

BYLAWS
OF
HOMEPLACE IV TOWNHOMES ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is Homeplace IV Townhomes Association, Inc., herein referred to as the "Association". The principal office of the corporation shall be located in Wake County, North Carolina. Meetings of members and directors may be held at such places within the State of North Carolina, County of Durham or County of Wake, as may be designated by the Board of Directors.

ARTICLE II

Section 1. "Association" shall mean and refer to Homeplace IV Townhomes Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Protective Covenants and Conditions of Homeplace IV affecting Property now within the jurisdiction of the Association and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property, private streets, and amenities, if any, owned by the Association for the common use and enjoyment of members.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers but excluding those having such interest merely for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to Hoying Huff, Inc., of Raleigh, North Carolina, and its successors and assigns to whom the rights of Declarant are expressly transferred, in whole or in part, as set forth in the Declarations.

Section 8. "Declaration" shall mean and refer to the Declaration of Protective Covenants and Conditions for Homeplace IV applicable to the Properties recorded in the Office of the Register of Deeds of Durham County, North Carolina.

Section 9. "Woodcroft Declaration" shall mean and refer to the Declaration of Covenants and Restrictions of the Woodcroft Community Association and Woodcroft Company, a North Carolina Partnership, recorded in Book 1165, Page 994 Durham County Registry, as amended and to the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Woodcroft recorded in Book 1166, Page 01, Durham County Registry as amended.

Section 10. "Woodcroft Association" shall mean and refer to the Woodcroft Community Association, Inc., its successors and assigns.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Declaration. Any member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, guests or contract purchasers, who reside on the property. The rights and privileges of such delegee are subject to suspension to the same extent as those of the member.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

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

Section 2. Election. At the first annual meeting the members shall elect one-third of the directors for a term of one year, one-third of the directors for a term of two years and one-third of the directors for a term of three years; and at each annual meeting thereafter the members shall elect one-third of the directors for a term of three years, and thereafter until their successors are elected and qualified.

Section 3. Removal. Any director may be removed from the board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association in the capacity of director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held annually, without notice, after the annual meeting of members as provided in Article X, Section 1. In addition, the Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings. Should said meetings fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of

business. Decisions 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

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power:

(a) To exercise for the Association all powers' duties and authority vested in or delegated to the Association not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(b) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(c) To adopt, amend, and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof; and

(d) To employ a manager, an independent contractor, or such other employees or contractors as they deem necessary, and to describe their duties.

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

(a) To cause to be kept a complete record of all its acts (Report of the Association) and to present said statement thereof to the members at the annual meeting of the members. Also, to present such statements at any special meeting, when such statements are requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote.

(b) As more fully provided herein and in the Declaration; to fix the amount of the annual assessment against each Lot and to send written notice of the amount of the annual assessment at least thirty (30) days in advance of each annual assessment period.

(c) To issue or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

(d) To cause the Common Area, the improvements on the Common Area, the Townhomes and Townhome Lots to be maintained.

(e) To cause the payment of ad valorem taxes and public assessments levied against the property owned the Association;

(f) To procure and maintain adequate liability and hazard insurance on property owned by the Association;

(g) To cause all officers of employees having fiscal responsibility to be bonded, as it may deem appropriate.

(h) To direct and supervise the affairs of the Association and require the Association to fulfill all of its obligations and duties as set forth in the Declaration.

ARTICLE IX

COMMITTEES

Section 1. The Board of Directors of the Association may appoint committees as deemed appropriate in carrying out its purposes, such as:

1. A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Properties, including budget preparation, and shall perform such other functions as the Board in its discretion, determines;

2. A Publicity Committee which shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving the Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the members shall be held at such time and at such place as is fixed by the Board of Directors. The Directors may change the date of the annual meeting from time to time.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the entire membership or who are entitled to vote one-fourth (1/4) 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, at least 15 days before such meeting to each member entitled to vote thereat, (unless the meeting is to make assessments for capital improvements, or to increase the annual assessments, in which case a 30-day notice shall be given) 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.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time,

without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

ARTICLE XI

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President and Vice-President, who shall at all time be members of the Board of Directors, a Secretary, a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at such 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,

appropriate current records showing the members of the Association together with their addresses and shall perform such other duties as required by the Board.

(d) 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; keep proper books of account: cause an annual audit of the Association books to be made by an independent certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE XII

BOOKS AND RECORDS

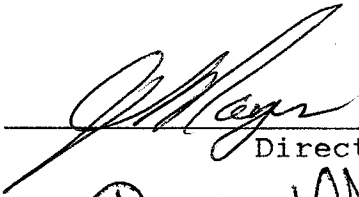
The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member, their mortgagees or their designated agents. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "Homeplace IV Townhomes Association, Inc." and in its center the words, "Corporate Seal".

IN WITNESS WHEREOF, we, being all of the directors of
HOMEPLACE IV TOWNHOMES ASSOCIATION, INC. have hereunto set our
hands this 31ST day of MARCH, 1988.



Director



Director



Director

lbl/lebl
7297.032