

**BYLAWS
OF
HIGHLAND FOREST OF FUQUAY-VARINA
HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
DEFINITIONS – GENERAL**

Capitalized words and phrases used in these Bylaws have the following meanings:

1.1. "Association" means Highland Forest of Fuquay-Varina Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

1.2. "Classes of Membership". The Association shall have two classes of voting membership:

-Class A. Class A Members mean and refer to those Owners of all Lots except for those Persons who are Class B Members.

-Class B. The Class B Member(s) shall be the Declarant and any successor; Davidson Homes, LLC; and Highland Forest 90, LLC.

1.3. "Common Areas" means all real property and amenities, if any, owned by the Declarant or Association for the common use and enjoyment of the Owners, as further defined and described in the Declaration.

1.4. "Declarant" means Davidson Homes, LLC, an Alabama limited liability company, its successors and assigns, as further defined and described in the Declaration.

1.5. "Declaration" means the Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens for Highland Forest applicable to the Property recorded in at Book 18318, Page 1341 of the Office of the Register of Deeds, Wake County, North Carolina, and all amendments thereto.

1.6. "Lot" means any plot of land, with delineated boundary lines, shown on any recorded subdivision map of any portion of the Subdivision (regardless of whether the Lot has been subjected to this Declaration as provided in Article II of the Declaration) and intended for the construction thereon of a Dwelling, with the exception of any Common Area owned in fee by the Association, and any street rights-of-way shown on such recorded map.

1.7. "Member" means every person or entity who or which holds membership in the Association, as defined in the Declaration.

1.8. "Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot or Development Parcel which is a part of the Property, including sellers and owners of an equity of redemption, but excluding those having an interest in a Lot solely as security for the performance of an obligation.

1.9. "Property" or "Properties" means and refers to the "Existing Property" described in Article II of the Declaration and any additional property annexed pursuant to said Article II.

ARTICLE II OFFICES

2.1. Principal Office. The principal office of the Association shall be located at 117 Centrewest Court, Cary, NC 27513.

2.2. Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

2.3. Other Offices. The Association may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the Association may require from time to time.

ARTICLE III MEMBERSHIP

3.1. Membership. The Declarant and every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject to the Declaration, 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 the Declaration. Ownership of such Lot shall be the sole qualification for membership. As evidence of each Owner's membership, the Association may require each Owner to furnish a photocopy of the page(s) of his or her deed(s) which contains the name of the Member and the Lot(s) owned by such Member.

3.2. Suspension. The Board of Directors may, after notice and opportunity to be heard, suspend a Member's voting rights and/or his rights (including his family's, guest's, etc.) to use the Common Area or facilities 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 sixty (60) days, for infraction of published rules and regulations; provided, however, that if said infraction is continuing in nature, said suspension may be enforced until such infraction is cured.

ARTICLE IV MEETINGS OF MEMBERS

4.1. Place of Meetings. All meetings of Members shall be held at the principal office of the Association, or at such other place, as shall be designated on the notice of the meeting or agreed upon by a majority of the votes of the Members entitled to vote thereat.

4.2. Annual Meetings. The annual meeting of Members for the election of directors and the transaction of other business shall be held at such other time and at such place as determined by the Board of Directors.

4.3. Special Meeting. Special meetings of the Members may be called at any time by the President or Board of Directors of the Association, or by the written request of the holders of not less than one-fourth of all Class A votes or Class B votes, if any, entitled to vote at the meeting.

4.4. Notice of Meetings. Except as otherwise set forth in the Declaration or these Bylaws, written or printed notice stating the time and place of the meeting shall be delivered not less than ten (10) nor more than sixty (60) days before the date of any Members' meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each Member of record entitled to vote at such meeting; provided that such notice must be given not less than twenty (20) days before the date of any meeting at which a merger, dissolution or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the record of Members of the Association, with postage thereon prepaid.

In the case of a special meeting, the notice of meeting shall be delivered shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting and shall specifically state the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of Chapter 55A of the North Carolina General Statutes.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

4.5. Voting Lists. At least ten (10) days before each meeting of Members, the Secretary of the Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof, with the address of and number of votes held by each, which list shall be kept on file at the registered office of the Association for a period of ten days prior to such meeting, and shall be subject to inspection by any Member at any time during the usual business hours. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting.

4.6. Quorum. The quorum required for any action which is subject to a vote of the members at an open meeting of the Association shall be as follows, unless otherwise set forth in the Declaration:

(a) The first time a meeting of the Members of the Association is called to vote on (i) the gift or sale of any Common Area, (ii) an Amendment to the Declaration, (iii) the termination of the Declaration, or (iv) a special assessment, the presence of Members or proxies entitled to cast ten percent (10%) 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 other action, the presence at the meeting of Members or proxies entitled to cast ten percent (10%) of the total vote of the Membership required for such action shall constitute a quorum, unless otherwise provided in the Declaration.

If the required quorum is not present at any meeting described above, with the exception of any meeting called to vote on (i) the gift or sale of any Common Area, (ii) an Amendment to the Declaration, or (iii) the termination of this Declaration, another meeting or meetings may be called subject to the giving or proper notice, and the required quorum at such subsequent meeting or meetings shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting.

Unless otherwise provided by the Declaration or these Bylaws, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this

section of this Article and any other requirements for such "duly called meeting" which may be established by the Bylaws of the Association. For the purpose of this section, "proper notice" shall be deemed to be given when given each Member not less than ten (15) days nor more than sixty (30) days prior to the date of the meeting at which any proposed action is to be considered.

4.7. Proxies. Votes may be voted either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney in fact. No Member shall be entitled to vote more than one proxy at any one meeting. A proxy is not valid after the expiration of twelve (12) months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

4.8. Voting. The vote of a majority of the votes on any matter present at a meeting of Members at which a quorum is present, regardless of class, shall be the act of the Members on that matter, unless the vote of a greater number is required by law or by the Declaration of this Association.

4.9. Informal Action. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the Association to be kept as part of the Association's records.

4.10. Presiding Officer. The President of the Association, or in the absence of the President, the Vice President shall preside at all meetings of the Members and the Secretary of the Association shall act as the Secretary thereof. In the absence of the Secretary, the President shall designate some other person to act as the Secretary of the meeting. In the absence of both the President and the Vice President, the Members present at the meeting shall elect a Presiding Officer for such meeting.

4.11. Order of Business. The order of business at the annual meeting and at any special meeting of the Members shall be as follows:

- (a) The calling of the meeting to order;
- (b) The announcement by the Presiding Officer of the purpose of the meeting and of the nature of the business which may be presented by it;
- (c) The reading and approval of the minutes of any former meeting of the Members, the Minutes of which have not been previously read and approved;
- (d) The presentation of and action, if required, upon reports of officers and committees;
- (e) Unfinished business;
- (f) New business, including the election of directors for the forthcoming year if the meeting be an annual meeting; and
- (g) Adjournment.

ARTICLE V BOARD OF DIRECTORS

5.1. Number, Term and Qualification. The Association shall be governed by a Board of Directors. The Articles of Incorporation shall name the initial Director(s). Upon the recordation of the Declaration, the Board shall be increased to three (3) members until the expiration of the Declarant Control Period, as defined in the Declaration, and three (3) members thereafter. The term of such Directors is to be determined in accordance with the provisions of these Bylaws. There shall be two (2) classes of Directors: Class I Directors shall be elected by the Class A Members, and Class II Directors shall be elected by the Class B Members. All of the Directors shall be Class II Directors until the expiration of the Declarant Control Period, as defined in the Declaration. So long as the Class B membership remains in existence, the Class B member shall have the sole right to remove all directors, with or without cause, and to appoint the successors. After the expiration of the Declarant Control Period, all of the Directors shall be Class I Directors.

Each director shall hold office for a one-year term, or until his death, resignation, removal, disqualification, or his successor shall have been elected and qualified. Directors need not be residents of the State of North Carolina or Members of the Association. The terms of the Directors shall be staggered so that no more than one third of the Directors stand for election in any one year.

5.2. Nomination. Nomination for election to the Board of Directors shall be made by the Board of Directors. Nominating may also be made from the floor at the annual meeting. The Board of Directors 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.

5.3. Election of Directors. Except as provided in Section 5.1 of this Article V, the directors shall be elected at the annual meeting of Members; and those persons who receive the highest number of votes shall be deemed to have been elected. If any Member so demands, the election of directors shall be by ballot. Cumulative fractional voting is not permitted.

5.4. Removal. Any director may be removed at any time with or without cause by a vote of the Members holding a majority of the outstanding votes of each class of membership entitled to vote at an election of directors. If any directors are so removed, new directors may be elected at the same meeting.

5.5. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors even though less than a quorum, or by the sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the authorized number of directors shall be filled only by election at an annual meeting or at a special meeting of Members called for that purpose.

5.6. Chairman of Board. There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.

5.7. Compensation. The Board of Directors may not compensate directors for their services as such, but may provide for the payment of any or all expenses incurred by directors in attending regular and special meetings of the Board or in performing his duties.

ARTICLE VI MEETINGS OF DIRECTORS

6.1. Regular Meetings. A regular meeting of the Board of Directors shall be held within one month after the annual meeting of Members. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

6.2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

6.3. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least three (3) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

6.4. Waiver of Notice. Any director may waive notice of any meeting. The attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

6.5. Quorum. A majority of the number of directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

6.6. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

6.7. Presumption of Assent. A director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

6.8. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

6.9. Committees of the Board. The Board of Directors, by resolution adopted by a majority of the number of directors fixed by these Bylaws, shall designate three or more directors to constitute an Architectural Control Committee as provided in the Declaration and may appoint other committees as it deems appropriate. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed upon it or him by law.

ARTICLE VII
POWERS/DUTIES OF BOARD OF DIRECTORS

7.1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas and 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 right to use of the recreational facilities as provided herein and in the Declaration;

(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 Bylaws, 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.

7.2. 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 Class A and B 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 fifteen (15) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to 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 these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability, hazard insurance on property owned by the Association

and Director's and Officer's liability insurance;

(f) pay ad valorem taxes and public assessments levied against the Common Areas;

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

(h) cause the Common Areas and the improvements to the Common Areas to be maintained;

(i) direct and supervise the affairs of the Association and require the Association to fulfill all of its obligations and duties set forth in the Declaration; and

(j) maintain and repair all private streets.

ARTICLE VIII OFFICERS

8.1. Officers. The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, but no officer may act in more than one capacity where action of two or more officers is required.

8.2. Election, Term and Qualification. The officers shall be elected by the Board of Directors and each officer shall hold office until his death, resignation, retirement, removal, disqualification or his successor shall have been elected and qualified. Only members of the Board of Directors shall serve in the capacity of President and Vice President. Other officers need not be directors or Members of the Association.

8.3. Compensation of Officers. The Board of Directors shall fix the compensation of officers; however, in no event shall Members of the Association be compensated for serving as an officer except to the extent necessary to reimburse said officer for expenses incurred in performing his duties on behalf of the Association.

8.4. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the persons so removed.

8.5. Bonds. The Board of Directors may by resolution require an officer, agent, or employee of the Association to give bond to the Association, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors.

8.6. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Members. He shall sign, with the Secretary, an Assistant Secretary, or any other proper officer, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or

executed; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

8.7. Vice Presidents. In the absence of the president or in the event of his death, inability or refusal to act, the Vice Presidents in the order of their length of service as Vice Presidents, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

8.8. Secretary. The Secretary shall: (a) keep the minutes of the meetings of Members, of the Board of Directors and of all Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws and Declaration or as required by law; (c) be custodian of the Association records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; (e) keep or cause to be kept a record of the Association's Members, giving the names and addresses of all Members and the number of votes held by and addresses of all Members and the number of votes held by each, and prepare or cause to be prepared voting lists prior to each meeting of Members as required by law; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

8.9. Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Directors.

8.10. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected; (b) prepare, or cause to be prepared, a true statement of the Association's assets and liabilities as of the close of each fiscal year, all in reasonable detail, which statement shall be made and filed at the Association's registered office or principal place of business in the State of North Carolina within four months after the end of such fiscal year and there kept for a period of at least ten years; (c) cause, at the direction of the Board of Directors, an independent annual audit be made of the books and records of the Association, (d) issue, at the direction of the Board of Directors, certificates as to whether assessments on a specified lot have been paid; and (e) in general, perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors, or by these Bylaws.

ARTICLE IX MEMBERSHIP REGISTER

9.1. For the purpose of determining members of the Association entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Board of Directors may provide that the membership register shall be closed

for a stated period but not to exceed, in any case, fifty (50) days. If the membership register shall be closed for the purposes of determining members entitled to notice of or to vote at a meeting of Members, such books shall be closed for at least ten (10) days immediately preceding such meeting.

9.2. In lieu of closing the membership register, the Board of Directors may fix in advance a date as the record date for any such determination of Members, such record date in any case to be not more than fifty (50) days and, in case of a meeting of Members, not less than ten (10) days immediately preceding the date on which the particular action, requiring such determination of Members is to be taken.

9.3. If the membership register is not closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, the date on which notice of the meeting is mailed shall be the record date for such determination of Members.

9.4. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the membership register and the stated period of closing has expired.

ARTICLE X INDEMNIFICATION

10.1. Any person who at any time is serving or has served as a Director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan, shall be indemnified by the Association to the fullest extent permitted by law, including specifically the indemnification provided by the provisions of the North Carolina Nonprofit Corporation Act, including but not limited to indemnification against (i) reasonable expenses, including attorneys' fees actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (ii) reasonable payments made by him in satisfaction of any judgment, money decree, fine penalty or settlement for which he may become liable in any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by the provisions of this Section, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and, if required, giving notice to, and obtaining approval of, the Members of the Association.

Any person who at any time serves or has served in any of the aforesaid capacities for, on behalf of, or at the request of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided under this Section 4(a). Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Section.

If the North Carolina Nonprofit Corporation Act is subsequently amended to eliminate or further limit the personal liability of directors or to authorize corporate action to eliminate or further limit such liability, then the liability of the Directors of this Association shall, without any further action of the

Board of Directors or the Members of the Association, be eliminated or limited to the fullest extent permitted by the North Carolina Nonprofit Corporation Act as so amended.

10.2. The Association shall have the power to purchase and maintain insurance on behalf of any person who is serving or has served as a Director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would otherwise have the power to indemnify him against such liability.

10.3. In addition to the indemnification authorized under the provisions of this Article X and under the provision of the North Carolina Nonprofit Corporation Act, the Association, acting pursuant to a resolution adopted by its Board of Directors, may by contract agree to indemnify any person who at any time is serving or has served as a Director, officer, employee or agent of the Association, or in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprises or, at the request of the Association, as a trustee or administrator under any employee benefit plan, against liability and reasonable litigation expenses, including attorneys' fees, arising out of his status as such or his activities in any of the foregoing capacities before or after the date on which the contract is executed; PROVIDED HOWEVER, that the Association may not agree under any such contract to indemnify any such person against any liability or litigation expense he may incur in relation to matters as to which he shall have been adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of duty.

10.4. Any repeal or modification of the foregoing provisions of this Section shall not affect any rights or obligations then existing with respect to any state of facts then or therefore or thereafter brought based in whole or in part on any such state of facts.

10.5. This Section is intended to provide indemnification solely for actions taken by a person in his capacity as an officer or Director of the Association. Nothing herein shall be deemed to provide indemnification to any person for any liability that may result from that person's ownership of property within the Properties.

ARTICLE XI GENERAL PROVISIONS

11.1. 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, his agent or attorney, for any proper purpose. The Declaration, the Articles of Incorporation and the Bylaws of the Association and the financial statements for the Association for the immediately preceding fiscal year shall be available for inspection by any Member and any first mortgage holders, their insurers or guarantors, at the principal office of the Association, where copies may be purchased at reasonable cost.

11.2. Seal. The seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the Association's seal.

11.3. Waiver of Notice. Whenever any notice is required to be given to any Member or director by law, by the Declaration, or by these Bylaws, a waiver thereof in writing signed by the person or persons

entitled to such notice whether before or after the time stated therein, shall be equivalent to the giving of such notice.

11.4. 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.

11.5. Amendments. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

11.6. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Adopted this 28 day of FEBRUARY, 2022 by the undersigned Director.

HIGHLAND FOREST OF FUQUAY-VARINA HOMEOWNERS
ASSOCIATION, INC.



Director – Brad Nelson