BYLAWS

OF

BRACKENRIDGE POINTE OWNERS ASSOCIATION, INC., a North Carolina Non-profit Corporation

ARTICLE I
Offices

Section 1. Registered Office. The Association shall have and continuously maintain in this State a registered office and a registered agent whose office is identical with such registered office. Such registered office shall be located at 201 Shannon Oaks Circle, Suite 201, Cary, Wake County, North Carolina, 27511 or at such other place within Wake County, North Carolina as may from time to time be fixed and determined by the Board of Directors.

Section 2. Other Offices. The Association may have offices at such places, either within or outside the State of North Carolina, as the Board of Directors may from time to time determine, so long as the principal office of the Association is located within Wake County, North Carolina. The principal office may differ from the registered office.

ARTICLE II
Membership

Section 1. Classes of Members. The Association shall have Two (2) class(es) of Members, which are as follows:

> **Class A Members.** Class A Members shall be all those Owners with the exception of the Declarant (all defined terms are contained in the Declaration of Master Covenants, Conditions and Restrictions for Brackenridge Pointe recorded in Book 9365, Page 1084, Wake County Registry (the "Master Covenants")) and any amendments thereto.
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> **Class B Member.** The Class B Member shall be the Declarant.

Section 2. Qualifications of Members. The qualifications for each class of Members are as follows: The Declarant, for so long as it shall be an Owner, and every person or entity who is an Owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessments by the Association, including contract sellers, shall be a Member of the Association. The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of such Lot shall be the sole qualification for membership, and no Owner shall have more than one membership per Lot, except as expressly provided hereinafter. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. The

Board of Directors may make reasonable rules relating to proof of ownership of a Lot in Brackenridge .

Section 3. Voting Rights of Members. The voting rights of each class of Members are as follows:

> **Class A Members:** Class A Members shall be entitled to one (1) vote for each Lot in which they hold the required ownership interest. When more than one person or entity holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot and no fractional vote may be cast with respect to any Lot.
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> **Class B Member:** The Class B Member shall be entitled to five (5) votes for each Lot in which it holds the required ownership 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 first:

a. The total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; provided, that the Class B membership shall be reinstated with all rights, privileges, responsibilities and voting power if, after conversion of the Class B membership to Class A membership, additional lands are annexed to the properties without the assent of the Members, all within the times and as provided in the Master Covenants; or

b. December 31, 2006.

Section 4. Annual Meetings. A regular annual meeting of the members shall be held at an appropriate location during the month of May each year. The Members may provide by resolution for the holding of such meeting at a place other than the office of the Association, without other notice than such resolution.

Section 5. Substitute Annual Meeting. If any regular meeting provided for by Section 4 shall not be held during the month designated in such section, a substitute meeting may be called in the manner provided for the call of a special meeting in accordance with the provisions of Section 6 of this Article; and a substitute meeting so called shall be designated and shall be treated for all purposes, as a regular meeting.

Section 6. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors. Special meetings may also be called by Members having one twentieth (1/20) of the votes entitled to be cast at such meeting.

Section 7. Notice of Member Meetings. No notice shall be required of any regular annual Members meeting held at the office of the Association pursuant to Section 4 of this Article. In the case of substitute annual meetings and special meetings (all meetings), written or

printed notice stating the place, day, and hours of the meeting, and the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) days nor more then fifty (50) days before the date of the meeting unless otherwise provided in the Master Covenants or Articles of Incorporation, either personally or by mail, by or at the direction of the President or the Secretary, or the officers or persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice is deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid. The attendance of a Member at any meeting shall constitute a waiver of notice of such meeting, except where a Member 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 8. Action by Members Without a Meeting. 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 is signed by all of the Members entitled to vote with respect to the subject matter thereof and filed with the Secretary of the Association as part of the corporate records, whether done before or after the actions is taken.

Section 9. Voting of Members. Members shall have the following voting rights:

(a) Election of all Directors except as otherwise provided in Section 12 of Article III and any other provisions of these Bylaws.

(b) To approve or disapprove actions regarding Directors' adverse interests under Section 14 of Article III.

Members may vote in person or by proxy executed in writing by the Member or by their duly authorized attorney-in-fact. No proxy is valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 10. Quorum. Members holding one-tenth (1/10th) of the votes entitled to be cast represented in person or by proxy constitute a quorum. The vote of a majority of the votes entitled to be cast by Members present or represented by proxy at a meeting at which a quorum is present is necessary for the adoption of any matter voted upon by the Members.

Section 11. Member Compensation. The Association may pay reasonable amounts to Members for actual services rendered to the Association.

Section 12. VA and HUD Approval. As long as there is a Class B member, the following acts will require the prior approval for compliance with established VA and HUD guidelines: Annexation of additional Properties; dedication, mortgaging and/or exchange of Common Areas; and any amendment of these Bylaws.

ARTICLE III
Board of Directors

Section 1. General Powers. The property, affairs and business of the Association shall be managed by the Board of Directors.

Section 2. Number, Term of Office and Qualifications. The Association shall be governed by a Board of Directors. The number of persons on such Board of Directors shall be not less than Three (3) nor more than five (5). Except as otherwise provided in Section 12 of this Article, all Directors shall be elected annually by a majority of the votes entitled to be cast by the Members present or represented by proxy at a Members meeting at which a quorum is present. If any Member so demands, election of Directors by Members shall be by ballot. Each Director shall continue in office until the annual meeting of the Members held next after his election and until his successor shall have been duly elected and qualified or until his death or until he shall resign or become disqualified or until he shall have been removed. Directors need not be residents of North Carolina nor Members of the Association. The number of Directors may be increased or decreased from time to time only by amendment to these Bylaws. In no event, however, shall the number of Directors be less than three (3). No decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director.

Section 3. Duties. Directors shall stand in a fiduciary relationship to the Association and its Members and shall discharge the duties of their respective positions in good faith, and with that diligence and care which ordinarily prudent men would exercise in similar circumstances in like positions.

Section 4. Regular Meetings. A regular annual meeting of the Board of Directors shall be held at the office of the Association during the month of March of each year. The Board of Directors may provide by resolution for the holding of such meeting at a place other than the office of the Association without other notice than such resolution.

Section 5. Substitute Annual Meeting. If any regular meeting provided for by Section 4 above shall not be held during the month designated in such section, a substitute meeting may be called in the manner provided for the call of a special meeting in accordance with the provisions of Section 6 of this Article; and a substitute meeting so called shall be designated as, and shall be treated for all purposes, as a regular meeting.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or by two (2) or more of the Directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of North Carolina, as the place for holding such special meetings.

Section 7. Notice of Meetings. Notice of each regular meeting of the Board of Directors shall be given at least twenty (20) days prior thereto. Notice of any special meeting of the Board of Directors shall be given at least two (2) days prior thereto. All notices shall be in writing delivered personally or sent by mail, facsimile transmission or overnight delivery to each

Director at his address as shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United Sates Mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by facsimile transmission, such notice shall be deemed to be delivered when sent. If notice be given by overnight delivery, such notice shall be deemed to be delivered when the notice is delivered to the overnight delivery company. Any Director may waive notice of any meeting. The attendance of a Member at any meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

Section 8. Quorum. The presence of two-thirds (2 of 3 or 3 of 5) of the members of the Board of Directors at a meeting duly assembled shall constitute a quorum for the transaction of business; provided, if less than a quorum of the Directors shall be present at the time and place of any meeting, the Directors present may adjourn the meeting from time to time until a quorum shall be present, and notice of any adjourned meeting need not be given; provided, that the time and place are fixed at the meeting adjourning and the period of adjournment does not exceed ten (10) days in any one adjournment.

Section 9. Voting. Except as otherwise expressly provided by statute, or by Charter of the Association, or by these Bylaws, the action of a majority of the Directors present at a meeting at which a quorum is present shall be the action of the Board of Directors. Any Director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes 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 Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action. If actions taken by an executive committee is not thereafter formally considered by the Board of Directors, a Director may dissent from such action by filing his written objection with the Secretary of the Association with reasonable promptness after learning of such action.

Section 10. Informal Action by Directors or Committees. Action taken by a majority of the Directors or members of a committee without a meeting is nevertheless Board or committee action if written consent to the action in question is signed by all the Directors or members of the committee, as the case may be, and filed with the minutes of the proceedings of the Board or committee, whether done before or after the action so taken. If a meeting of Directors otherwise valid is held without proper call or notice, action taken at such meeting otherwise valid is deemed ratified by a Director who did not attend unless promptly after having knowledge of the action taken and of the impropriety in question he files with the Secretary or Assistant Secretary of the Association his written objection to the holding of the meeting or to any specific action so taken. Any one (1) or more Directors or members of a committee may participate in a meeting of the Board or committee by means of a conference telephone or similar

communications device which allows all persons participating in the meeting to hear each other and such participation in a meeting shall be deemed presence in person at such meeting.

Section 11. Resignation of Directors. Any Director may resign at any time by giving notice thereof in writing to the President or Secretary of the Association. Such resignation shall take effect at the time specified therein, or if no time is specified, at the time such resignation is received by the President or Secretary, unless it shall be necessary to accept such resignation by its terms before it becomes effective, in which event the resignation shall take effect upon its acceptance by the Board of Directors.

Section 12. Vacancies. In the event of any vacancy occurring in the Board of Directors by death, resignation, disqualification, increase in the number of Directors, or otherwise, the remaining Directors shall continue to act; and such vacancy may be filled by the vote of a majority of the remaining Directors, even though such majority is less than a quorum, or by the sole remaining Director if there be only one (1) Director remaining. Any Director so chosen shall hold office for the unexpired portion of the term of the person whom the newly elected Director succeeds and until his successor shall have been duly elected and qualified, or until his death, or until he shall resign or shall become disqualified.

Section 13. Compensation of Directors. Directors shall not receive any compensation for their services as such; provided, however, nothing herein contained shall be construed to preclude any person who is a Director from also serving the Association in another capacity and receiving just and reasonable compensation therefore. In the case of compensation paid or voted for services of a Director, the standard of what is "just and reasonable" is what would be paid for such services at arm's length under competitive conditions.

Section 14. Director's Adverse Interest. Any corporate transaction in which a Director has an adverse interest must be specifically approved, after full disclosure of all material facts to all the Members, by a vote of the majority of the votes entitled to be cast by Members other than votes entitled to be cast by the adversely interested Directors or by Members controlled by the adversely interested Directors.

Section 15. Certain Director Liability. In addition to other liabilities imposed by law upon directors, a Director shall be subject to the following liabilities:

(a) All Directors who vote for or assent to any distribution of assets of the Association contrary to any lawful restrictions in the Non-Profit Corporation Act of the State of North Carolina, the Corporate Charter, or the Bylaws, shall be jointly and severally liable to the Association for the amount of such distribution; provided, such liability shall not exceed the debts, obligations and liabilities existing at the time of such vote or assent which are not thereafter paid and discharged plus any such loss sustained by Members at the time of such vote or assent other than losses sustained by Members receiving such distribution of assets; and provided further, a Director shall not be liable for such a vote or assent if he relied and acted in good faith and reasonably upon financial statements of the Association represented to him to be correct and to be based by the President or the Treasurer, or certified by an independent public

accountant or by a certified public accountant or firm of such accountants to fairly reflect the financial condition of the Association.

(b) All Directors who vote for or assent to any distribution of assets of the Association during the liquidation of the Association without the payment and discharge of, or making adequate provision for, all known or reasonably ascertainable debts, obligations, and liabilities of the Association shall be jointly and severally liable to the Association for the value of such assets which are distributed, to the extent that such debts, obligations and liabilities of the Association are not thereafter paid or discharged; provided, a Director shall not be liable for such a vote or assent if he relied and acted in good faith and reasonably upon financial statements of the Association represented to him to be correct and to be based upon generally accepted principles of sound accounting practice by the President or the Treasurer, or certified by an independent public accountant or by a certified public accountant or firm of such accountants to fairly reflect the financial condition of the Association.

(c) All Directors who vote for or assent to the making of any loan or guaranty or other form of security by the Association to or for the benefit of the directors or officers of the Association, or any of them, except loans, guaranties or other forms of security made to full time employees of the Association who are also Directors or officers of the Association, shall be jointly and severally liable to the Association for the repayment or return of the money or value loaned, with interest thereon at the rate of six percent (6%) a year until paid, or for any liability of the Association upon the guaranty.

Section 16. Loans and Guaranties. No loan, guaranty or other form of security shall be made or provided by the Association to or for the benefit to its Directors.

ARTICLE IV
Executive Committee

Section 1. Membership. By resolution adopted by a majority of the Directors then in office, the Board of Directors may designate an Executive Committee which shall consist of Two (2) or more Directors.

Section 2. General Powers. The Executive Committee shall have and may exercise, in the interim between meetings of the Board of Directors, and except as otherwise provided in Section 5 of this Article, all the powers of the Board of Directors.

Section 3. Other Committees. By resolution adopted by a majority of the Directors present at a meeting at which a quorum is present, the Board of Directors may designate one (1) or more additional committees which shall consist of two (2) or more Directors, not having and exercising the authority of the Board of Directors.

Section 4. Committee Action as Board Action. 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; and any

resolutions adopted or other actions taken by any such committee within the scope of authority delegated to it by the Board of Directors shall be deemed for all purposes to be adopted or taken by the Board of Directors.

Section 5. Limitation of Powers. No Committee shall have authority as to the following matters:

(a) The dissolution, merger or consolidation of the Association; the amendment of the Charter of the Association; or the sale, lease or exchange of all or substantially all of the property of the Association.

(b) The designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee.

(c) The amendment or repeal of the Bylaws, or the adoption of new Bylaws.

(d) The amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

(e) The fixing of compensation of the Director for serving on the Board of Directors or on any such committee.

Section 6. Removal. Any committee or any member thereof may be discharged or removed by action of a majority of the Board of Directors present at a meeting at which a quorum is present.

ARTICLE V
Officers

Section 1. Number of Officers. The officers of the Association shall be a President, a Secretary and a Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. Any two (2) offices or more may be held by one (1) person, except the offices of President and Secretary, but no officer shall sign or execute any document in more than one (1) capacity, or otherwise act in more than one (1) capacity where action of two (2) or more officers is required.

Section 2. Election, Term of Office and Qualifications. Each officer, except such officers as may be appointed in accordance with the provisions of Section 3 of this Article , shall be elected by the Board of Directors at its annual meeting and shall hold office until the annual meeting of the Board of Directors held next after his election or until his successor shall have been duly chosen and qualified or until his death or until he shall resign or shall have been disqualified or shall have been removed from office.

Section 3. Subordinate Officers and Agents. The Board of Directors from time to time may appoint other officers or agents, each of whom shall hold office for such period, have such

authority, and perform such duties as the Board of Directors from time to time may determine. The Board of Directors may delegate to any officer or agent the power to appoint any subordinate officer or agent the power to appoint any subordinate officer or agent and to prescribe his respective authority and duties.

Section 4. Duties. Officers shall stand in a fiduciary relation to the Association and shall discharge the duties of their respective positions in good faith, and with that diligence and care which ordinarily prudent men would exercise in similar circumstances in like positions.

Section 5. Removal. The officers specifically designated in Section 1 of this Article may be removed, either with or without cause, by vote of majority of the whole Board of Directors at a special meeting of the Board called for that purpose. The officers appointed in accordance with the provisions of Section 3 of this Article may be removed, either with or without cause, by the Board of Directors, by a majority vote of the Directors present at any meeting, or by any officer or agent upon whom such power of removal may be conferred by the Board of Directors. The removal of any person from office shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create contract rights.

Section 6. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or the Secretary of the Association, or if he was appointed by an officer or agent in accordance with Section 3 of this Article , by giving written notice to the officer or agent who appointed him. Any such resignation shall take effect upon its being accepted by the Board of Directors or by the officer or agent appointing the person so resigning.

Section 7. Vacancies. A vacancy in any office because of death, resignation, removal, or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these By-Laws for regular appointments or election to such offices.

Section 8. President. The President shall be the chief executive officer of the Association, and, subject to the instructions of the Board of Directors, shall have general charge of the business, affairs and property of the Association and control over its other officers, agents and employees. He shall preside at all meetings of the Board of Directors at which he may be present. The President shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors. The President, as chief executive officer of the Association, shall have authority to institute or defend legal proceedings when the Directors are deadlocked.

Section 9. Vice-President. At the request of the President, or in his absence or disability, the Vice-President shall perform all of the duties of the President and when so acting shall have the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties and have such authority as from time to time may be assigned to him by the Board of Directors.

Section 10. Secretary. The Secretary shall keep the minutes of the meetings of the Members and the Board of Directors, and shall see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law. He shall be custodian of the records, books, reports, statements, certificates and other documents of the Association and of the seal of the Association, and see that the seal is affixed to all documents requiring such seal. In general, he shall perform all duties and possess all authority incident to the office of Secretary, and he shall perform such other duties and have such other authority as from time to time may be assigned to him by the Board of Directors.

Section 11. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the Association and shall be the custodian of all appropriate financial books and records of the Association. He shall in general perform all duties and have all authority incident to the office of Treasurer and shall perform such other duties and have such other authority as from time to time may be assigned or granted to him by the Board of Directors. He may be required to give a bond for the faithful performance of his duties in such form and amount as the Board of Directors many determine. He shall cause a review or audit of the Association's financial books and records to be performed as frequently as the Board of Directors shall determine in their reasonable discretion.

Section 12. Duties of Officers May be Delegated. In case of the absence of any officer of the Association or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being provided a majority of the entire Board of Directors concurs therein.

Section 13. Salaries of Officers. No officer of the Association shall receive a salary for his services as such officer if he is also a Director of the Association. The salaries of the officers of the Association, other than such officers as may be Directors of the Association, shall be fixed at a reasonable amount from time to time by the Board of Directors, except that the Board of Directors may delegate to any officer who has been given power to appoint subordinate officers or agents, as provided in Section 3 of this Article, the authority to fix the salaries or other compensation of any such officers or agents appointed by him.

ARTICLE VI
Contracts, Loans, Deposits, Checks, Drafts, Etc.

Section 1. Contracts. Except as otherwise provided in the Master Covenants and these By-Laws the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or to execute or deliver any instruments on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name, unless and except as authorized by the Master Covenants and by the Board of Directors. Any officer or agent of the Association thereunto so authorized may effect loans or advances for the Association and for such loans and advances may make, execute and deliver promissory notes, bonds or other evidences of

indebtedness of the Association. Any such officer or agent, when thereunto so authorized, may mortgage, pledge, hypothecate or transfer as security for the payment of any and all loans, advances, indebtedness and liabilities of the Association any real property and all stocks, bonds, other securities and other personal property at any time held by the Association, and to that end may endorse, assign and deliver the same, and do every act and thing necessary or proper in connection therewith. Such authority may be general or confined to specific instances.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks or trust companies or with such bankers or other depositories as the Board of Directors may select, or as may be selected by any officer or officers, agent or agents of the Association to whom such power may from time to time be given the Board of Directors.

Section 4. Checks, Drafts, Etc. All notes, drafts, acceptances, checks and endorsements or other evidences of indebtedness shall be signed by the President and by the Secretary or the Treasurer, or in such other manner as the Board of Directors from time to time may determine. Endorsements for deposit to the credit of the Association in any of its duly authorized depositories will be made by the President or Treasurer or by any officer or agent who may be designated by resolution of the Board of Directors in such manner as such resolution may provide.

Section 5. Gifts. Except as otherwise provided by Article VII of these Bylaws, the Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purposes of the Association.

ARTICLE VII
Purposes and Powers

The purposes for which this Association is organized are to:

(a) To operate without contemplating pecuniary gain to the members thereof.

(b) To provide for architectural control in the Brackenridge Pointe Subdivision.

(c) To provide for the beautification and maintenance and to build and maintain facilities and improvements within that certain tract of land described as Brackenridge Pointe Subdivision which is more particularly shown in certain plat maps recorded in the Wake County, North Carolina Registry, and which may be supplemented and increased in size by the subsequent annexation of additional lands into Brackenridge Pointe as more specifically described and authorized in the said Master Covenants.

(d) To promote the health, safety, and welfare of the residents within the above described property and any additions thereto that may hereafter be brought within the jurisdiction of the Brackenridge Pointe Owners Association for these purposes.

(e) To do and perform all acts, services, functions and duties directly or indirectly connected with the commencement and continued operation of the affairs of the Association.

(f) To engage in any lawful act or activity for which corporations may be organized under the Non-Profit Corporation Act of North Carolina as codified in Chapter 55A of the General Statutes of North Carolina, and to have and exercise any and all powers, rights and privileges which a corporation so organized may now or hereafter exercise.

(g) No part of the net earnings of the Association shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Three of the Articles of Incorporation. No substantial part of the activities of the Association shall be the carrying on of propaganda, or otherwise attempting to influence legislation and the Association shall not participate in or intervene in (including the publishing or distribution of statement) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the Association shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from general income tax under Section 501(c) of the Internal Revenue Code of 1986 (or corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or corresponding provision of any future United States Internal Revenue Law).

Upon the dissolution of the Association, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Association, dispose of all of the assets of the Association exclusively for the purposes of the Association in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c) of the Internal Revenue Code of 1986 (or corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Court in the county in which the principal office of the Association is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE VIII
General Provisions

Section 1. Corporate Seal. The corporate seal shall be in such form as shall be approved from time to time by the Board of Directors.

Section 2. Fiscal Year. The fiscal year of the Association shall be established from time to time by resolution of the Board of Directors.

Section 3. Waiver of Notice. Whenever any notice is required to be given under the provisions of the Non-Profit Corporation Act of the State of North Carolina under the provisions of the Articles of Incorporation or the By-Laws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be equivalent to the giving of such notice.

Section 4. Amendments to Bylaws. Subject to the conditions specified in Article II, Section 12 herein, these Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted by two-thirds (2/3) of the Directors then in office; provided, however, at least seven (7) days notice in writing shall be given to all Members of the intention to alter, amend, or repeal or to adopt new Bylaws.

Section 5. Books and Records. The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and Committees having any of the authority of the Board of Directors. It shall keep at its registered office a record of the names and addresses of its Members entitled to vote. All books and records of the Association may be inspected and copied by any Member, or his agent or attorney, for any proper purpose at any reasonable time.

Section 6. Officer, Director, Employee, and Agent Indemnification.

(a) The Association shall indemnify any Director or officer or former Director or officer of the Association or any person who may have served at its request as a director or officer of another Association, partnership, joint venture, trust or other enterprise against liabilities and reasonable litigation expenses, including attorney fees, incurred by him in connection with any action, suit or proceeding in which he is made or threatened to be made a party by reason of being or having been such Director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of duty.

With approval of the majority of the full Board of Directors, the Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee, or agent of another Association, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

Expenses incurred by a Director, officer, employee or agent in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director, officer, employee, or agent to repay such amount unless it shall be ultimately determined that he is entitled to be indemnified by the Association as authorized in Section 55A of the North Carolina General Statutes or as authorized in these Bylaws.

(b) Any person who is or was serving as Director, officer, employee or agent of the Association, or in any such capacity at the request of the Association in any other Association, partnership, joint venture, trust or other enterprise, and who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, not brought by the Association nor brought by any party seeking derivatively to enforce a liability of such a person to the Association, shall be entitled to indemnification, or reimbursement by the Association for any expenses, including attorney fees, or any liabilities which he may have incurred in consequence of such action, suit or proceeding, under the following conditions:

(1) If such person is wholly successful in his defense on the merits, or if the proceeding is an administrative or investigative proceeding which does not result in the indictment, fine or penalty of such person, he is entitled to reimbursement from the Association of all his reasonable expenses of defense or participation, including attorney fees.

(2) If such person is wholly successful in his defense otherwise than solely on the merits, the Association may pay or agree to pay to him such expenses of defense or participation, including attorney fees, as the Board of Directors in good faith deems reasonable, regardless of any adverse interest of any or all of the Directors.

(3) If such person is not wholly successful or is unsuccessful in his defense, or with the proceeding to which he is a party results in his indictment, fine or penalty, the Association may pay or agree to pay, in whole or in part, such expenses of defense or participation, including attorney fees, and the amount of any judgment, money decree, fine, penalty or settlement for which he may have become liable if:

(A) The plan for such payment is approved by a consent in writing signed by all the Members; or

(B) The plan for such payment is sent to the Members, with notice of a Members meeting, either annual or special, to be held to take action thereon and at such meeting the plan is approved by a majority of the Members present, exclusive of those Members who would be benefited by the plan if approved; or

(C) A majority of a quorum consisting of Directors who are not parties to such action, suit or proceeding determine that such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; provided, after the determination of the Directors, the Association, not later than sixty (60) days before any payment or agreement to pay is made, sends to all Members of record

on a record date no more than ten (10) days prior to the date of mailing, at their registered addresses, a statement specifying persons to be paid, the amounts to be paid and the nature and status of the suit or proceedings at the time of mailing; or

(D) In a proceeding brought by such person for such determination in the superior court of the district where the Association has its registered office it is determined that such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. In such proceeding, the court in its discretion may order notice thereof to be sent to any Members in any manner or form as it may deem appropriate at the expense of the Association. The court may allow all Members so notified to be heard in opposition to the determination requested.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(c) When a present or former Director, officer, employee, or agent of the Association or any person who has served or is serving in such capacity at the request of the Association in any other Association, partnership, joint venture, trust or other enterprise, is sued, alone or with others, in the courts of North Carolina, in any action seeking to establish his liability to the Association arising out of his alleged dereliction of duty to the Association, he shall in turn be entitled to indemnification or reimbursement from the Association for so much of his expenses of defense, including attorney fees, as the court in its discretion, upon motion for indemnification or reimbursement, duly made in such action, finds to be reasonable, if: (1) such person is successful in whole or in part in the action against him or in any settlement thereof and the court finds that his conduct fairly and equitably merits such relief; or (2) the court finds, despite his adjudication of liability, that such person has acted honestly and reasonably and that, in view of all the circumstances of the case, his conduct fairly and equitably merits such relief.

When such action is brought in a state other than North Carolina and the result thereof is as would have entitled the defendant officer or Director to make a motion in the cause for indemnification or reimbursement of his expenses of defense if the action had been brought in North Carolina, but no such relief is available in the state in which the action is actually brought, the defendant officer or Director may bring a separate action against the Association in North Carolina for such indemnification or reimbursement as he might have recovered had the suit against him been brought in North Carolina. Notice of said action for indemnification or reimbursement shall be sent, in such form as the court may approve and at the Association's expense, to the party or parties plaintiff in the prior action who shall be entitled to be heard.

The court may in its discretion order notice of the claim thereof to be sent to the Members in such manner and in such form as it may approve, at the expense of the Association. All Members so notified may be heard in opposition to the relief requested.

(d) As used in this Section 6, the term "person" includes the legal representative of such person.

(e) Notwithstanding any other provision of Article VII, Section 6, no indemnification shall be made for any expense which is applicable to the membership of the Association.

Section 8. Gender. As used in these Bylaws, the masculine gender shall be deemed to include the feminine and the feminine the masculine.

By-Laws as approved and adopted to be effective as of the 2nd day of May , 2002.

Brackenridge Pointe Owners Association, Inc.

By: _____
Michael F. Whitehead, President