is responsible for damages to a Unit, in cases where the claim for such damages is Five Hundred Dollars (\$500.00) or less. The adjudicatory panel shall accord to the Unit Owner charged or the Association notice of the claim, an opportunity to be heard and to present evidence and notice of the panel's decision. The panel may assess a per incident liability not in excess of Five Hundred Dollars (\$500.00). A liability assessed against a Unit Owner shall be an assessment against the Unit Owner and a lien against his Unit, subject to all provisions and enforcement of Article XXVI of the Declaration. A liability assessed against the Association may be offset by the Unit Owner whose Unit was damaged by act of the Association to reduce the amount of any assessments owed or to be owed by such Unit Owner.

xv) To convey or subject to a security interest all or a portion of the Common Elements, if such conveyance or encumbrance is approved by Unit Owners owning at least eighty percent (80%) of the Allocated Interest in the Common Elements (including one hundred percent (100%) of the Unit Owners owning Units appurtenant to any Limited Common Elements which are proposed to be conveyed or encumbered). In connection with any encumbrancing of the Common Elements, the Association also may assign its right to future income, including the right to receive Common Expense assessments, if such assignment is approved by Unit Owners owning at least eighty percent (80%) of the Allocated Interests in the Common Elements. The approval of Unit Owners required above shall be evidenced in a writing executed by all such Unit Owners, in the same manner as a deed, and recorded in the public records of Wake County, North Carolina. The agreement must specify a date after which it will be void unless then recorded. Any proceeds derived from the conveyance or encumbrance of Limited Common Elements shall be distributed as agreed upon between the Association and the Unit Owners owning the Units to which such Limited Common Elements are appurtenant. Any proceeds derived from the conveyance or

encumbrance of Common Elements other than Limited Common Elements shall be an exclusive asset of the Association.

xvi) To grant easements, leases, licenses and concessions through, over or with respect to the Common Elements for public utilities or other public purposes consistent with the intended use of the Common Elements by the Condominium without a vote or the consent of the Unit Owners, upon and subject to such terms and conditions as the Association in its sole discretion deems appropriate; provided, however, no such grant shall unreasonably interfere with or obstruct ingress to or egress from any Unit.

k) The undertakings and contracts entered into by or on behalf of the Association during the time Declarant has the right to appoint a majority of the members of the Executive Board of the Association shall be binding upon the Association in the same manner as though such undertakings and contracts had been entered into by or on behalf of the Association after the Executive Board duly elected by the membership of the Association takes office; provided, however that (1) any management contract, employment contract, or lease of recreational or parking areas or facilities, (2) any other contract or lease between the Association and a declarant or an affiliate of a declarant, or (3) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the Executive Board a majority of the members of which are elected by the Unit Owners takes office, upon not less than 90 days' notice to the other party.

l) Any one or more of the members of the Executive Board may be removed, either with or without cause, at any time by a vote of at least sixty-seven percent (67%) of all members present and entitled to vote at any meeting of Unit Owners at which a quorum is present; provided, however, that only the Declarant shall have the right to remove a Director appointed by it.

5. OFFICERS

a) The executive officers of the Association shall be a President, who shall be an Executive Board Member, a Vice-President, a Treasurer, a Secretary and an Assistant Secretary, all of whom shall be elected annually by the Executive Board and who may be peremptorily removed by a vote of the Executive Board at any meeting. Any person may hold two or more offices, except that the President shall not also be Vice-President, Secretary or an Assistant Secretary. The Executive Board shall, from time to time, elect such other officers and designate their powers and duties as the Executive Board shall find to be required to manage the affairs of the Association. Officers shall not be compensated for their services as such, but may receive reimbursement for expenses incurred in such capacity.

b) The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association.

c) The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Executive Board.

d) The Secretary shall keep the minutes of all proceedings of the Executive Board and the members. He shall attend to the giving and serving of all notices to the members of the Association and the Members of the Executive Board, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall be responsible for the preparation, execution, certification and recordation of any amendments to the Declaration which the Association is required or allowed to prepare and record. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Executive Board or the President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

e) The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep, or supervise the keeping of, the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

f) An officer shall not be compensated for his services rendered in such capacity; provided, however, that an officer shall be reimbursed for expenses incurred in the performance of his duties. This provision shall not preclude the Executive Board from employing an officer as an employee of the Association and compensating such person as an employee, nor preclude the contracting with an officer for the management of the Condominium.

g) All Officers shall serve at the pleasure of the Executive Board and any Officer may be removed from office at any time, with or without cause, by a majority vote of the Executive Board.

6. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration of Condominium and Articles of Incorporation shall be supplemented by the following provisions:

a) The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and address of the Unit Owner(s), the amount of each assessment against the Unit Owner(s), the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

b) The Executive Board shall prepare a proposed budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to the following:

i) Common Expense budget which, subject to the limitations in the Declaration, may include the estimated amounts necessary for maintenance and operation of and capital improvements to the Common Elements including landscaping, street and walkways, office

expense, utility services, casualty insurance, liability insurance, administration and reserves (operating and Capital Improvement and Replacement), management fees and costs of maintaining leaseholds, memberships and other possessory or use interests in lands or facilities whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use or benefit to the Unit Owners; and

ii) Proposed assessments against each Unit Owner and his Unit.

Within thirty (30) days after adoption of the Budget by the Executive Board, the Executive Board shall provide a copy of said budget or a summary thereof to each Unit Owner and shall set a date for a meeting of Unit Owners to consider ratification of the proposed budget, such meeting to be held not less than fourteen (14) days and not more than thirty (30) days after mailing of the proposed budget or summary thereof. There is no requirement that a quorum of Unit Owners be present at such meeting. The proposed budget shall be deemed to be ratified unless at such meeting the proposed budget is rejected by the Unit Owners owning at least sixty-seven percent (67%) of the Allocated Interest in the Common Elements. If a proposed budget is rejected, the budget last ratified shall remain in effect until Unit Owners ratify a subsequent budget proposed by the Executive Board.

c) The depository of the Association shall be such bank or banks as shall be designated from time to time by the Executive Board and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Executive Board.

d) An audit of the accounts of the Association for the preceding fiscal year (if the Association has been established for a full fiscal year) shall be made annually, and a copy of the report shall be furnished to each Unit Owner not later than 120 days after the Association's fiscal year-end. The audited statement shall be available to the holder, insurer, or guarantor of any first mortgage that is secured by a Unit on submission of a written request for it.

e) The Executive Board shall maintain fidelity coverage against dishonest acts by the Association's officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association. The amount of such bonds shall be determined as set forth in the Declaration. The premiums on such bonds shall be paid by the Association.

7. PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these Bylaws or with the Statutes of the State of North Carolina.

8. AMENDMENTS TO BYLAWS

Amendments to these Bylaws shall be proposed and adopted in the following manner:

a) Amendments to these Bylaws may be proposed by the Executive Board of the Association acting upon a vote of the majority of the Executive Board Members or by members of the

Association owning a majority of the Allocated Interests in the Common Elements of the Condominium, whether meeting as members or by instrument in writing signed by them.

b) Upon any amendment or amendments to these Bylaws being proposed by said Executive Board or members of the Association, such proposed amendment or amendments shall be transmitted to the President of the Association, or other Officer of the Association in the absence of the President, who shall thereupon call a Special Joint Meeting of the members of the Executive Board of the Association and the membership of the Association for a date not sooner than twenty (20) days or later than fifty (50) days from receipt by such Officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a Special Meeting of the members is required as herein set forth.

c) In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of a majority of the entire membership of the Executive Board and by an affirmative vote of the members of the Association owning in the aggregate not less than sixty-seven percent (67%) of the Allocated Interests in the Common Elements of the Condominium. Thereupon, such amendment or amendments to these Bylaws shall be transcribed, certified by the President and Secretary of the Association.

d) Upon the approval of any amendment or amendments, the same shall become binding upon all Unit Owners.

e) Notwithstanding the foregoing provisions of this Article 8, no amendment to these Bylaws which shall abridge, amend or alter the right of the Declarant to designate and select members of each Executive Board of the Association, as provided in Article 4 hereof or otherwise alter, amend or modify the rights and privileges granted and reserved in the Declaration, the Articles of Incorporation or hereunder in favor of the Declarant, may be adopted or become effective without the prior written consent of the Declarant.

f) Material amendments to these Bylaws must be approved by Institutional Lenders (as defined in Article XXXI of the Declaration) as set forth in Paragraph (C), Article XXIX of the Declaration.

g) So long as Declarant retains the right to appoint a majority of the Executive Board of the Association as set forth in Article XXXII of the Declaration and Article 4 of these Bylaws, any amendment to these Bylaws shall require the prior approval of the Department of Veterans Affairs.

9. AVAILABILITY OF DOCUMENTS AND RECORDS

The Executive Board shall cause to be maintained at the office of the Association a file containing current copies of the Declaration, the Articles of Incorporation, these Bylaws, any Rules and Regulations applicable to the Condominium, and other books, records and financial statements of the Association. Such file and the documents and information contained therein shall be available for inspection, upon request, during normal business hours, to all Unit Owners, Institutional Lenders (as defined in Article XXXI of the Declaration) and prospective purchasers, all of whom may also,

upon request and payment of a reasonable charge determined by the Executive Board, obtain copies thereof.

10. RULES AND REGULATIONS

In the administration of the operation and management of the Condominium, the Association shall have and is hereby granted the authority and power to adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Executive Board of the Association, from time to time may deem to be in the best interests of the Association, including, without limitation, the right to make permanent and temporary assignments of parking spaces and the right to restrict the number type and size of domestic pets and to promulgate rules concerning pet ownership. The Unit Owners shall, at all times, obey said Rules and Regulations and shall use their best efforts to see that they are faithfully observed by their families, guests, invitees, servants, lessees and persons over whom they exercise control and supervision. The following Rules and Regulations shall apply to the Condominium, the Common Elements, the Limited Common Elements and the Units.

a) No Unit Owner shall cause any improvements or alterations to be made to the exterior of the Condominium (including painting or other decoration, the installation of electrical wiring, television or radio antennae, or any other objects or devices which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of the exterior portion of any building without the prior written permission of the Executive Board or a duly appointed Architectural Control Committee. No Unit Owner shall cause any object to be fixed to the Common Elements or to any Limited Common Elements (including the location or construction of fences or the planting or growing of flowers, trees, shrubs or other vegetation) or in any manner change the appearance of the Common Elements or Limited Common Elements without the prior written permission of the Executive Board or a duly appointed Architectural Control Committee.

b) No Unit Owner or resident of the Condominium shall post any advertisements or posters of any kind in or on the Common Elements except as authorized by the Association.

c) Residents shall exercise extreme care about making noises or the use of musical instruments, radios, television sets and amplifiers that may disturb other residents. Those keeping domestic animals will abide by all applicable regulations and ordinances of the City of Raleigh and Wake County and by such additional rules and regulations of the Association, if any, from time to time adopted by the Executive Board of the Association, which rules and regulations may restrict the number, type and size of domestic pets and establish conditions of pet ownership.

d) No garbage or trash shall be thrown or deposited outside the disposal installations provided for such purposes, and no garbage or trash shall be thrown or deposited on any portion of the Common Elements or any deck, patio, stoop, landing or stairwell.

11. ENFORCEMENT

The Association, or any Unit Owner, shall have the right to enforce by any proceeding at law or in equity, the Rules and Regulations of the Association as set forth herein or as they may exist from

time to time. In addition, the Executive Board shall have the right to assess reasonable fines against a Unit Owner for violations of the Association's published Rules and Regulations by such Unit Owner, his family, guests, invitees and lessees. Such fines shall be deemed to be assessments as set forth in Article XXVI of the Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments. Failure by the Association or by any Unit Owner to enforce any rule or regulation shall in no event be deemed a waiver of the right to do so thereafter. The Association shall have the right to request that law enforcement, public safety and animal control officers come on to the Common Elements to facilitate the enforcement of the laws, codes and ordinances of any governmental authority and the Rules and Regulations of the Association.

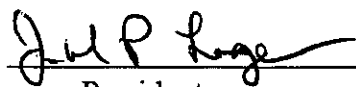
12. COMPLIANCE

These Bylaws are set forth to comply with the requirements of the North Carolina Condominium Act, Chapter 47C of the General Statutes of the State of North Carolina. In the event that any of these Bylaws conflict with the mandatory provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

The foregoing were adopted as the Bylaws of **PARKRIDGE LANE CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**, a nonprofit corporation under the laws of the State of North Carolina, at the first meeting of the Executive Board on _____.


Secretary

APPROVED:


President

SCHEDULE "A"

BEING all of Lot 25 as shown on map entitled "Recombination of Lots 24-32, Methodist Home for Children, Property of McInnis, Hines", recorded in Book of Maps 1986, Page 237, Wake County Registry.