

BY-LAWS
OF
PARKWAY UNIT OWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is PARKWAY UNIT OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The Principal office of the corporation shall be located at 401 Harrison Oaks Blvd., Suite 130, Cary, North Carolina 27513 but meetings of members and directors may be held at such places within the State of North Carolina, County of Wake, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The following words and terms when used in these By-Laws (unless the context shall clearly indicate otherwise) shall have the following meanings:

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

(b) "Parkway" shall mean and refer to the lands in Cary, North Carolina, which are shown as a part of Parkway PUD on the Company's Master Plan as revised from time to time.

(c) "Company" shall mean Parkway Associates, a North Carolina partnership, its successors and assigns.

(d) "Developer" shall mean Parkway Associates, a North Carolina partnership, its successors and assigns.

(e) "Affiliate" shall mean any corporation owning more than fifty percent (50%) of the voting stock of the Company or Developer or which is owned or controlled by the Company or the Developer, and any partnership or joint venture in which the Company or the Developer has more than a fifty percent (50%) or more of the cash flow from such partnership or joint venture.

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

(g) "Residential Lot" shall mean any subdivided parcel of land located within the Properties for which no building permit has been issued by the appropriate governmental authorities and which parcel is intended for use as a site for a Single Family Detached Dwelling, Single Family Duplex Unit, or Single Family Patio Home (or zero lot line) as shown upon any recorded final subdivision map or any part of the Properties. No parcel shall, however, be classified as a Residential Lot until the first day of the month following the recording of a Plat in the Register of Deeds Office of Wake County, North Carolina, showing such Residential Lot.

(h) "Unsubdivided Land" shall mean and refer to all land in the Existing Property described in Article II of the

Declaration, and additions thereto, as are subjected to the Declaration by any supplemental declaration under the provisions of Article II thereof, which has not been subdivided into and classified as Residential Lots or Family Dwelling Units through metes and bounds subdivision plats recorded in the Register of Deeds of Wake County, North Carolina provided, however, that "Unsubdivided Land" shall not include any property which also qualifies as "Exempt Property" in paragraph (j) of this Article II. Unsubdivided Land, or portions thereof, shall remain classified as such until subdivided and classifiable as a Residential Lot or Lots or Family Dwelling Units, whichever re-classification shall first occur.

(i) "Family Dwelling Unit" shall mean and refer to any improved property or any property formerly classified a Residential Lot or Unsubdivided Land for which a building permit has been issued by the appropriate governmental authorities, which property is located within the Properties and intended for use as a Single Family Dwelling, including without limitation, any Single-Family Detached Dwelling, Single Family Duplex Unit, Single Family Patio Home (or zero lot line), Single Family Condominium Unit, Single Family Townhouse Unit, Single Family Cooperative Apartment Unit or Single Family Apartment Unit located within the Properties.

(j) "Exempt Property" shall mean and refer to the following classifications of property within the Properties, which property shall be exempt only from the payment of dues;

- (1) All land designated on the Master Plan for intended use, or by actual use if applicable, for indoor and outdoor recreational and community facilities (if any) owned and operated by the Company, the Company's Affiliates, the Developer, the Developer's Affiliates, and the Association.
- (2) All lands and any improvements thereon designated in any way as Common Properties; or Restricted Common Properties;
- (3) All lands designated on the Master Plan as "Neighborhood Rec." areas.
- (4) All lands designated on the Master Plan or on recorded plats as Dedicated Open Space, Common Open Space, Public Greenways, Greenways, Public Roads and Open Space, and any improvements thereon which are defined in subparagraph (1) of this paragraph (j);
- (5) Property which is used for the maintenance, operation and service of facilities within Common Properties and Restricted Common Properties and facilities within Open Space Areas which are defined in subparagraph (1) of this paragraph (j);
- (6) Property which is used for the maintenance, operation, and service of utilities within the Properties;

(7) All land utilized for church purposes.

(k) "Owner" shall mean and refer to the Owner as shown by the Real Estate Records in the Register of Deeds Office of Wake County, North Carolina, whether it be one (1) or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Residential Lot, Family Dwelling Unit, or Unsubdivided Land situated upon the Properties but, notwithstanding any applicable theory of a deed of trust, shall not mean or refer to the mortgages or holder of a deed of trust, its successors or assigns, 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. In the event that there is recorded in the Office of the Register of Deeds of Wake County, North Carolina, a long-term contract of sale covering any Lot or Parcel of land within the Properties, the Owner of such Lot or Parcel of land shall be the Purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the Purchaser is required to make payments for the Property or a period extending beyond nine (9) months from the date of the contract and where 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.

(l) "Tenant" shall mean and refer to the lessee under a written agreement for the rent and hire of a Family Dwelling Unit in Parkway.

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

(n) "Member" shall mean and refer to all those Owners and Tenants who are Members of the Association as defined in Section 1 of Article III of the Declaration.

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

(p) "Intended for Use" shall mean the use intended for various parcels within the Properties as shown on the Master Plan of Parkway prepared by the Company as the same may be revised from time to time by the Company, 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 Company has conveyed the property.

(q) "Common Properties" shall mean and refer to those tracts of land with all improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties." The term "Common Properties" shall also include any personal property acquired or leased by the Association if said property is designated a "Common Property." 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" set forth below.

(r) "Restricted Common Properties" shall mean and refer to those tracts of land with all improvements thereon which are designated as "Common Properties" or "Common Area" on any map of a portion of the Property 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.

(s) "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 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.

(t) "Sub-Associations" shall be North Carolina non-profit corporations established by developers of places or

portions 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 Declaration of Covenants and Conditions applicable only to such areas, the form, content and provisions of which shall be subject to the review and approval of the Company.

(u) "Neighborhood Areas" shall mean various areas within Parkway each of which have been subjected to Additional Restrictive Covenants applied only to such area.

(v) "Neighborhood Covenants" shall mean the additional Restrictive Covenants applicable only to a particular Neighborhood Area, the form, content and provisions of which shall be subject to the review and approval of the Company.

(w) "Master Declaration" shall mean the Declaration of Master Covenants and Restrictions of the Parkway Community Association, Inc. duly recorded in the Wake County Registry.

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

(y) "Bylaws" shall mean the bylaws of the Association as they now or hereafter exist.

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

(aa) "Other Developer" shall mean any entity (including the Owens Group), other than the Company, that owns or acquires Unsubdivided Land for development.

(bb) "Declaration" shall mean the Declaration of Covenants and Restrictions of Parkway Unit Owners Association, Inc., duly recorded in the Wake County Registry, North Carolina.

ARTICLE III

Section 1. Annual Meetings. The first annual meeting of the members shall be held within eighteen months after 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 the members who are entitled to vote one-fourth (1/4) of all of the votes of the Type A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than 30 days nor more than 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. The quorum required for any action which is subject to a vote of the members at an open 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 (h) 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 Property 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 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 ten (10%) 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(v)) 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 preceding meeting.

Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Article III, Section 4, and any other requirements for such "duly called meeting" which may be established by these By-laws. For the purpose of this section, "proper notice" shall be deemed to be given when given each Member not less than thirty (30) days prior nor more than sixty (60) 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.

ARTICLE IV

BOARD OF DIRECTORS: SECTION: TERM OF OFFICE

Section 1. Number. The affairs of this association shall be managed by a Board of five (5) directors, who need not be members of the Association (the "Initial Board").

Section 2 Term of Office. At the first annual meeting the members shall elect two (2) directors for a term of one (1) year, two (2) directors for a term of two (2) years, and one (1) director for a term of three (3) years, and at each annual meeting thereafter the members shall elect directors for the terms expiring that year for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

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

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence

of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot.

(a) Each Member of Type "A", and "B" Membership classes 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 (1) or more of the various classifications of property as computed by the formula set out herein. 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 "C" Membership, are divided into classes for the purpose of computing voting rights and shall not vote as a class.

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

- (1) The number of Class I Directors shall be determined by (A) dividing the number of Residential Lots and Family Dwelling Units owned by Type "A" Members by the cumulative maximum number of Residential Lots and Family Dwelling Units authorized by the Zoning Ordinances of the Town of Cary as of the date of the Declaration, and (B) then multiplying the resulting quotient by 66% of the total number of Directors, and (C) round 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 subtracting the number of Class I Directors from the total number of Directors. The Class II Directors shall be elected by the Type "C" Member.

(3) For the purposes of this formula, the number of Residential Lots and Family Dwelling Units owned by Type "A" 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 notice of the meeting of the Members at which the Board of Directors is to be elected is mailed.

(4) Notwithstanding any provision in these By-laws, the Articles of Incorporation or the Declaration to the contrary, the right of the Type "C" Member to control the Board of Directors shall terminate not later than five (5) years after the first conveyance of a Residential Lot or any Unsubdivided Land.

Section 3. 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 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 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 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" and "B" 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 by 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.

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.

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 fines or penalties for the infraction thereof.

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days from infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

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

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

(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 disc on individual lots.

(g) collect from the Members and remit to the PARKWAY COMMUNITY ASSOCIATION, INC. dues or assessments due pursuant to the Master Declaration.

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

(i) carry out the functions and services outlined in Article VI of the Declaration.

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 one-fourth (1/4) of the Members who are entitled to vote;

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

(c) 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 thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid or to bring an action at law against the owner personally obligated to pay the same as provided herein.

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

(e) procure and maintain reasonable liability insurance and to obtain hazard insurance on property owned by the Association in an amount equal to one hundred percent

(100%) insurable replacement value; provided, however, the Board may elect not to insure items of personal property having a value of less than \$500.00 each.

(f) cause all officers or employees having fiscal responsibilities to be bonded in an amount equal to three (3) months assessments plus reserves accumulated; and to obtain director's and officer's liability insurance as it may deem appropriate;

(g) cause the Common Properties to be maintained as required in the Declaration, including the maintenance, repair and reconstruction of any water impoundment areas and private streets situated on the Common Area;

(h) pay all ad valorem taxes and public assessments relating to the Common Properties and storm water impoundment area;

(i) pay the premium for all hazard insurance procured pursuant to the requirements of the Declaration;

(j) upon written request from the holder, insurer or guarantor of any first mortgage or deed of trust on any lot(s), 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 60-day 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.

(k) 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;

(l) operate an Architectural Review Board;

(m) 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;

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

(o) perform the "Minimum List of Functions and Services" set out in Article VI, Section 3 of the Declaration.

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 create.

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

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

President

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

Vice-President

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

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association

together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks with either the President or management company and co-sign all promissory notes of the Association; keep proper books of account; and commencing with the fiscal year beginning January 1, 1989, cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented 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 Review Board, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

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

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid on or before the due date as determined by the Board of Directors, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum. If the assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Properties or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Parkway Unit Owners Association, Inc.

ARTICLE XIII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by the approval of two-thirds (2/3) of the votes cast at such meeting subject to the normal quorum requirements, except that so long as the Company, as the Type "C" Member, is entitled to elect a majority of the Members of the Board of Directors of the Association, no Amendment of this Declaration shall be made without the consent of the Company; and until the end of the period of development no Amendment of this Declaration shall be made without the consent of the Company which would have the affect of creating a disproportionate increase in the Maximum Regular Annual Assessment, the actual assessment levied, or any Special Assessment of any Class of Owners.

Notwithstanding the foregoing, the Company, 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 Declaration as shall be necessary, in its opinion, with the consent and approval of VA or FHA, FHLMC, FNMA and without the consent of any Owner, in order to qualify the Association for

tax-exempt status, to correct obvious errors and omissions herein, and to qualify for VA, FHA, FHLMC and FNMA approvals. Such amendment shall become effective upon the date of its recordation in the Wake County Registry.

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

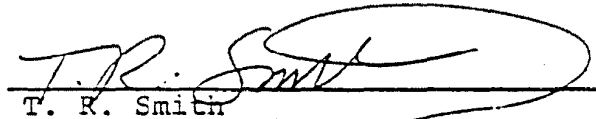
ARTICLE XIV

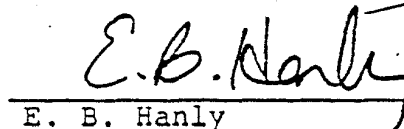
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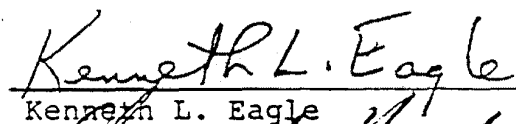
The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of the Parkway Unit Owners Association, Inc., have hereunto set our hands this 25th day of February, 1988.


W. R. Henderson


T. R. Smith


E. B. Hanly


Kenneth L. Eagle


Charles L. Henkel

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Parkway Unit Owners Association, Inc., a North Carolina corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 25th day of February, 1988.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 25th day of February, 1988.

E. B. Worley

Secretary