

BY-LAWS
OF
HARRINGTON GROVE COMMUNITY ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is HARRINGTON GROVE COMMUNITY ASSOCIATION, INC. (hereinafter referred to as the "Association"). The principal office of the Association shall be located at 3203 Womans Club Drive, Suite 208, Raleigh, North Carolina 27612, but 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

When used in these By-Laws, the following words and terms shall have the following meanings, unless the context shall clearly indicate otherwise:

(a) "Association" shall mean and refer to Harrington Community Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

(b) "Harrington Grove" shall mean and refer to the lands in Wake and Durham Counties, North Carolina, which are shown as a part of Harrington Grove on the Declarant's Master Plan, as revised from time to time.

(c) "Declarant" shall mean Wake-Durham Land Company, a North Carolina General Partnership, its successors and assigns.

(d) "Affiliate" shall mean any person or entity owning more than fifty percent (50%) of the Declarant, or which has the right to manage or control the activities of the Declarant, or which is owned or controlled by the Declarant, and any joint venture or partnership in which the Declarant receives fifty percent (50%) or more of the cash flow from such partnership or joint venture.

(e) The "Properties" shall mean and refer to the "Existing Property" described in Article II hereof, and additions thereto as are subjected to this Declaration or any Supplementary Declaration under the provisions of Article II hereof.

(f) "Residential Lot" shall mean any subdivided parcel of land located within the Properties, intended for use as a site for a Single Family Detached Dwelling or Patio Home (or Zero lot line). No parcel shall, however, be classified as a Residential Lot until and unless shown as an individual lot on a plat recorded in the Office of the Register of Deeds for Wake or Durham Counties and all streets upon which such lot abuts have been paved. A Residential Lot shall become a "Family Dwelling Unit" on the first day of the month after the improvements constructed thereon are occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(g) "Multiple-Family Tract" shall mean any unimproved parcel of land located within the Properties, intended for development of Attached Residential Units, including Townhouses, Condominiums, Duplexes, and Apartments, as defined and controlled by the applicable zoning for Harrington Grove. For the purposes of this Declaration, a parcel of land shall not be deemed a "Multiple-Family Tract" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property for multiple-family use has been recorded in the Office of the Register of Deeds for Wake or Durham County, provided, that any property within said parcel which also qualifies as an "Exempt Property" as defined in paragraph (m) of this Article I shall not be deemed part of said Multiple-Family Tract for the purposes of calculating assessments or votes. A Multiple-Family Tract or any portion thereof shall become a "Family Dwelling Unit" on the first day of the month after the improvements constructed thereon are occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(h) "Other Use Site" shall mean any unimproved parcel of land within the Properties, intended for use as a site for improvements designed to accommodate governmental or business enterprises to serve Residents of Harrington Grove and/or the public, including, but not limited to: business and professional offices; facilities for the retail sale of goods and services; banks and other financial institutions; social clubs; restaurants; theaters; lounges; indoor and outdoor recreational facilities; hospitals and medical clinics; laboratories and other research and development facilities; warehouses; transportation terminals or stations; automobile parking facilities; gasoline stations; and residential dwelling unit within multi-use public or commercial buildings or facilities; provided, however, that an "Other Use Site" shall not include property which also qualifies as a "Multiple-Family Tract", nor shall it include any property which also qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. For the purposes of this Declaration, a parcel of land shall not be deemed an "Other Use Site" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as an Other Use Site has been recorded in the Office of the Register of Deeds of Wake or

Durham County, and the proposed use of such site has been approved by the local governing board or other appropriate body. An Other Use Site, or portion thereof, shall become an "Other Use Unit" on the first day of the month after the month in which the improvements constructed thereon are occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(i) "Development Unit Parcel" shall mean and refer to any parcel or tract of land within the Properties, conveyed by the Declarant to any third party under covenants and restrictions permitting the division of such parcel or tract into smaller land units such as Residential Lots, Multiple-Family Tracts, or Other Use Sites. For the purposes of this Declaration, a parcel of land shall not be deemed a "Development Unit Parcel" until such time as its exact meets and bounds have been surveyed and a plat thereof identifying or designating such property as a Development Unit Parcel has been recorded in the Office of the Register of Deeds of Wake or Durham County, provided, however, that a "Development Unit Parcel" shall not include any property which also qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. A Development Unit Parcel or portion thereof shall remain classified as such until further subdivided and classifiable as Residential Lots, a Multiple-Family Tract, or an Other Use Site, as those terms are defined in this Article I.

(j) "Unsubdivided Land" shall mean and refer to all land within the Existing Property and any additions thereto as are subjected to this Declaration under the provisions of Article II hereof, which has not been classified as Residential Lots, Multiple-Family Tracts, Other Use Sites, or Development Unit Parcels, through metes and bounds subdivision plats recorded in the Office of the Register of Deeds of Wake or Durham County; provided, however, that "Unsubdivided Land" shall not include any property which also qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. Unsubdivided Land, or portions thereof, shall remain classified as such until subdivided and classifiable as Residential Lots, a Multiple-Family Tract, an Other Use Site, or a Development Unit Parcel as those terms are defined in this Article I.

(k) "Family Dwelling Unit" shall mean and refer to any improved parcel of land within the Properties, which is intended and designed for use as a single family dwelling, including without limitation, any Single-Family Detached Dwelling, Patio Home (or Zero lot line), Condominium Unit, Townhouse Unit, Cooperative Apartment Unit, Duplex Unit, or Apartment Unit; provided, however, that such property shall not be deemed to be a Family Dwelling Unit until the improvements constructed thereon have been occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(l) "Other Use Unit" shall mean and include any improved parcel of land within the Properties which is intended and designed to accommodate public or business enterprises to serve the residents of Harrington Grove and/or the public including, but not limited to all those enterprises stated in subparagraph (h) of this Article I; provided, however, that an "Other Use Unit" shall not include any property which qualifies as "Exempt Property" as defined in paragraph (m) of this Article I. A parcel of land shall not be deemed to be an Other Use Unit until the improvements constructed thereon have been occupied under a certificate of occupancy or other certificate of final inspection issued by the appropriate governmental body.

(m) "Exempt Property" shall have the meaning set forth in Section 11 of Article V hereof.

(n) "Owner" shall mean and refer to the Owner as shown by the real estate records in the Office of the Register of Deeds of Wake or Durham County, whether one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Other Use Site, Other Use Unit, Development Unit Parcel, or Unsubdivided Land situated within the Properties. Notwithstanding any applicable theory of law, the term "Owner" shall not mean or refer to the owner or holder of a deed of trust, unless and pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or Tenant of an Owner. If a long-term contract of sale covering any lot or parcel of land within the Properties is recorded in the Office of the Register of Deeds of Wake or Durham County, the purchaser thereunder shall be deemed to be the Owner of the said lot or parcel for purposes of this Declaration. A long-term contract of sale shall be one under which the purchaser is required to make payments for the property for more than nine (9) months from the date of the contract and under which the purchaser does not receive title to the property until all such payments are made, although the purchaser is given the use of said Property.

(o) "Tenant" shall mean and refer to the lessee under a written agreement for the rent and hire of a Family Dwelling Unit or Other Use Unit in Harrington Grove.

(p) "Resident" shall mean and refer to each Owner and to each Tenant of a Family Dwelling Unit who resides in Harrington Grove.

(q) "Member" shall mean and refer to all Owners who are Members of the Association as defined in Section 1 of Article III of these By-Laws.

(r) "Master Plan" shall mean and refer to the drawing which represents the conceptual plan for the future development of Harrington Grove. Since the concept of the future development of Harrington Grove is subject to continuing revision by the Declarant, present and future references to the "Master Plan" shall be references to the latest revision thereof.

(s) "Intended for Use" shall mean the use intended for various parcels within the Properties as shown on the Master Plan of Harrington Grove prepared by the Declarant, as the same may be revised from time to time, or the use to which any particular parcel of land is restricted by covenants expressly set forth or incorporated by reference in deeds by which the Declarant has conveyed such parcels.

(t) "Common Properties" shall mean and refer to those tracts of land with all improvements thereon which are deeded (whether in fee or by easement or otherwise) or leased to the Association and designated in said deed or lease as "Common Property" or "Common Area". The term "Common Properties" shall also include any personal property acquired or leased by the Association if said property is designated a "Common Property". Common Properties shall be limited to natural areas, park areas, entrance areas, buffer areas, greenway areas, street planting areas, and other scenic easements. All Common Properties are to be devoted to and intended for the common use and enjoyment of the Members of the Association, their guests, and visiting members of the general public (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association. Common Properties shall not include those tracts of land falling within the definition of "Restricted Common Properties" as set forth in paragraph (u) of this Article I.

(u) "Restricted Common Properties" shall mean and refer to those tracts of land and improvements thereon which are designated as "Restricted Common Properties" or "Restricted Common Area" on any map of a portion of the Properties which is under the control and jurisdiction of a "Sub-Association", as hereinafter defined, and which is reserved or restricted for the use of members of such Sub-Association. Restricted Common Properties shall be limited to natural areas, park areas, entrance areas, buffer areas, greenway areas, private streets, privately-owned utilities, street planting areas, and other scenic easements.

(v) "Intended Common Property" shall mean and refer to those tracts of land and any improvements thereon committed to the Association by express, written notification by the Declarant of its intent to convey said property to the Association as Common Properties.

(w) "Intended Restricted Common Property" shall mean and refer to those tracts of land and any improvements thereon committed by the Declarant to become Restricted Common Properties.

(x) "Referendum" shall mean and refer to the power of all or some specific portion of the Members to vote by mailed ballots on certain actions by the Board of Directors of the Association as more particularly set forth herein. In the event fifty-one (51%) percent of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members, provided, however, that if a higher or lower percentage required to "pass" shall be specifically expressed herein, that higher or lower percentage shall control in that instance.

(y) "Sub-Association" shall mean and refer to a North Carolina non-profit corporation established by developer of a portion of the Properties requiring an association to manage the affairs of its members and properties owned by or under the control of such Sub-Association pursuant to the provisions of a declaration of covenants and conditions applicable only to such portion of the Properties, the form, content and provisions of which shall be subject to the review and approval of the Declarant and the attorney for the local governmental unit whose land use regulations apply.

(z) "Board of Directors" shall mean those persons elected or appointed to act collectively as the directors of the Association.

(aa) "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions for Harrington Grove, applicable to the property and recorded or to be recorded in the Wake and Durham County Registries, as same may from time to time be amended as therein provided.

(bb) "Institutional Lender" shall mean any bank, insurance company, trust company, real estate investment trust, savings and loan association, pension fund, or other lender holding a first mortgage or deed of trust on any of the lots or parcels within the Properties.

(cc) "Multiple-Family Dwelling Unit" shall mean and refer to any attached residential units, including townhouses, duplexes, condominiums and apartments.

(dd) "Apartment Unit" shall mean and refer to any attached residential unit, not for sale as individual units.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by the Declaration to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

The Declarant shall be a Member of the Association, and a creditor who acquires title to the Properties or any portion thereof pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure shall be a Member of the Association. Every Owner shall be a Member of the Association. The Association may issue to each Member a membership card which shall expire upon sale by an Owner of his property within Harrington Grove. Owners who are exempt from the payment of assessments shall not be Members of the Association unless otherwise specified herein.

Section 2. Types of Membership; Voting Rights. The Association shall have five (5) types of regular voting membership (Types "A", "A-1", "B", "B-1", and "D"), two (2) types of non-voting membership (Types "C" and "C-1"), and one (1) type of special voting membership (Type "E"), the latter of which provides the Declarant with the power to elect a portion of the Board of Directors.

TYPE "A": Type "A" Members shall be all Owners, including the Declarant, of Family Dwelling Units (excluding Apartment Units). A Type "A" Member shall be entitled to two (2) votes for each Family Dwelling Unit which he owns.

TYPE "A-1": Type "A-1" Members shall be all Owners, including the Declarant, of Apartment Units. A Type "A-1" Member shall be entitled to one (1) vote for each Apartment Unit.

TYPE "B": Type "B" Members shall be all Owners, including the Declarant, of Residential Lots. A Type "B" Member shall be entitled to two (2) votes for each Residential Lot which he owns.

TYPE "B-1": Type "B-1" Members shall be all Owners, including the Declarant, of Multiple-Family Tracts. A Type "B-1" Member shall be entitled to one (1) vote for each One Hundred (\$100.00) Dollars in Annual Assessments paid to the Association. In computing the number of votes to which a Type "B-1" Member is entitled, the amount of the assessment paid shall be rounded to

the nearest One Hundred (\$100.00) Dollars, provided, however, that if the Annual Assessment paid to the Association by any Type "B-1" Member is less than \$100.00, such Member shall be entitled to one (1) vote.

TYPE "C": Type "C" Members shall be all Owners, including the Declarant, of Other Use Sites. A Type "C" Member shall not be entitled to vote, nor shall it be entitled to use any of the Common Properties.

TYPE "C-1": Type "C-1" Members shall be those Owners, including the Declarant, of Other Use Units. A Type "C-1" Member shall not be entitled to vote, nor shall it be entitled to use any of the Common Properties.

TYPE "D": Type "D" Members shall be all Owners, including the Declarant, of Unsubdivided Lands and Development Unit Parcels held and intended for future development by the Declarant or a third party. A type "D" Member shall be entitled to one (1) vote for each One Hundred (\$100.00) Dollars of Annual Assessments paid to the Association. In computing the number of votes to which a Type "D" Member is entitled, the amount of the Assessment paid shall be rounded to the nearest One Hundred (\$100.00) Dollars, provided, however, that if the Annual Assessment paid to the Association by any Type "D" Member is less than \$100.00, such Member shall be entitled to one (1) vote.

TYPE "E": Type "E" Members shall be the Declarant, its successors and assigns. The Type "E" Member shall be entitled to elect a portion of the Board of Directors as set out in Section 4 of this Article III.

Payment of Special Assessments shall not entitle type "A", "A-1", "B", "B-1", and "D" Members to additional votes.

The voting rights of any Owner may be assigned by said Owner to his lessee; provided, however, that the Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee.

Section 3. Voting by Joint Owners. When any property entitling the owner to membership as a Type "A", "A-1", "B", "B-1", or "D" Member of the Association is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the Secretary of the Association, their acts with respect to voting shall have the following effect:

(1) If only one votes, in person or by proxy, his act shall bind all;

(2) If more than one vote, in person or by proxy, the vote of the person or persons having a majority interest shall bind all;

(3) If more than one vote, in person or by proxy, but the vote is evenly split on any particular matter and the parties cannot agree, the vote(s) for such property shall not be counted on that particular matter;

(4) If the instrument or order filed with the Secretary of the Association shows that any such Tenancy is held in unequal interest, a majority or even split under subparagraphs (2) and (3) of this paragraph shall be a majority or even split in interest in the property to which the vote(s) is attributable.

The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections, and for the purpose of ascertaining the presence of a quorum.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter, on the day and at the hour specified in the notice to Members of the meeting.

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 persons entitled to vote one-fourth (1/4) of all of the votes of the Type "A", "B", "B-1", and "D" Members.

Section 3. Notice of Meetings. Unless different notice is required by the Declaration, 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, not less than fifteen (15) days nor more than sixty (60) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the Association's membership list, 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.

Section 4. Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association. Unless a different quorum is required by the Declaration, the quorum required for any action which is subject to a vote of the Members at a regular or special meeting of the Association (as distinguished from the Referendum) shall be as follows:

(a) The first time a meeting of the Members of the Association is called to vote on (i) an increase in the Maximum Regular Annual Assessment greater than that provided for by subparagraph (b) of Section 3 of Article V of the Declaration, (ii) a Special Assessment as provided for by Section 4 of Article V of the Declaration, (iii) the gift or sale of any parcel of land and improvements thereon designated as a Common Properties or Restricted Common Properties as provided for by subparagraph (f) of Section 3 of Article IV of the Declaration, (iv) an Amendment to the Declaration as provided for by Section 2 of Article VIII thereof, or (v) the termination of the Declaration as provided by Section 1 of Article VIII thereof, the presence at the meeting of Members or proxies entitled to cast sixty (60%) percent of the total vote of the membership required for such action shall constitute a quorum.

(b) The first time a meeting of the Members of the Association is called to vote on any action proposed to be taken by the Association, other than that described in subparagraph (a) above, the presence at the meeting of Members or proxies entitled to cast thirty (30%) percent of the total vote of the Membership shall constitute a quorum.

If the required quorum is not present at any meeting described in subparagraphs (a) or (b) above, with the exception of any meeting called to vote on the termination of the Declaration described in subparagraph (a) above, another meeting or meetings may be called subject to the giving of proper notice and the required quorum at such subsequent meeting or meetings shall be one-half (1/2) of the required quorum at the preceeding meeting.

Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the requirements established by this Article IV, Section 4, and any other requirements for such "duly called meeting" which may be established by this Article IV. For the purpose of this section, "proper notice" shall be deemed to be given when given to each Member not less than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered.

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. Proxies shall not be required for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specifically provided ballots mailed or delivered to the Association.

Section 6. Ballots by Mail. The Board of Directors may, at its option, direct the Secretary or other person giving notice of a regular or special meeting of the Association to include with said notice a statement of certain motions which will be introduced for vote for the Members, a ballot on which the Member may vote for or against each such motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section 4 of this Article IV, provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

Section 7. Members to Have Power of Referendum in Certain Instances. Where specifically provided for herein, the Members or some specific portion thereof, shall have the power to approve or reject certain actions taken or proposed to be taken by the Association by Referendum. In the event fifty-one (51%) percent, or more, of the votes actually returned to the Association within the specified time shall be infavor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions hereof. At any time that the Type "A", "A-1", "B", "B-1", and "D" Members have the ability to elect a majority of the Board of Directors, the Members may require a Referendum on any action of the Board of Directors presenting to the Secretary of the Board within thirty (30) days of the taking of such action or ratification by the Board of its intent to take such action a petition signed by not less than twenty-five (25%) percent of the Members entitled to vote on that particular matter.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Governance. The affairs of the Association shall be managed by a Board of Directors.

Section 2. Number, Term of Office, and Qualification.

7 The number of directors of the Association shall be three (3) until the first annual meeting of Members, at which time the number of directors shall be increased to five (5). At the first annual meeting, the Members shall elect one director for a term of

one year, two directors for a term of two years, and two directors for a term of three years. At each annual meeting 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 a term of three (3) years. Each director shall hold office until his death, resignation, removal, disqualification, or until his successor is elected and qualified. Directors need not 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 of the Members. 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; 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. Such nominations may be made from among Members or non-members.

Section 4. Election of Directors. Except as provided in Section 6 of this Article, the directors shall be elected at the annual meeting of Members by secret written ballot.

(a) Each Type "A", "A-1", "B", "B-1", and "D" Member shall be entitled to as many votes as equals the total number of votes he is entitled to based on his Ownership of or Tenancy in one or more of the various classifications of property as computed by the formula set out in Section 2 of Article III of these By-Laws. Each Member may cast the total number of votes to which he is entitled for each vacancy to be filled by a Class I Director. Cumulative voting shall not be allowed. Members, except the Type "E" Member, are divided into classes for the purpose of computing voting rights and shall not vote as a class.

(b) The Type "A", "A-1", "B", "B-1", and "D" Members shall elect the Class I Director(s), and the Type "E" Member shall elect the Class II Director(s) according to the following formula:

(1) The number of Class I Directors shall be determined by dividing the number of Residential Lots and Family Dwelling Units owned by Type "A" and "A-1" Members by the cumulative maximum number of Residential Lots and Family Dwelling Units authorized by the zoning ordinance of the appropriate governmental unit under the applicable zoning classification, then multiplying the resulting quotient by the total number of Directors, and then rounding the result to the nearest whole number, e.g., $1.49 = 1$, and $1.50 = 2$.

(2) The number of Class II Directors shall be determined by subcontracting the number of Class I Directors from the total number of Directors. The Class II Directors shall be elected by the Type "E" Member.

(3) For the purposes of this formula, the number of Residential Lots and Family Dwelling Units owned by Type "A" and Type "A-1" Members and the cumulative maximum number of Residential Lots and Family Dwelling Units authorized in the Properties shall be determined by the Board of Directors as of the date on which of the meeting of the Members at which the Board of Directors is to be elected is mailed.

Section 5. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association.

Section 6. Vacancies. A vacancy occurring in the Board of Directors shall be filled by the selection by the remaining directors of a successor, who shall serve for the unexpired term of his predecessor.

Section 7. 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.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 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 directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5. Chairman. A Chairman of the Board of Directors shall be elected by the directors and shall preside over all meetings until a President of the Association is elected. Thereafter, the President shall serve as Chairman. If there is a vacancy in the office of the President, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

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

(b) suspend a Member's voting rights and his right to use the Common Properties and facilities during any period in which he shall be in default in the payment of any assessment levied by the Association pursuant to the Declaration. Such rights may also be suspended after such notice and hearing as the Board, in its sole discretion, shall establish, 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 Members by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

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

(e) employ a manager, an independent contractor, or such other employees as it deems necessary, and prescribe their duties; and contract with a management company to manage the operation of the Association. If a management contract is entered into, such contract must be terminable by the Board of Directors without cause or penalty on ninety (90) days or less notice and any management contract made with the Declarant shall be for a period not to exceed three (3) years;

(f) 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 antennas or satellite disc on individual lots;

(g) employ attorneys to represent the Association when deemed necessary;

(h) grant easements for the installation and maintenance of sewer, utility or drainage facilities upon, over, under, and across the property owned by the Association, without the assent of the Members, when such easements are necessary for the convenient use and enjoyment of the Properties;

(i) 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;

(j) collect from the Members and remit to the Association all dues or assessments due pursuant to the Declaration; and

(k) merge or consolidate with another association as provided in the Declaration and Articles of Incorporation.

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 at any special meeting when such statement is requested in writing by a one-fourth (1/4) of the Type "A", "B", "B-1" and "D" Members who are entitled to vote;

(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 in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least fifteen (15) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which an assessment is not paid within thirty (30) days after it becomes due, or bring an action at law against the Owner personally obligated to pay the same.

(d) 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 such certificate. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain liability insurance covering the Association and adequate hazard insurance on the improvements and personal property owned by the Association in an amount equal to one hundred (100%) insurable replacement value;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate, and to obtain director's and officer's liability insurance;

(g) cause the Common Properties to be maintained as required in the Declaration;

(h) pay all ad valorem taxes and public assessments levied against the real and personal property owned by the Association;

(i) upon written request from the holder, insurer or guarantor of any first mortgage or deed of trust on any lot, issue timely written notice of:

(1) any condemnation or casualty that affects either a material portion of the project or the lot securing its mortgage or deed of trust;

(2) any delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage or deed of trust;

(3) a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

(4) any proposed action that requires the consent of a specified percentage of mortgage holders.

(j) prepare accurate indexes of Members, Property Classifications, Votes, Assessments, the Cumulative Maximum Number of Residential lots and Family Dwelling Units Authorized in the Properties, and the Maximum Regular Annual Assessment;

(k) appoint and supervise the activities of an Architectural Control Committee;

(l) hold Annual Meetings, Special Meetings, and Referendums as required, hold elections for the Board of Directors as required, and give members "proper notice" as required;

(m) prepare Annual Statements and Annual Budgets, and shall make the financial books of the Association available for inspection by Members at all reasonable times.

(n) except when such services are provided by a governmental agency, provide regular and thorough cleanup of all roads, roadways, roadway medians, roadway islands, parkways, cul-de-sac islands, neighborhood and other entrances, and bike trails throughout the Properties (including landscaping areas along public rights-of-way), including but not limited to, mowing the grass on all roadsides, cul-de-sac islands, entrances, and bike trails; sweeping all roads and bike trails; landscape maintenance on all roadsides, cul-de-sac and roadway islands, entrances, parks and bike trails; pickup and disposal of trash on all roads, roadsides, cul-de-sac and roadway islands, entrances, park and bike trails; provided, however, that the Association shall not be required to conduct such cleanup until all construction within the particular neighborhood has been completed.

(o) provide general maintenance of all identification, informational and directional signs, bike trail signs, and neighborhood and other area signs, including, but not limited to, painting, light replacement repair work and replacement as needed.

(p) repave all paved bike trails as needed.

(q) except when such service is provided by a governmental agency, operate and maintain all streetlights along public roads and within all Common Properties.

(r) provide regular and thorough maintenance and cleanup of all Common Properties including, but not limited to, mowing of grass, fertilization as needed, pickup and disposal of trash, repair, maintenance and replacement of sprinkler systems, washing down of picnic tables and benches as needed, and painting, repairs to and replacement of all improvements as needed.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. 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 appoint.

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 the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, be removed, or be 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 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. 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; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments; and co-sign all checks and promissory notes.

(b) Vice-President. 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.

(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 said seal; serve notice of meetings of the Board and of 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 funds of the Association and disburse such funds as directed by resolution of the Board of Directors; 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 an independent public accountant at the completion of each fiscal year; and 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 IX

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 may appoint such other committees as it deems necessary or appropriate to carry out the affairs of the Association.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall be subject to inspection by any Member, at all times during reasonable business hours. 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 XI

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 twelve percent (12%) per annum or the highest rate

allowed by law, whichever is less, plus such late 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 property for which such assessment is due. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Property or abandonment of his lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Harrington Grove Community Association, Inc., Raleigh, NC 1986.

ARTICLE XIII

AMENDMENTS AND CONFLICTS

Section 1. Amendments. These By-Laws may be amended, at a regular or special meeting of the Members, by the affirmative vote of two-thirds (2/3) of the votes cast at such meeting subject to the normal quorum requirements, except that so long as the Declarant, as the Type "E" Member, is entitled to elect a majority of the members of the Board of Directors of the Association, no amendment of these By-Laws shall be made without the consent of the Declarant and of the Federal Housing Administration or Veterans Administration.

Notwithstanding the foregoing, the Declarant, for so long as it shall retain control of the Board of Directors of the Association, and, thereafter, the Board of Directors, may amend this By-Laws as shall be necessary, in its opinion, with the consent and approval of the Federal Housing Administration or Veterans Administration and without the consent of any Owner, in order to qualify the Association for tax-exempt status, and to correct obvious errors and omissions herein. Such amendment shall become effective upon the date of its recordation in the Wake and Durham County Registries.

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

ARTICLE XIV

MISCELLANEOUS

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 the duly elected and acting secretary of the Harrington Grove Community Association., 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 12th day of June, 1987.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 12th day of June, 1987.

Lynda S. Heynard
Secretary

HARRINGTON GROVE COMMUNITY ASSOCIATION, INC.

SPECIAL MEETING - OCTOBER 23, 1991

MINUTES

Form of Notice and Agenda

Doug Boone, President, opened the meeting at 6:00pm and noted that there was a sufficient number of members present either in person or by proxy to meet the quorum requirements for changing the By-Laws and conducting the other business of this special meeting. There were 341 members present, either in person or by proxy.

1. A motion was made and duly seconded to amend the Harrington Grove Community Association By-Laws to permit the Members of the Association to change the number of Directors of the Association without amendment of the By-Laws which amendment is attached hereto as Exhibit A and made a part hereof.
2. A motion was made and seconded to increase the number of Directors on the Board of Directors of the Harrington Grove Community Association from five (5) to seven (7) which resolution is attached hereto as Exhibit B and made a part hereof.
3. A motion was made to confirm the election of Directors who were elected by a majority of the homeowners present at the annual meeting held on October 3, 1991 as follow:

Martha H. Dietz, 5709 Harrington Grove Dr., Term expires in 1992.

Charles R. Hartshorn, 5464 Ingate Way, Term expires in 1994.

This motion ws duly seconded and approved unanimously.

There being no further business, a motion was made, seconded and approved unanimously to adjourn the meeting at 6:12pm.

EXHIBIT A

Proposed Amendment to By-Laws

RESOLVED that, pursuant to Section 1 of Article XIII of the By-Laws, Section 2 of Article V of the By-Laws, entitled "Number, Term of Office and Qualification", be, and hereby is amended to read as follows:

"Section 2. Number, Term of Office, and Qualification.
The number of directors of the Association shall be three (3) until the first annual meeting of Members, at which time the number of directors shall be increased to five (5). At the first annual meeting, the Members shall elect one director for a term of one year, two directors for a term of two years, and three directors for a term of three years. The Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of directors of the Association, provided, however, that the number of directors may not be increased to more than nine (9) nor decreased to less than five (5) without amendment of these By-Laws. At each annual meeting, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) is/are expiring, to serve a term of three (3) years. Each director shall hold office until his death, resignation, removal, disqualification, or until his successor is elected and qualified. Directors need not be Members of the Association."

This action, having been taken by the affirmative vote of two-thirds (2/3) of the votes cast at a duly called annual meeting of the Members of the Harrington Grove Community Association, Inc., at which meeting a quorum was present, shall be effective as of the 23rd day of October, 1991, and shall be filed with the Secretary of the Association as part of the corporate records and minutes of the proceedings of the Members of the Association.

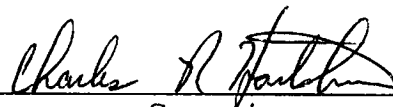

Secretary

EXHIBIT B

Proposed Resolution to Increase the Number
of Directors of the Association from Five (5) to Seven (7)

RESOLUTION TO INCREASE THE NUMBER OF DIRECTORS
OF THE ASSOCIATION FROM FIVE (5) TO SEVEN (7)

RESOLVED, that the number of Directors of the Association be,
and hereby is, increased from five (5) to seven (7).

This action, having been approved by the affirmative vote of a
majority of the votes cast at a duly called special meeting of
the Members of the Harrington Grove Community Association, Inc.,
at which meeting a quorum was present, shall be effective as of
the twenty-third day of October, 1991, and shall be filed with
the Secretary of the Association as part of the corporate records
and minutes of the proceedings of the Members of the Association.

"Section 2. Number, Term and Qualification. The number of
directors of the Association shall be seven (7). Of the three
directors elected in previous years with unexpired terms, one
director will continue to serve for the remaining period of one
year of his unexpired term, and two directors will continue to
serve for the remaining periods of two years of their unexpired
terms. At the special meeting in October of 1991, the Members
shall elect one director for a term of one year and three
directors, each for a term of three years. At each annual
meeting 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 a
term of three (3) years as stated in the By-Laws. Each director
shall hold office until his death, resignation, removal,
disqualification, or until his successor is elected and
qualified. Directors need not be Members of the Association.

Member Vote on Proposed Resolution

341 For 0 Against

Name Charles R. Fitch (Secretary)

Address 5464 Ingate Way

Raleigh, NC 27613

Proposed Amendment to the Bylaws of
Harrington Grove Community Association, Inc.

Section 1. Article IV, Section 4(b) of the Bylaws of Harrington Grove Community Association, Inc. is hereby amended by deleting the following words and symbols appearing in the fifth line of the first paragraph thereof: "thirty (30%) percent," and by substituting in lieu thereof the following words and symbols: "ten (10%) percent."

Section 2. Further amend Article IV, Section 4(b) in the second paragraph thereof by deleting the following words and symbols on the second line thereof: "subparagraphs (a) or (b)" and by substituting in lieu thereof the following words and symbols: "subparagraph (a)."

This 11 day of December, 1997.

Certification

I, the undersigned, to hereby certify:

THAT, I am the duly elected and acting Secretary of the Harrington Grove Community Association, a North Carolina corporation, and

THAT, the foregoing amendment to the Bylaws constitutes a duly adopted amendment, as duly adopted at a meeting of the members of Harrington Grove Community Association held on the 11 day of December, 1997.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed a seal of said Association this 11 day of December, 1997.

William A. Schultz Jr.
Secretary
