BYLAWS
OF
PRINCETON MANOR PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I.
OFFICES

Section 1. Principal Office. The principal office of the corporation shall be located at 1000 Darrington Drive, Suite 105, Cary, North Carolina 27513, or at such other location designated by the Board of Directors.

Section 2. Registered Office. The registered office of the corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 3. Other offices. The corporation 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 corporation may require from time to time.

ARTICLE III
MEMBERS

Section 1. Types of Members. The corporation shall have two (2) types of members. The designation of such class and the qualification and rights of the members of such class shall be as follows:

> Type "A". Type "A" Memebers shall be all owners of Residential units excluding Declarant, its successors and assigns, of Property situated within Princeton Manor Subdivision.
>
> Type "B". Type "B" Members shall be the Declarant (Developer).

Section 2. Voting Rights.

Type "A". Type "A" Members shall be entitled to one vote for each Residential Unit owned by such Member, however, when any property entitling the Owner to membership in the Association is owned of record in the name of two (2) or more persons or more person or entities, whether fiduciaries, joint tenants, tenants in common, tenants partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise

directs and it or a copy thereof is filed with the Secretary of Association, all such owners shall be Members of the Association. The vote for such Property shall be exercised as the owners thereof determine, but in no event shall more than the number of votes specified herein be cast for any Property , an no fractional vote shall be cast.

Type "B". Type "B" Member shall be entitled to twenty-seven (27) votes for each Residential Unit owned by it in which it holds the interest required for membership, provided that the Class B membership shall cease and be converted to Class A membership no later than fifteen (15) years after the conveyance of the first residential lot.

Section 3. Resignation. Any member may resign by filing a written resignation with the Secretary, but such resignation shall not relieve the member so resigning of the obligations to pay dues, assessments, or other charges theretofore accrued and unpaid.

Section 4. Reinstatement. Upon written request signed by a former member and filed with the Secretary, the Board of Directors may, by the affirmative vote of two-thirds of the members of the Board, reinstate such former member to membership upon such terms as the Board of Directors may deem appropriate.

Section 5. Transfer of Membership. Membership in this corporation is not transferable or assignable.

ARTICLE III.
MEETINGS OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at the principal office of the corporation, or at such other place, either within or without the State of North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings. The annual meetings of members and directors shall be determined by the Executive Committee each year for the purpose of electing directors of the corporation and for the transaction of such other business as may be properly brought before the meeting.

Section 3. Substitute annual meeting. If the annual meeting shall not be held on the day designated by these bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article III. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Quorum. A majority of the outstanding votes of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of members, except that at a substitute annual meeting of members the number of votes there

represented either in person or by proxy, even though less than a majority shall constitute a quorum for the purpose of such meeting.

The members present at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum.

In the absence of a quorum at the opening of any meeting of members, such meeting may be adjourned from time to time by a vote of the majority of the members voting on the motion to adjourn; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

Section 5. Proxies. Membership 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. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing its 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.

Section 6. Special meetings. Special meetings of the members may be called any time by the President, Secretary or Board of Directors of the corporation, or by any member pursuant to the written request of the holders of not less than one-tenth of all the members entitled to vote at the meeting.

Section 7. Notice of meetings. Written printed notice stating the time and place of the meeting shall be delivered not less than ten nor more than fifty 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 members of record entitled to vote at such meeting; provided that such notice must be given not less than twenty days before the date of any meeting at which a merger 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 corporation, with postage thereon prepaid.

In case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, 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 the North Carolina Business Corporation Act.

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.

Section 8. Voting lists. At least ten days before each meeting of members the Secretary of the corporation shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof, with the address of each, which list shall be kept on file at the registered office of the corporation 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 also be produced and kept open at the time and place of meeting and shall be subject to inspection by any member during the whole time of the meeting.

Section 9. Voting of Members. Subject to the provisions of Section 4 of Article IV, each member entitled to vote shall be entitled to one vote on each matter submitted to a vote at a meeting of members.

Except in the election of directors as governed by the provisions of Section 3 of Article IV, the vote of a majority of the members voting voted on any matter at a meeting of members at which a quorum is present shall be the act of members on the matter, unless the vote of a greater number is required by law or by the charter or bylaws of this corporation.

Section 10. Informal action by members. 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 members who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the corporation to be kept as part of the corporate records.

ARTICLE IV.
BOARD OF DIRECTORS

Section 1. General powers. The business and affairs of the corporation shall be managed by its Board of Directors.

Section 2. Number, Term, and Qualifications. The number of directors constituting the Board of Directors shall be three (3). Each director shall hold office until his death, resignation, retirement, 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 corporation.

Section 3. Election of directors. Except as provided in Section 6 of this Article III,

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.

Section 4. Cumulative voting. Every member entitled to vote at an election of directors shall have the right to vote for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his votes shall equal, or by distributing such votes on the same principle among any number of such candidates. This right of cumulative voting shall not be exercised unless some member or proxy holder announces in open meeting, before the voting for the directors starts, his intention so to vote cumulatively; and if such announcement is made, the chair shall declare that all members entitled to vote have the right to vote cumulatively and shall thereupon grant a recess of not less than one nor more than four hours, as he shall determine, or of such other period of time as is unanimously then agreed upon.

Section 5. Removal. Any director may be removed at any time with or without cause by a vote of the majority members. However, unless the entire Board is removed, an individual director shall not be removed when the number of members voting against the proposal for removal would be sufficient to elect a director if such members votes could be voted cumulatively at an annual election. If any directors are so removed, new directors may be elected at the same meeting.

Section 6. 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.

Section 7. 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.

Section 8. Compensation. The Board of Directors may compensate directors for their services as such and may provide for the payment of any or all expenses incurred by directors in attending regular and special meetings of the Board.

ARTICLE V.
MEETINGS OF DIRECTORS

Section 1. Regular meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, 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.

Section 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.

Section 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 two 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.

Section 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.

Section 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.

Section 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.

Section 7. Presumption of assent. A director of the corporation 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 of the meeting 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.

Section. 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.

Section 9. Committees of the Board. The Board of Directors, by resolution adopted by a majority of the number of directors fixed by these bylaws, may designate three or more directors to constitute an Executive Committee and other committees, each of which, to the extent authorized by law and provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the corporation. 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.

Section 10. Participation by Telephone. Any one or more directors may participate in a meeting of the Board of Directors by means of a conference telephone or similar communications device that allows all persons participating in the meeting to hear each other. Participation by these means shall be deemed presence in person at the meeting.

ARTICLE VI.
OFFICERS

Section 1. Officers of the corporation. The officers of the corporation 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.

Section 2. Election and term. The officers of the corporation 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.

Section 3. Compensation of officers. The compensation of all officers of the corporation shall be fixed by the Board of Directors and no officer shall serve the corporation in any other capacity and receive compensation therefor unless such additional compensation be authorized by the Board of Directors.

Section 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 corporation will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 5. Bonds. The Board of Directors may by resolution require any officer, agent, or employee of the corporation to give bond to the corporation, 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.

Section 6. President. The president shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. 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 of the corporation thereunto authorized by the Board of Directors, 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 corporation, 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.

Section 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 such, 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, may sign, with the Secretary or an Assistant Secretary, and shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

Section 8. Secretary. The Secretary shall: (a) keep the minutes of the meetings of members, of the Board of Directors and of all Executive 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 or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation 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) have general charge of the stock transfer books of the corporation; (f) keep or cause to be kept in the State of North Carolina at the corporation's registered office or principal place of business a record of the corporation's members, giving the names and addresses of all members, and prepare or cause to be prepared voting lists prior to each meeting of members as required by law; and (g) 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.

Section 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.

Section 10. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such depositories as shall be selected in accordance with the provisions of Section 4 of Article VII of these bylaws; (b) prepare, or cause to be prepared, a true statement of the corporation'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 corporation'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 thereat kept available for a period of at least ten years; and (c) 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.

Section 11. Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as such, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Directors.

ARTICLE VII.
CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instance.

Section 3. Checks and drafts. All checks, drafts or other orders for the payment of money, issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such depositories as the

Board of Directors may select.

ARTICLE VIII.
GENERAL PROVISIONS

Section 1. Seal. The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the corporation.

Section. 2. Waiver of notice. Whenever any notice is required to be given to any member or director by law, by the charter 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.

Section 3. Indemnification. Any person who at any time serves or has served as a director, officer, employee or agent of the corporation, or in such capacity at the request of the corporation for any other corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the corporation to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Directors of the corporation shall take all such action as may be necessary and appropriate to authorize the corporation to pay the indemnification required by this bylaw, 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 giving notice to, and obtaining approval by, the members of the corporation.

Any person who at any time after the adoption of this bylaw serves or has served in any of the aforesaid capacities for or on behalf of the corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall insure 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 provision of this bylaw.

Section 4. Fiscal year. The fiscal year of the corporation shall be fixed by the Board of Directors.

Section 5. Amendments. Except as otherwise provided herein, these bylaws may be amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board of Directors.

The Board of Directors shall have no power to adopt a bylaw: (1) prescribing quorum or voting requirements for action by members or directors different from those prescribed by law; (2) increasing or decreasing the number of directors; or (3) classifying and staggering the election of directors.

No bylaw adopted or amended by the members shall be amended or repealed by the Board of Directors, except to the extent that such bylaw expressly authorizes its amendment or repeal by the Board of Directors.