

BYLAWS
OF
DOGWOOD RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Dogwood Ridge Homeowners Association, Inc. The principal office of the corporation shall be located at 4900 Falls of Neuse Road, Suite 210, Raleigh, North Carolina 27609, 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. "Declaration" shall mean that certain Declaration of Covenants, Conditions and Restrictions for Dogwood Ridge recorded at Book 6811, Page 274, Wake County Registry.

Section 2. The terms defined in the Declaration shall have the same meanings as set forth therein in these Bylaws.

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the Members shall be held on the first Monday in November of each year at the hour of 8:00 p.m. Eastern Standard Time for the purpose of transacting any business authorized to be transacted by the Members; provided, however, if that day is a legal holiday, this meeting shall be held at the same hour on the next succeeding day.

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 Class A membership and one-fourth (1/4) of all of the votes of the Class B 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 seven (7) days nor more than sixty (60) days, unless otherwise stated in the Declaration or Articles of Incorporation, 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, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Proof of such mailings shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings by vote of the Members of the Association.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have 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. The joinder of a Member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Member for the purpose of determining a quorum. The vote of the Owners of a Lot owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate signed by all of the Owners of the Lot and filed with the secretary of the Association. If such certificate is not on file, the vote of such Owners shall not be considered in determining the requirement for a quorum or for any other purpose.

Section 5. Voting. 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.

Section 6. Order. The order of business at annual Members' meetings, and, as far as practical at all other Members' meetings, shall be:

- a. Calling of the roll and certifying of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of any unapproved minutes.
- d. Unfinished business.
- e. New business.
- f. Adjournment.

ARTICLE IV
SELECTION AND TERM OF OFFICE OF
BOARD OF DIRECTORS

Section 1. Number. Initially, the Board of the Association shall consist of three (3) directors who need not be Members of the Association, thereafter from the initial annual meeting forward, the affairs of this Association shall be managed by a Board of five (5) directors who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall elect one director for a term of one year, two directors for a term of two years and two directors for a term of three years. At each annual meeting thereafter the Members shall elect one or two directors, as the case may be, for a term of three 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 the 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 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 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 person(s) receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

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 director, after not less than three (3) days notice to each other 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, formulate, amend and publish rules and regulations governing the use of the Common Area 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 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, 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 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;

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

(f) exercise such other powers as are conferred upon the Association by the Articles of Incorporation or 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 which such statement is requested in writing by one-fourth (1/4) of the Class A Members and one-fourth (1/4) of the Class 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; and

(2) send written notice of each change in the annual assessment to every Member subject thereto at least thirty (30) days in advance of each annual assessment period;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether 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 and hazard insurance on the Common Area, if the Board deems it necessary,

and create a reserve for payment of premiums therefor and to collect the same;

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

(g) cause the Common Area, the cemetery located within the Property, landscape easement areas, Landscaped Rights-of-Way and Entry Features to be maintained as more fully provided in the Declaration;

(h) to perform all other duties imposed by the Articles of Incorporation and the Declaration; and

(i) pay any license fees or governmental charges levied or imposed against the Common Area or other property, real or personal, owned by the Association.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The offices of this Association shall be that of president and vice-president, which shall at all times be held by members of the Board of Directors, a secretary, and a treasurer, and such other offices 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. Each officer 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 shall be 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 necessary.

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 of trust, deeds and other written instruments and shall co-sign all checks and 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 sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a certified 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 presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

Subject to the right of the Declarant to make such appointment as provided in the Declaration, the Board of Directors shall appoint the Architectural Control Committee and the Association shall appoint a Nominating Committee as provided in these Bylaws. 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, lenders, holders, insurers and guarantors of any first mortgage encumbering the Common Property or any Lot. The Declaration, the Articles of Incorporation and the Bylaws 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, including assessments provided for in the Club Declaration. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall be subject to such interest, penalties and actions as shall be established therefor in the Declaration. No Member may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot. The provisions for fiscal management of the Association set forth in the Declaration shall be supplemented by the following provisions:

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

(b) Budget. The Association shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association including, but not limited to the following items: (i) Common Area expense budget, including projected expenses for maintenance and operation of Common Area, landscape easement areas, the cemetery located within the Property, Landscaped Rights-of-Way and Entry Features, landscaping, and walkways, utility services, taxes and governmental charges levied against the Common Area, casualty insurance, liability insurance, if any, and administration; (ii) the assessment due to the Club Association due to the mandatory membership of each Member therein; and, (iii) Proposed assessments against each Member. Copies of the proposed budget and proposed assessments shall be transmitted to each Member on or before January 5 of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each Member concerned.

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

(d) Unless waived by the Association, an audit of the accounts of the Association shall be made annually by a certified independent public accountant, and a copy of the report shall be furnished to each Member not later than April 1 of the year following the year for which the report was made.

ARTICLE XII CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Dogwood Ridge Homeowners Association, Inc. - Corporate Seal.

ARTICLE XIII AMENDMENTS

Section 1. 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, except that the Department of Housing and Urban Development or the Veterans Administration, as the case may be, shall have the right to veto amendments while there is a Class C membership as set forth in the Declaration.

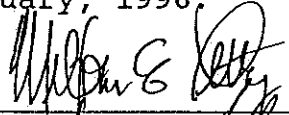
Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control;

and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

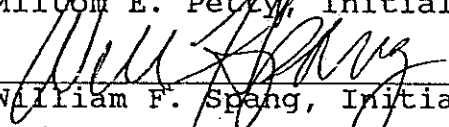
ARTICLE XIV
MISCELLANEOUS

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.

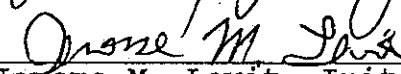
IN WITNESS WHEREOF, we, being all of the directors of Dogwood Ridge Homeowners Association, Inc. have hereunto set our hands this 16th day of February, 1996.



Milton E. Petty, Initial Director



William F. Spang, Initial Director



Jerome M. Levit, Initial Director

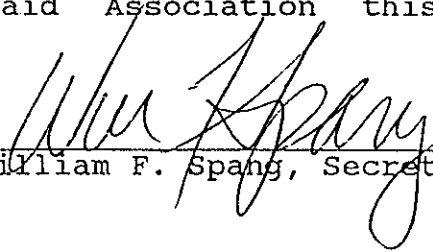
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Dogwood Ridge Homeowners Association, Inc., a North Carolina non-profit corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by unanimous consent of the Board of Directors thereof on the 16th day of February, 1996.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 16th day of February, 1996.



William F. Spang, Secretary

A:H1095.1

MINUTES OF THE
ORGANIZATIONAL MEETING OF THE
INITIAL BOARD OF DIRECTORS
OF DOGWOOD RIDGE HOMEOWNER'S ASSOCIATION, INC.

February 16, 1996

Pursuant to N.C.G.S. Section 55A-2-05, the initial Board of Directors of Dogwood Ridge Homeowner's Association, Inc. (the "Corporation") held its organization meeting on February 16, 1996 for the purpose of appointing officers, adopting bylaws and conducting any other business brought before the meeting. All of the initial directors listed in the Articles of Incorporation of the Corporation, namely Milton E. Petty, William F. Spang and Jerome M. Levit, were present at the organization meeting.

At such meeting, the following resolutions were unanimously adopted and the following actions were approved:

- (1) RESOLVED, that the Articles of Incorporation filed with the Secretary of State of North Carolina on February 6, 1996 and submitted to this Board be and the same hereby are adopted as the charter of this Corporation, and that the Secretary, when elected, is hereby instructed to maintain the same as a permanent record of the Corporation.
- (2) RESOLVED, that the Declaration of Covenants, Conditions and Restrictions for Dogwood Ridge recorded in the Wake County Registry on January 11, 1996 in Book 6811, Page 274 and submitted to this Board be and the same hereby are approved, and that the Secretary, when elected, is hereby instructed to maintain the same as a permanent record of the Corporation.
- (3) RESOLVED, that the Bylaws submitted to this Board and the form of the corporate seal described therein be and the same hereby are adopted as the Bylaws and seal of this Corporation, and that the Secretary, when elected, is hereby instructed to maintain the same as a permanent record of the Corporation.

- (4) RESOLVED, that the following persons are elected to serve the Corporation in the offices opposite their names:

Miltom E. Petty - President

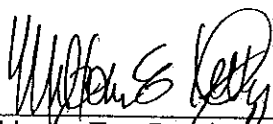
Jerry M. Levit - Vice President

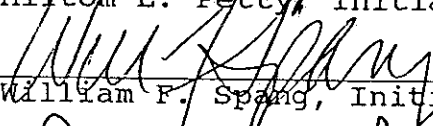
William F. Spang - Secretary

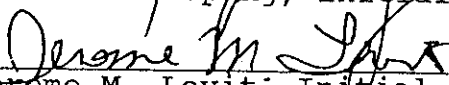
William F. Spang - Treasurer

- (5) RESOLVED, that the Treasurer be and he hereby is authorized to pay all fees and expenses incidental to and necessary to the organization of the Corporation.
- (6) RESOLVED, that December 31 is adopted as the fiscal year end for the Corporation.
- (7) RESOLVED, that the officers of the Corporation be, and they hereby are, authorized, empowered and directed to take any and all steps, and to execute and deliver any and all instruments, in connection with carrying the foregoing resolutions into effect.

IN WITNESS WHEREOF, the undersigned persons, being all of the initial directors of Dogwood Ridge Homeowner's Association, Inc., unanimously approve these minutes of the organizational meeting of the Corporation.


_____(SEAL)
Milton E. Petty, Initial Director


_____(SEAL)
William F. Spang, Initial Director


_____(SEAL)
Jerome M. Levit, Initial Director

A:P296.0