BYLAWS
OF
YARBOROUGH PARK
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Yarborough Park Homeowners Association, Inc. (the "Association"). The principal office of the Association shall be located at 1900 Cameron Street, Raleigh, North Carolina, 27605, but the meetings of Members and Directors may be held at such places within Wake County, North Carolina as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Declaration" shall mean that certain instrument, entitled "Declaration of Covenants, Conditions and Restrictions for Yarborough Park Townhomes" recorded in the Office of the Register of Deeds of Wake County, North Carolina, and all amendments thereto.

Section 2. Each term defined in the Declaration shall have the same meaning, as set forth therein, in these Bylaws.

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meeting. The first annual meeting of the Members shall be held within twenty-four (24) months after incorporation of the Association, and each subsequent annual meeting of the Members shall be held at a date and time determined by the Board of Directors, for the purpose of transacting any business authorized to be transacted by the Members.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the Association's 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.

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, unless otherwise stated in the Declaration or Articles, 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 mailing shall be given by the affidavit of the person

giving the notice. Notice of the meeting may be waived, before pr after the meeting, by vote of all Members of the Association.

Section 4. Quorum. The presence at such meeting of Members entitled to cast, or of proxies entitled to cast, one fourth (l/4) of the vote of each class of Members shall constitute a quorum for any action except as otherwise provided in the Articles, 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 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. The joinder of a Member in the action 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 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. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary of the Association. 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 the 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) Old business.
(e) New business.
(f) Adjournment.

ARTICLE IV
SELECTION AND TERM OF OFFICE OF BOARD OF DIRECTORS

Section 1. Number. Initially, the Board shall consist of two (2) directors, who need not be Members of the Association. From the initial annual meeting of Members forward, the affairs of the Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years. At each annual meeting thereafter, the Members shall elect one (1) director for a term of three (3) years to accomplish staggered terms for such directors.

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 the 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 shall be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without 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 in writing to the Association Secretary or his/her designee prior to the annual meeting. Nominations may also be made from the floor at the annual meeting.

Section 2. Election. Election to the Board of Directors shall be by written ballot. At such election the Member; or their proxy 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 and fractional voting shall not be permitted.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Annual Meeting. The annual meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of Members.

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 prior 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, the Lots, and any facilities and improvements thereon, 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 the Common Area 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. Suspension shall not restrict the right to use private streets and parking spaces as allotted in the Declaration.

(c) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these Bylaws, the Articles 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 meetings of the Board of Directors;

(e) Foreclose the lien against any Lot for which the Assessments are not paid within thirty (30) days after their due date and bring an action at law against the Owner personally obligated to pay the same;

(f) Employ a manager, an independent contractor, or such other persons as deemed necessary, and prescribe their duties; and

(g) Exercise such other powers as are conferred upon the Association by the Articles, the Declaration or these Bylaws.

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 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 Members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

(c) As more fully provided in the Declaration:

1. fix the amount of the annual Assessment against each Lot in advance of each annual Assessment period;

2. send written notice of such annual 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 Lot for which the Assessments are not paid within thirty (30) days after their due date and bring an action at law against the Owner personally obligated to pay the same;

(d) Upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessment on a Lot has been paid. A properly executed certificate of the Association, as to the status of Assessments on a Lot, shall be binding upon the Association as of the date of its issuance, as provided in the Declaration;

(e) Procure and maintain such casualty, hazard and liability insurance, as provided in the Declaration;

(f) Cause the Common Area, Stormwater Control Measures, the exterior of each townhome and the improvements to be maintained and repaired as set forth in the Declaration;

(g) Pay any taxes, assessments, license fees or governmental charges, levied or imposed against any property, real or personal, owned by the Association;

(h) Maintain, repair and replace private streets within the Property; and

(i) Perform all other duties imposed by the Articles, the Declaration and these Bylaws.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a president, secretary and treasurer, all of whom shall be Members of the Board of Directors, and such other officers as the Board may elect from time to time.

Section 2. Election of Officers. The initial officers of the Association shall be:

A. Settle Dockery, III	President and Secretary
G. Smedes York	Treasurer

each of whom shall serve until the first annual meeting of the Board of Directors. Thereafter, the election of officers shall take place at the annual meeting of the Board of Directors.

Section 3. Term. Subject to the provisions of Section 2 of this Article, each officer of the 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.

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 shall 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 president and secretary may 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, see that orders and resolutions of the Board are carried out, sign all leases, mortgages, deeds of trust, deeds and other written instruments, co-sign all checks and promissory notes, and 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 current records showing the Members and their addresses, and 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, co-sign all checks and promissory notes of the Association, keep proper books of account, where directed by the Board, cause an annual audit of the Association's books to be made by a certified independent public accountant at the completion of each fiscal year, and prepare an annual budget and a statement of income and expenditures.

ARTICLE IX
COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint such other committees as deemed appropriate in carrying out its purposes.

ARTICLE X
BOOKS AND RECORDS

The books, records and papers of the Association, including the Articles, Bylaws and Declaration, shall, at all times during reasonable business hours, be available for inspection by any Member or his designee, at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XI
FISCAL MATTERS AND ASSESSMENTS

As more fully provided in the Declaration, each Class A Member is obligated to pay to the Association annual and special Assessments which are secured by a continuing lien upon the Lot against which the Assessment is made.

The provisions for fiscal management of the Association, as set forth in the Declaration, shall be supplemented by the following provisions:

(a) Assessments Roll. An Assessments 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 Lot and its owner, the amount of each Assessment against the Lot and Owner, the dates and amounts in which the Assessment comes due, the amounts paid upon the account and the balance of any Assessment.

(b) Budget. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year (or, if the assessment has not been established at the time an Owner purchases such Owner's Lot, at least thirty (30) days

prior to the due date of the first installment in the case of the initial budget). Notwithstanding the foregoing, however, in the event the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Within 30 days after adoption of any proposed budget for the planned community, the Board of Directors shall provide to all Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board of Directors shall set a date for a meeting of Owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 60 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all Owners in the association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by Owners shall be continued until such time as Owners ratify a subsequent budget proposed by the Board of Directors.

(c) Bank Accounts. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be on checks cosigned by the president and the Treasurer, or by such bonded person(s) as the Board may from time to time designate.

ARTICLE XII
AMENDMENTS

Section 1. Amendment. 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 Federal Housing Authority, the Veteran Administration, or the City of Raleigh, North Carolina shall have the right to veto amendments while there is a Class B Member, if either has given its prior approval to the development of the Property.

Section 2. Conflict. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and, in the case of a conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII
MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 2. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply, either to the Association or other entities or to individuals, men or women, shall, in all cases, be assumed as though in each case fully expressed.

CERTIFICATION

We, the undersigned, do hereby certify:

THAT we are the sole directors of Yarborough Park Homeowners Association, Inc., a North Carolina non-profit corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of the Association as, duly adopted at a meeting of the Board of Directors thereof, held on the 8th day of Jan, 2008.

IN WITNESS WHEREOF, we have set our signatures hereto this 8th day of Jan, 2008.

A. Settle Dockery

A. Settle Dockery, Director

G. Smedes York

G. Smedes York, Director