

By-Laws
of
Lakeside Townes at Plantation Pointe
Homeowners Association, Inc.

Article 1 Name, Principal Office, Definitions

Section 1. Name

The name of the corporation is Lakeside Townes at Plantation Pointe Homeowners Association, Inc. (the "Association").

Section 2. Principal Office

The principal office of the Association shall be located in Wake County, North Carolina, or as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Definitions

The words used in these By-Laws shall be given their normal, commonly understood definitions, unless otherwise specified. In order to minimize repetition, some terms are capitalized to indicate that they have specific definitions as set forth in the Declaration of Covenants, Conditions and Restrictions for Lakeside Townes at Plantation Pointe, (the "Declaration"), filed by Royal Flush Development, a North Carolina limited liability company, in the Public Records of Johnston County, North Carolina, as such Declaration may be amended.

Article 2 Membership and Meetings

Section 1. Membership

The Association shall be a membership corporation without certificates or shares of stock. The Declarant and each Person who is the Owner of a Lot or a Lot in Use (as such capitalized terms are defined in the Declaration) are Members and shall be entitled to vote as set forth in the Declaration and the By-Laws.

The Association shall have two classes of membership; Class A and Class B as described in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

Section 2. Place of Meetings

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as the Board may designate.

Section 3. Annual Meetings

The first meeting of the Association membership, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur during the first quarter following the end of the Association's fiscal year on a date and at a time set by the Board.

Section 4. Special Meetings

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Members representing at least 10% of the total Class A votes in the Association.

Section 5. Notice of Meetings

Written notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than 10 nor more than 50 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. Meetings to consider material amendments must have at least 25 days notice.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

Section 6. Waiver of Notice

Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 7. Adjournment of Meetings

If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not less than 5 nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called.

The Members present at a duly called or held meeting at which a quorum is initially present may continue to do business until adjournment, notwithstanding the withdrawal of some Members leaving less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

Section 8. Voting

The voting rights of the Members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

Section 9. Proxies

Members may vote in person or by proxy, subject to the limitations and any specific provisions to the contrary in the Declaration or these By-Laws. Every proxy shall be in writing and shall identify the Unit for which it is given. The Member or the Member's attorney-in-fact shall sign, date and file proxies with the Secretary of the Association prior to the meeting for which it is to be effective.

Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes that the Member giving such proxy is entitled to cast. In the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon conveyance of any Unit for which it was given; upon receipt by the Secretary of written notice of revocation of the proxy; the death or judicially declared incompetence of a Member; or one year from the date of the proxy, unless a shorter period is specified in the proxy.

Section 10. Majority

As used in these By-Laws the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

Section 11. Quorum

Except as otherwise provided in these By-Laws or in the Declaration, the presence of persons entitled to cast at least 25% of the total Class A votes in the Association shall be required to transact business at any meeting of the membership.

Section 12. Conduct of Meetings

The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

Section 13. Action Without a Meeting

Any action to be taken at a meeting of the Members may be taken by written consent or by ballot cast by mail without a meeting.

The proposed action shall be deemed approved if ballots or consents approving the action are received from Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Members entitled to vote thereon were present. And such ballots or consents shall have the same force and effect as a vote of the Members at a meeting.

Article 3 Board of Directors

Section 1. Governing Body: Composition

A Board of Directors, each of whom shall have one equal vote, shall govern the affairs of the Association. Except with respect to directors appointed by the Class B Member, the directors shall be Members or residents; provided, however, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any person 18 years of age or older whose principal residence is a Unit within the Community.

Section 2. Number of Directors

The Board shall consist of three to five directors, as provided in this Article. To begin with, directors shall be elected for a one or two-year period to provide for approximately an equal number of directors elected each subsequent year. Thereafter, directors shall be elected for a two-year period. The initial Board shall consist of three directors as identified in the Articles of Incorporation.

Section 3. Directors During Developer Control Period

The Declarant, as the sole Class B Member, shall be entitled to appoint, remove and replace the directors in its sole discretion during the Developer Control Period. The Developer Control Period shall terminate upon the termination of the Class B membership as provided in the Declaration, unless earlier terminated by the Declarant, in its discretion.

Section 4. Nomination and Election Procedures

Nomination and Declarations of Candidacy:

Prior to each election of directors the Board shall announce the opening date and the closing date of a reasonable period in which any eligible person who has an interest in serving as a director may file as a candidate. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient and cost-effective manner.

Election Procedures:

Each Member may cast all votes assigned to its Unit for each position of the Board of Directors to be filled by such election. There shall be no cumulative voting. The number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

Section 5. Removal of Directors and Vacancies

Any director elected by the Class A Members may be removed, with or without cause, by a two-thirds vote of the Class A Members present and entitled to vote at any meeting at which a quorum is present. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, or any vacancy on the Board arising because of death, resignation, or otherwise,

a successor shall be elected by the Members entitled to vote, to fill the vacancy for the remainder of the term of such removed director.

This Section shall not apply to directors appointed by the Class B Member.

Section 6. Organizational Meetings

The first meeting of the Board, following each annual meeting of the membership, shall be held within 30 days thereafter.

Section 7. Regular Meetings

At least four regular meetings of the Board shall be held during each fiscal year.

Section 8. Special Meetings

Special meetings of the Board shall be held when called by the President or Vice President or by any two directors.

Section 9. Participation in Meetings

At all meetings of the Board the presence of a majority of the directors shall be necessary to establish a quorum for the transaction of business and the votes of a majority of the director present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a Quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

If any meeting of the Board cannot be held because a quorum is not present a majority of the directors present, at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at he meeting originally called may be transacted.

Section 10. Compensation

Directors shall not receive any compensation from the Association for acting as such. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. The Association may compensate a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, upon approval of a majority of the other directors.

Section 11. Conduct of Meetings

The President shall preside over all meetings of the Board and the Secretary shall keep a minute book of Board meetings recording all Board resolutions and all transactions and proceedings.

Section 12. Waiver of Notice

Any director may, in writing, waive notice of any meeting of the Board, either before or after such meeting. Waiver of notice of a meeting of the Board shall be deemed the equivalent of proper notice. Attendance at a meeting by a director shall be deemed waiver by such director of notice of the time, date, and place thereof, unless such director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 13. Open Meetings

At any meetings of the Members the President may adjourn the meeting and reconvene the Board in executive session. The President may exclude persons other than directors.

Section 14. Powers

The Board of Directors shall have all of the powers and duties necessary for administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents. The Board may do or cause to be done, without a vote of the membership, all acts and things except those as to which the Governing Documents require a vote of the membership.

Section 15. Duties

The duties of the Board shall include, without limitation:

- (a) Preparing and adopting an annual budget establishing each Owner's share of the Common Expense;
- (b) Levying and collecting assessments from the Owners;
- (c) Making an annual contribution to the FOUNDATION pursuant to the terms of the COVENANT TO SHARE COSTS;
- (d) Providing for the operation, care, upkeep, and maintenance of the Common Area, Limited Common Area;
- (e) Depositing all funds received on behalf of the Association in a bank and using such funds to operate the Association.
- (f) Making and amending Rules and Regulations;
- (g) Opening bank accounts on behalf of the Association and designate the persons authorized to sign on such accounts;
- (h) Enforcing by legal means the provisions of the Declaration, these By-Laws, the Rules and Regulations, and the Architectural Guidelines;
- (i) Obtain and carry Property and liability insurance and fidelity bonds, paying the cost thereof, and filing claims;
- (j) Paying the cost of all services rendered to the Association;

- (k) Keeping books with detailed accounts of the receipts and expenditures of the Association;
- (l) Permitting utility suppliers to use portions of the Common Area, Limited Common Area necessary to the ongoing development of Lakeside Townes at Plantation Pointe and of the operation of the Association;
- (m) Indemnify directors, officers, or committee members and former directors, officers, or committee members of the Association to the extent such indemnity is required by the Articles of Incorporation, the By-Laws and the Declaration;
- (n) Cooperating with the FOUNDATION.

Section 16. Right of Declarant to Disapprove Actions

So long as the Declarant owns any property described on Exhibit A, the Declarant shall have a right to disapprove any action, policy or program of the Association, the Board and any committee which in the sole judgment of the Declarant would tend to impair rights of the Declarant or Builders, interfere with development or construction of any portion of the property described on Exhibit A, or diminish the level of services being provided by the Association, and

- (a) The Declarant shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board or any committee. Such notice shall be given by certified mail, return receipt requested or by personal delivery at the address it has registered with the Secretary of the Association, and
- (b) The Declarant shall be given the opportunity at any meeting to join in or have its representatives or agents join in discussion from the floor of any prospective actions, policy, or program that would be subject to the right of disapproval set forth in the Articles of Incorporation, the By-Laws and the Declaration, and

No action, policy or program subject to the right of disapproval shall become effective or be implemented without the consent of the Declarant.

Section 17. Management

The Board may enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other entity or agency, public or private.

The Board may employ for the Association a professional management agent to perform such duties and services as the Board shall authorize. The Board shall not delegate policymaking authority or ultimate responsibility. The Declarant or an affiliate of the Declarant may be employed as a managing agent or manager.

Section 18. Accounts and Reports

Cash or accrual accounting as defined by generally accepted accounting principles shall be employed.

Cash accounts of the Association shall not be commingled with any other accounts.

Annual reports consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year:

Balance Sheet
Income and Expense Statement
Statement of Change in Financial Position

An independent public accountant shall prepare such annual report.

Section 19. Borrowing

The Association shall have the power to borrow money. If the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing would exceed 25% of the budgeted gross expenses of the Association for that fiscal year, the Board shall obtain approval of Members at a duly called meeting. During the Developer Control Period no mortgage lien shall be placed on any portion of the Common Area, Limited Common Area without the consent of the Class B Member.

Section 20. Indemnification of Directors

To the extent consistent with the North Carolina Nonprofit Corporation Act, as it exists on the date hereof or as it may hereafter be amended, the Association shall indemnify its officers and directors. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Association for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Article 4 Officers

Section 1. Officers

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board. Other officers may, but need not be members of the Board. The Board may appoint such other officers as it shall deem desirable. The same person, except the offices of President and Secretary, may hold any two or more offices.

Section 2. Election and Term of Office

The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Members, to serve until their successors are elected.

Section 3. Removal and Vacancies

The Board may remove any officer whenever in its judgment the best interests of the Association will be served and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the remaining portion of the term.

Section 4. Powers and Duties

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget.

Section 5. Agreements, Contracts, Deeds, Leases, Checks

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other persons as may be designated by the Board.

Section 6. Compensation

Compensation of officers shall be subject to the same limitations as compensation of the Board of Directors.

Article 5 Committees

The Board shall appoint an Architectural Review Committee upon delegation or termination of the Declarant's authority over architectural matters pursuant to the Declaration.

The Board may appoint such committees as it deems appropriate.

Article 6 Miscellaneous

Section 1. Conflicts

If there are conflicts between the provisions of the DEVELOPMENT AGREEMENT, the COVENANT TO SHARE COSTS, the Declaration, the Articles of Incorporation and these By-Laws, if there are conflicts, the DEVELOPMENT AGREEMENT, the COVENANT TO SHARE COSTS, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 2. Amendment

During the Class B membership the Class B Member may amend these By-Laws without approval of the Board or the Class A Members.

Except as provided above, these By-Laws may be amended only by the affirmative vote of persons entitled to cast a majority of the total Class A votes in the Association, and the consent of the Declarant so long as the Declarant owns any property subject to the Declaration. In addition, the approval requirements set forth in the Declaration shall be met, if applicable.

No amendment may remove, revoke or modify any right or privilege of the Declarant or the Class B Member without consent of the Declarant, the Class B Member, respectively.

Amendments to these By-Laws shall become effective upon recording in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within three months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

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CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Lakeside Townes at Plantation Pointe Homeowners Association, Inc, a North Carolina corporation;

That the foregoing By-Laws constitute the original By-Laws of such Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 10 day of October, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 19th day of 9, 2006.


Albert Calloway, Secretary