

BY LAWS
OF
POPE'S LAKE HOMEOWNERS ASSOCIATION, INC.

ARTICLE ONE
OFFICES

The principal offices of the Association shall be located at 70 Swan Lane, Angier, NC 27501. The Association may have such other offices, either within or outside of the State of North Carolina, as the Board of Directors may determine from time to time.

ARTICLE TWO
DEFINITIONS

The following terms used in this Declaration are defined as follows:

- A. "Association" means Pope's Lake Homeowner's Association, Inc. Homeowners Association, Inc., a North Carolina Non-Profit Corporation with its principal place of business in Harnett County, North Carolina, which corporation is operated pursuant to the Charter thereof recorded in Corporations Book 21 at Page 813-819 (see also Deed Book 1350, Page 240-246) of the said County Registry.
- B. "Board" means the Board of Directors of Pope's Lake Homeowners Association, Inc.
- C. "By-Laws" mean the By-Laws of the Association.
- D. "Common Areas" means all roadways, easements for public and private utilities, pedestrian and recreation easements, and any other property (real or personal or mixed) or interest therein which the DECLARANT declares to be a Common Area and/or which the Association acquires and accepts as such.
- E. "Declarant" means Pope's Lake Homeowner's Association, Inc., its heirs, successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.
- F. "Declaration" means the Declaration of Protective Covenants for Pope's Lake Subdivision dated May 11, 1999, recorded in Deed Book 1350, Page 249-259, Harnett County Registry and as the same may be supplemented or amended from time to time.

subsequently made a portion of the Subdivision by the DECLARANT pursuant to the provisions of the Declaration.

- H. "Improvement" means all buildings, out-buildings, streets, roads, driveways, parking areas, fences, retaining and other walls, hedges, poles, antenna, and any other structure of any type or kind or any land clearing whatsoever.
- I. "Lot" means any numbered lot designated on the recorded subdivision map of the properties with the exception of the Common Area.
- J. "Owner" means:
 1. Any person, firm, Association, or legal entity (including the DECLARANT) who or which holds fee simple title to any lot.
 2. Any person, firm, Association, or other legal entity who has contracted to purchase fee simple title to any lot pursuant to a written agreement, in which case under said agreement the former owner shall cease to be the "Owner" of said lot for the purposes of this Declaration for so long as the said agreement is in effect.
- K. "Plat" means the map of the Development which is on record on Map Nos. 99-14, 99-15 and 99-16 of the Harnett County Registry as well as all other future maps or plats of the Development as they may be from time to time recorded.
- L. "Single-Family Dwelling" means a residential dwelling for more than one or more persons, each related to the other by blood, marriage, or legal adoption, or alternately, a group of not more than four (4) adult persons not so related who shall maintain a common household in such dwelling.
- M. "Supplemental Declaration" means any future Declaration made by the DECLARANT which incorporates the provisions of this Declaration therein by reference and which shall apply to property being annexed to the Development by the DECLARANT according to the terms and provisions contained hereafter.

ARTICLE THREE
MEMBERS

Section 1. Association Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be

appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

Section 2. Voting Classes. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Developer, William Ray Pope, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be Developer, William Ray Pope, and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted into Class A membership when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership.

Section 3. Approval or Disapproval of Matters. Whenever the Association requires a decision of its members upon any matter, such decision shall be expressed on behalf of the membership by the Voting Members thereof. Except as hereinafter expressly provided, the Association shall take such action as is specified by a vote of a majority of the Voting Members.

The Association shall take no action regarding the expenditure of funds for capital improvements or other such capital expenditures without the affirmative approval of not less than two-thirds (2/3) of the Voting Members.

Section 4. Termination of Membership. No member may resign from the Association without having first (or simultaneously) conveyed, released or otherwise abandoned all of his interest in the property to which his membership is appurtenant.

- Does this mean Assoc. property or home.

The Board of Directors, by affirmative vote of two-thirds (2/3) of all the members of the Board, may suspend or expel a member for cause, after an appropriate hearing, and by a majority vote of those present at any regularly constituted meeting, may terminate the membership of any member who becomes ineligible for membership, or suspend or expel any member who shall be in default in the payment of assessments for the period hereafter fixed.

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Section 5. Reinstatement. On written request filed with the Secretary which had been signed by any expelled or suspended member, the Board of Directors may, by majority action, reinstate such member to full membership within the Association upon such terms as the Board of Directors may deem appropriate.

Section 6. Transfer of Membership. Membership in this Association is not transferable or assignable except in conjunction with an interest in the realty to which such membership is appurtenant.

ARTICLE FOUR
MEETINGS OF MEMBERS

Section 1. Annual Meeting. An annual meeting of the members shall be held at 70 Swan Lane, Angier, NC 27501, or at any other place designated by the President of the Board of Directors on the first Saturday in the month of April of each year, beginning with the year 2000, at the hour of one thirty o'clock P.M. for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday in the State of North Carolina, such meeting shall be held on the next succeeding Saturday. If the election of directors is not held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as is convenient.

Section 2. Special Meetings. Special meetings of the members may be called by the President, the Board of Directors, or not less than twenty-five (25%) of the members having voting rights, at the principal office of the Association or at such other place as the secretary may designate. If no designation is made, the place of the meeting shall be the principal office of the Association in the State of North Carolina, but if all of the members shall meet at any time and place, either within or without the State of North Carolina, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 3. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of members shall be delivered either personally or by mail, to each member entitled to vote at such meeting, not less than ten (10) nor more than forty-five (45) days before the date of such meeting by or

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at the direction of the president, or the secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these Bylaws, the purpose or purposes for which the meeting is called shall be stated. 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 records of the Association, with postage thereon prepaid.

Section 4. Informal Action by Members. Any action required by law to be taken at a meeting of the members, or any action that 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.

Section 5. Quorum. Members holding forty (40%) forty per cent of the votes that may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of the members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 6. Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after six (6) months from the date of its execution, unless otherwise provided in the proxy.

Section 7. Voting by Mail. Where directors or officers are to be elected by members, such election may be conducted by mail in such manner as the Board of Directors shall determine.

Section 8. Order of Business. The order of business at all annual meeting shall be as follows:

- A. Roll Call;
- B. Proof of Notice of Meeting;
- C. Adoption of Minutes of Previous Meeting;
- D. Reports of Officers;
- E. Reports of Committees;
- F. Appointment of Inspectors of Election;
- G. Election of Directors;
- H. Unfinished Business;
- I. Capital Expenditures Budget;
- J. General Operations Budget;
- K. New Business; and
- L. Adjournment.

The order of business of all special meetings shall be as determined by the secretary of the Association.

Except as may be otherwise provided herein, the parliamentary conduct of all meetings of the members shall be governed by the latest edition of Robert's Rules of Order.

ARTICLE FIVE
BOARD OF DIRECTORS

Section 1. General Powers. The affairs of the Association shall be managed by its Board of Directors. Directors need not be residents of the State of North Carolina, but each director shall be vested with a possessory interest in property for which the owner thereof is a member of the Association.

Section 2. Number, Tenure & Qualifications. The number of directors shall be two (2). Directors shall be elected at the annual meeting of members, and the term of office of each director shall be until the next annual meeting of members and the election and qualifications of his successor.

Section 3. Nomination and Election of Directors. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

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.

Section 4. Powers of the Board of Directors. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default of 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;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 5. Duties of the Board of Directors. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting 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 this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 1. fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; and
 2. send written notice of each 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 property for which assessments are not paid within thirty (30) days after

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due date or to bring an action at law against the owner personally obligated to pay the same.

- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the Common Area to be maintained.

Section 6. Removal of Directors. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association.

Section 7. Regular Meetings. A regular meeting of the Board of Directors shall be held without any other notice than this by-law immediately after, and at the same place, as the annual meeting of members. The Board of Directors may provide, by resolution, the time and place for holding additional regular meetings without other notice than that resolution. Additional regular meetings shall be held at the principal office of the Association in the absence of any designation in the resolution.

Section 8. Special Meetings. Special meeting of the Board of Directors may be called by or at the request of the President or any two directors, and shall be held at the principal office of the Association or at such other place as the directors may determine.

Section 9. Notice. Notice of any special meeting of the Board of Directors shall be given at least ten (10) days previously thereto by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such purpose of objecting to the transaction of any business because the meeting is not lawfully called. The

business to be transacted at the meeting need not be specified in the notice of waiver of notice of such a meeting, unless specifically required by law or by these By-laws.

Section 10. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the board; but if less than a majority of the directors are present at any meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 11. Board Decisions. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these By-laws.

Section 12. Committees.

- (a) Committees of Directors. The Board of Directors, by resolution adopted by a majority of the directors in office, may designate one or more committees, each of which shall consist of at least one director, which committees, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the Association; but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed on it or the director by law.
- (b) Architectural Control Committee and Nominating Committee. The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws.
- (c) Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the Association may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be members of the Association, and the president of the Association shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Association shall be served by such removal.

Section 13. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of

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an increase in the number of directors, shall be filled by the Board of Directors. A director appointed to fill a vacancy shall serve for the unexpired term of his/her predecessor in office.

Section 14. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors, any director may be reimbursed for actual expenses incurred in the performance of his duties. Nothing herein contained shall be construed to preclude any director from serving the Association in any other capacity and receiving compensation therefor.

ARTICLE SIX OFFICERS

Section 1. Officers. The officers of the Association shall be a president, one or more vice-presidents (the number thereof to be determined by the Board of Directors), a secretary, a treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more assistant secretaries and one or more assistant treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors.

Section 2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient. New officers may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his/her successor has been duly elected and qualified.

Section 3. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time 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 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise,

may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

Section 6. Duties. The duties of the officers are as follows:

President

The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary/Treasurer

The secretary/treasurer shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

The secretary/treasurer shall also receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a 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 SEVEN
CONTRACTS, CHECKS, DEPOSITS AND FUNDS

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

Section 2. Checks, Drafts, or Orders. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the president or a vice-president of the Association.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 4. Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for any purpose of the Association.

ARTICLE EIGHT
CERTIFICATES OF MEMBERSHIP

Section 1. Certificates of Membership. The Board of Directors shall provide for the issuance of certificates evidencing membership in the Association, which certificates shall be in such form as may be determined by the Board. Such certificates shall be signed by the president or a vice-president and by the secretary or an assistant secretary and shall be sealed with the seal of the Association. All certificates evidencing membership shall be consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the Association. If any certificate is lost, mutilated, or destroyed, a new certificate may be issued therefor on such terms and conditions as the Board of Directors may determine.

Section 2. Issuance of Certificates. When a member has been elected to membership, a certificate of membership shall be issued in his/her name and delivered to him/her by the secretary.

ARTICLE NINE
BOOKS AND RECORDS

The Association shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its members, Board of Directors, committees having and exercising any of the authority of the Board of Directors, and the membership committee, and shall keep at the principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Association may be inspected and copied by any member, or his/her agent or attorney for any proper purpose at any reasonable time and a reasonable charge for copies may be levied by the Association.

ARTICLE TEN
FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January in each calendar year and end at midnight on the thirty-first day of December.

ARTICLE ELEVEN
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six (6%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE TWELVE
CORPORATE SEAL

The Association's seal shall be the same as that impressed in the right margin of this Article.

ARTICLE THIRTEEN
WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of Chapter 55-A of the General Statutes of North Carolina, or under the provisions of the Articles of Incorporation or the By-Laws of this 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 deemed equivalent to the giving of such notice.

ARTICLE FOURTEEN
AMENDMENT OF BYLAWS

Section 1. These By-Laws 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 Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

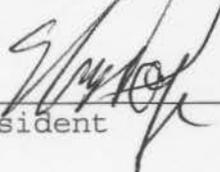
Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE FIFTEEN
ARBITRATION OF DISPUTES

In the event any dispute or controversy shall arise between the association and any member(s), except for disputes or controversies concerning the liability of any member(s) for annual assessments under these By-Laws and the Declaration, which cannot be resolved between them, an arbitrator appointed by and acting under the rules and procedures of the American Arbitration Association must be obtained to resolve the matter. The award of such arbitrator shall be conclusive and binding upon the parties thereto and judgment thereon may be issued by any court of competent jurisdiction. In addition to the award of settlement,

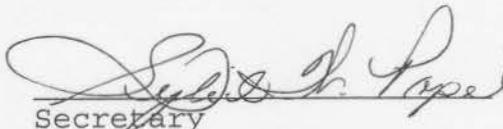
the arbitrator may assess any one or more of the parties to the controversy with the cost of the arbitration proceeding.

IN WITNESS WHEREOF, we, being all of the directors of Pope's Lake Homeowner's Association, Inc. have hereunto set our hands this 23rd day of April, 1999.



President (Seal)

ATTEST:

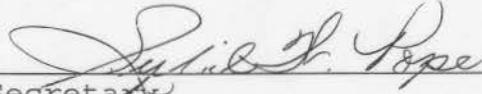


Secretary (Seal)

CERTIFICATION

I hereby certify that I am the duly elected and acting secretary of Pope's Lake Homeowner's Association, Inc., a North Carolina Association, and the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 22nd day of April, 1999.

IN WITNESS whereof, I have hereunto subscribed my name and affixed the seal of said Association this 23rd day of April, 1999.


Secretary

(Corporate Seal)