

BY-LAWS OF THE
TURNER FARMS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is TURNER FARMS HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 3725 Benson Road, Garner, North Carolina, 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

Section 1. "Association" shall mean and refer to TURNER FARMS HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 3. "By-Laws" means the bylaws of the Association as they now or hereafter exist.

Section 4. "Declarant" shall mean and refer to T. H. TURNER FARMS, INC., its successors and assigns to whom the rights of Declarant are expressly transferred or if such successors or assigns should acquire more than one undeveloped lot or undeveloped acreage for the purpose of development, or acquire title to the property under a deed in lieu of foreclosure, judicial foreclosure,

or foreclosure under power of sale contained in any deed of trust, or one otherwise denominated a "Declarant" hereby.

Section 5. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions for TURNER FARMS, Section IV, Phase VI, and amendments thereto, applicable to the property and recorded in the Office of the Register of Deeds of Wake County, North Carolina.

Section 6. "Common area" shall mean and refer to all recreational areas (including the recreational area shown on Book of Maps 1983, Page 156, Wake County Registry), facilities and easements within the property as shown on the aforesaid recorded plat or any subsequently recorded plat, and the recorded plats of additional properties hereafter annexed as hereinafter provided, owned or to be owned by the ASSOCIATION, or for which the ASSOCIATION is or may become the owner of access, maintenance, sign, utility and drainage easements, along with facilities and improvements erected or constructed thereon, for the exclusive use and enjoyment of the members of the ASSOCIATION. Said common area shall be maintained by the ASSOCIATION.

Section 7. "Special common area" shall mean and refer to those portions of lots that contain entrance sign and fence easements, as shown on recorded maps of the Property, and the cemetery presently existing on the Property; and title to the sign and fence easements will not be conveyed to the Association.

Section 8. "Lot" shall mean and refer to any plot of land other than the common area or special common area, shown on

recorded plat of the property and upon which a residential unit has been or may be constructed.

Section 9. "Manager" shall mean and refer to the person employed by the Board of Directors as a professional manager, pursuant to the provisions of the By-Laws, to manage the affairs of the Association.

Section 10. "Member" shall mean and refer to every person who is a member of the Association.

Section 11. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the property, including contract sellers, but excluding those who have such interests merely as security for the performance of an obligation.

Section 12. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 13. "Property" shall mean and refer to that certain real property platted of record in Book of Maps 1995, Page 137, 138, Wake County Registry, and described in the Declaration, and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation.

Section 14. "Residential Unit" or "unit" shall mean and refer to a residential structure constructed upon a lot within the property.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held on or before April 30, 1995, on the date and at the time and place set forth by the Board of Directors in its rules and regulations; and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, unless a different date and time is fixed by the Board of Directors.

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 (1/4th) of all of the votes of the Class 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 ten (10) 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 books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, date, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, a majority of the

votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, signed by the member or members of the applicable lot, and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

ARTICLE IV

BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than nine (9) directors, who need not be members of the Association; but the initial Board shall consist of three (3) directors designated by the Declarant.

Section 2. Term of Office. At the first annual meeting the members shall elect one (1) director for a term of one (1) year, and two (2) directors for a term of two (2) years; and their successors shall be elected for terms of two (2) 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 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.

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 of 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 elections 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. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3. Right of Declarant to Representation on Board of Directors of the Association. Notwithstanding anything contained herein to the contrary, until January 1, 2014, or until Declarant shall have conveyed one hundred percent (100%) of properties subject to the Declaration, whichever first occurs, Declarant (or its express assignee of the right granted in this Section) shall have the right to designate and select a two-thirds (2/3rds) majority of the Board of Directors of the ASSOCIATION. The manner in which such person or persons shall be designated and replaced shall be as provided in the Declaration (as it may be amended from time to time) at the applicable times.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly 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 and publish rules and regulations governing the use of the common areas, special 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 the voting rights 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 sixty (60) days, for 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;

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

(f) Contract with any person, including a director or officer or owner, to maintain the common areas and special common areas and perform all other functions for which the Association shall be responsible pursuant to these By-Laws, the Articles of Incorporation, or the Declaration;

(g) Procure such insurance as they deem necessary, proper and/or prudent to the operation of the Association and protection of the common areas, special common areas, and facilities.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all of 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 (1/4th) of the Class A 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 within thirty (30) days after the 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 errors and omissions, directors liability and liability and hazard insurance on property and improvements owned by the Association;

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

(g) cause the common areas and special common areas to be maintained;

(h) designate depositories for Association funds;

(i) appoint such committees as are provided for in these By-Laws or the Declaration and such other committees as shall be appropriate or necessary for the proper administration and performance of the Association; and

(j) exercise their powers in good faith and do and perform such other matters and things not expressly prohibited by law, the Declaration, or these By-Laws as are necessary and appropriate to the proper administration, operation, and maintenance of the Association and the property and such other easements and improvements as shall be provided in the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a President, who shall at all times be a member of the Board of Directors, a Secretary, and a Treasurer, and such other officers (including a Vice President) 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 and until his successor is elected and qualified, 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 without cause by the Board. Any officer may resign at any time upon 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 same person may hold two offices, the duties of which are not incompatible; provided, however, the offices of president and secretary shall not be held by the same person.

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

President

The President shall preside at all meetings of the Board of Directors; shall see that orders and regulations of the Board are carried out; shall sign all leases, mortgages, deeds, promissory notes, and other written instruments; and shall perform such other duties as required by the Board.

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.

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

Treasurer

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 sign all checks of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall

prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the members; and shall perform such other duties as required by the Board.

ARTICLE IX

MEMBERSHIP

Each person who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including contract sellers but excluding persons who hold an interest merely as security for the performance of an obligation, shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment. The Board of Directors may make reasonable rules regarding proof of ownership.

ARTICLE X

VOTING RIGHTS

Section 1. Classes. The Association shall have the following two classes of voting membership:

(a) Class A. Class A members shall be all owners, other than Declarant, and including Declarant as provided in (b) below. Class A members shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as the owners thereof determine; but in no event shall more than

one vote be cast with respect to any lot, and no fractional vote may be cast with respect to any lot.

(b) Class B. The Class B member shall be the Declarant, and it shall be entitled to seven (7) votes for each lot in which it holds a fee or undivided fee interest, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(1) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; provided, however, that the Class B membership shall be reinstated with all rights, privileges, and responsibilities if, after conversion of the Class B membership to Class A membership as herein provided, additional lands are annexed to the property by the Declarant in the manner provided in Article II of the Declaration; or upon reconveyance of a lot or lots to Declarant; or

(2) on January 1, 2014.

ARTICLE XI

COMMITTEES

The Association shall appoint an Architectural Committee, 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 XII

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 XIII

CORPORATE SEAL

The Association shall have the seal in circular form having within its circumference the words: TURNER FARMS HOMEOWNERS ASSOCIATION, INC..

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy; except that the Federal Housing Administration or Veterans Administration shall have the right to veto amendments while there is Class B membership, if Defendant desires to qualify sections of the property for Federal Housing Authority or Veterans Administration approval.

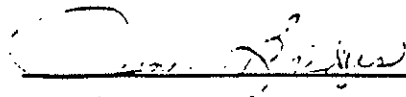
Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of July and end on the 30th day of June 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 TURNER FARMS HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands and seals, this the 17th day of April, 1995.

 (SEAL)

 (SEAL)

Betty R Starn (SEAL)

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of TURNER FARMS HOMEOWNERS 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 27th day of April, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this the 27th day of April, 1995.

[corp. seal]

Betty B. Slanek
Acting Secretary