HOMESTEAD VILLAGE

BY-LAWS

BYLAWS
OF
HOMESTEAD VILLAGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND PURPOSES OF THE CORPORATION

Section 1. Name. This corporation shall be known as Homestead Village Homeowners Association, Inc.

Section 2. Purposes. The corporation has been organized for the following purposes:

A. To promote the health, safety and welfare of the owners and residents of the Properties;

B. To provide for the preservation of the values and amenities of the Properties;

C. To promote fellowship and friendship among its Members and to provide an area to hold meetings and social gatherings for the better realization of such purposes; and

D. To provide a forum for the expression of ideas and plans with regard to the improvement of social and general living conditions in the Properties and to take steps toward the fulfillment of said ideas and plans.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to Homestead Village Homeowners Association, Inc., a non-profit corporation organized and existing under the laws of the State of North Carolina.

Section 2. "The Properties" shall mean and refer to that property encompassed within the outer perimeter of that land shown on the plat entitled "SITE PLAN, Homestead Village," dated October 1994, prepared by John R. McAdams Company, Inc., together with such additional properties as may hereinafter be brought within the jurisdictions of this Corporation by annexation as provided in Article VII, Sections 1 and 2 herein, or pursuant to Article II, Section 2 of the Declaration of Covenants, Conditions and Restrictions for Homestead Village (the "Declaration").

Section 3. "Common Areas" shall mean and refer to those areas of land now or hereafter so designated on any recorded subdivision plat of a portion of the Properties or hereafter deeded to the Association and intended to be devoted to the common use and enjoyment of the Owners of the Properties, and more particularly shall mean and refer to commons,

streets, paths and shall include buildings, structures, fixtures, equipment and personal properties incident thereto, and any other properties owned and maintained by the Association for the common benefit and enjoyment of the Owners of the Properties.

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 as hereinbefore defined.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Living Unit situated upon the Properties but, notwithstanding any applicable theory of the deed of trust, shall not mean or refer to the Trustee or cestul que trust unless and until there has been a transfer of title pursuant to foreclosure of any proceeding in lieu of foreclosure.

Section 6. "Member" shall mean and refer to all those owners who are members of the Association as provided in Article IV, Section 1, hereof.

Section 7. "Declarant" shall mean Landwright Corporation, a North Carolina Corporation.

ARTICLE III
LOCATION

Section 1. The principal office of the Association shall be located at 1408 Christian Avenue, Durham, North Carolina 27705.

ARTICLE IV
MEMBERSHIP

Section 1. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot, or undeveloped and undesignated land which is subject by covenants or record to assessment by the Association, shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 2. The rights of membership are subject to the payment of annual and special assessment levied by the Corporation, the obligation of which assessment is imposed against each Owner of and becomes a lien upon the property against which such assessments are made as provided by Article V of the Declaration to which the Properties are subject.

Section 3. The voting rights of any Member whose interest in the Properties is subject to assessments under Article IV, Section 2, whether or not he be personally obligated to pay such assessments, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of

the Common Area and the personal conduct of any person thereon, as provided in Article X, Section 1, they may, in their discretion, suspend the rights of any such person from the use of the Common Area for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE V
VOTING RIGHTS

Section 1. The Association shall have one class of voting memberships which members shall be all those Owners as defined in Article IV, Section 1, with the exception of the Declarant. All members shall be entitled to one vote for each Lot in which they hold the interests required for membership. When more than one person holds such interest or interests in any Lot all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine but in no event shall more than one vote be cast with respect to any such Lot. For additional voting rights of the Declarant, see Article III, Section 2, of the Declaration.

Section 2. Designation of voting Representative: If a Lot is owned by one person his right to vote shall be established by the record title to his property. If a Lot is owned by more than one person, or is under Lease, the person entitled to cast the vote for said property shall be designated by the certificate signed by all of the record owners of said property and filed with the Secretary of the Association. If a Lot is owned by a corporation, the person entitled to cast the vote for said property shall be designated by a certificate of appointment signed by the president, vice president or secretary of the corporation filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until change in the ownership of the Lot.

ARTICLE VI
PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTY

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Area as provided in Article IV of the Declaration.

Section 2. Any member may delegate his rights of enjoyment in the Common Area to the members of his family who reside upon the property or to any of his tenants who reside thereon under a leasehold interest for a term of three montns or more. Such Member shall notify the Secretary in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension as provided in Article IV, Section 3 hereof, to the same extent as those of the Members.

ARTICLE VII
POWERS OF THE ASSOCIATION

Section 1. Additions to Properties and Membership. Additions to the Properties referred to in Article II, Section 2, may be made only in accordance with the provisions of the Declaration applicable to the Properties. Such additions, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties and membership of this Corporation to such Properties. Where the applicable Declaration requires that certain additions be approved by this Corporation, the approval must have the assent of two-thirds (2/3) of the vote of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all Members at least thirty days in advance, and shall set forth the purpose of the meeting.

Section 2. Mergers and Consolidations. Subject to the provisions of the Declaration applicable to the Properties referred to in Article II, Section 2, and to the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all Members at least thirty (30) days in advance, and shall set forth the purpose of the meeting.

Section 3. The total debts of the Corporation, including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of five years assessments current at that time, provided, that authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 4. Dedication. The Association shall have the power to dispose of its real properties only as authorized under the Declaration applicable to said Properties.

ARTICLE VIII
BOARD OF DIRECTORS

Section 1. The affairs of the Association shall be managed by a Board of three (3) Directors. At annual meetings, members shall elect one (1) Director. Terms of all directors are three (3) years. Directors shall be elected at the annual meeting in the fourth quarter of each year and shall be seated on the next January 1. The names and terms of office of the initial Board of Directors are as follows:

Section 2. Vacancies on the Board of Directors shall be filled by the majority of the remaining directors and any such appointed directors shall hold office during the unexpired term of their predecessors.

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. 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 a majority of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE IX
ELECTION OF DIRECTORS; NOMINATING COMMITTEE; ELECTION COMMITTEE

Section 1. Election of the Board of Directors shall be by written ballot as hereinafter provided. At such election the Members and holders of their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration applicable to the Properties. The name receiving the largest number of votes shall be elected. Votes may not be cast cumulatively.

Section 2. Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the Standing Committees of the Association.

Section 3. 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 such annual meeting.

Section 4. 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 the vacancies that are to be filled. Such nominations may be made from among members or residents, as the Committee in its discretion shall determine. Additional nominations from the floor may be made at the time of election.

Section 5. All elections to the Board of Directors shall be made on written ballot which shall clearly list the name of the person for

whom the vote is being cast and the term of the office, if necessary. The Chairman of the meeting shall appoint one or more persons to count the ballots and report the results.

ARTICLE X
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have power:

A. To call special meetings of the Members whenever it deems necessary, and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership, as provided in Article XIV, Section 2.

B. To generally govern the Association in accord with the Declaration and the Charter and Bylaws of this Corporation including, without limitation, to appoint and remove at pleasure all officers, agents and employees of the Corporation, prescribe their duties, fix their compensation, and require of them such security of fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any member, Officer of Director of the Association in any capacity whatsoever.

C. To establish, levy and assess, and collect the assessments or charges referred to in the applicable Declaration.

D. To adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the members and their guests therein.

E. To exercise for the Association all powers, duties and authority vested in or delegated to this organization, except those reserved to the Members in the Declaration.

F. In the event that any member of the Board of Directors of this Corporation shall be absent from two (2) consecutive regularly scheduled meetings of the Board of Directors without being excused by a majority of the other members of the Board of Directors, the board may by action taken at the meeting where the second absence occurs, declare the seat and office of said absent director to be vacant.

G. To prepare and enforce, directly or indirectly, the rules and regulations governing activities within the boundaries of the Properties. For purposes of enforcement of these rules, regulations and Bylaws against all persons not members, each member of the Homestead Village Homeowners Association, Inc. is hereby delegated sufficient authority from the officers and Directors as will legally entitle that Member to act on behalf of the Association.

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

A. To 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 is requested in writing by one-fourth (1/4) of the voting membership, as provided in Article XIV, Section 2.

B. To supervise all officers, agents and employees of this organization, and to see that their duties are properly performed.

C. To employ and discharge such management as the Directors deem necessary.

D. To adopt a budget and authorize expenditures.

E. As more fully provided in Article V of the Declaration of Covenants applicable to the Properties.

1. To fix the amount of the assessments against each Lot for each assessment period at least thirty (30) days in advance of such date or period, and, at the same time;

2. To prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Members, and, at the same time;

3. To send written notice of each assessment to every Owner subject thereto.

F. 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. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

ARTICLE XI
DIRECTORS MEETING

Section 1. A regular meeting of the Board of Directors shall be held at least every six (6) months at a day and hour as may be periodically determined by the Board of Directors.

Section 2. Notice of such regular meeting is hereby dispensed with. any Member may find out the day, hour and place of the meeting by inquiring at the management office. All such meetings are open to the general membership, except when such meeting or portion thereof is declared an executive session.

Section 3. Special meetings of the Board of Directors shall be held when called by any office of the Corporation or by any two directors after not less than three (3) days notice to each Director.

Section 4. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice of a quorum is present, and, if either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made part of the minutes of the meeting.

Section 5. The majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XII
OFFICERS

Section 1. The officers shall be a president, a vice president, a secretary and a treasurer. All shall be members of the Board of Directors, ex officio.

Section 2. The officers shall be chosen by majority vote of the Directors.

Section 3. All officers shall hold office at the pleasure of the Board of Directors. Terms of the officers shall be for one year, with the officers being elected at the first Board of Directors meeting after the annual election.

Section 4. The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and sign all notes, leases, mortgages, deeds and all other written instruments.

Section 5. The vice-president shall perform all the duties of the president in his absence.

Section 6. The secretary shall be ex-officio the secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. He shall sign all certificates of membership. He shall keep the records of the Corporation. He shall record in a book kept for that purpose the names of all Members of the Association together with their addresses as registered by such members.

Section 7. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Corporation and shall disburse such funds as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. Checks may be signed by Management, if so authorized by the Board of Directors. Limitations may be placed on the amount that Management can sign for, if the Board desires. The duties of the Treasurer may be delegated to Management, but the Treasurer shall retain responsibility.

Section 8. Special Appointments. The Board may elect such officers and create such other offices such as assistant secretary 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 9. Resignation and Removal. Any officer may be removed from office with our without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any time later specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 11. 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 except in the case of special offices created pursuant to Section 8 of this Article.

ARTICLE XIII
COMMITTEES

Section 1. The Standing Committees of the Association shall be:

The Nominating Committee
Grounds Maintenance Committee
Building Maintenance Committee
Architectural Review Committee

Unless otherwise provided herein, each committee shall consist of a Chairman and two or more members and may include a member of the Board of Directors for Board contact. The committees shall be appointed by the Board of Directors prior to each annual meeting 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 such annual meeting. The Board of Directors may appoint such other committees as it deems desirable.

Section 2. The Nominating Committee shall have the duties and functions described in Article IX.

Section 3. The Grounds Maintenance Committee shall advise the Board of Directors of all matters pertaining to the maintenance, repair or improvements of the Common Area of the Association, or Lots, if the grounds on any Lots are to be maintained in part or in whole by the Association, and shall perform such other functions as the Board, in its discretion, determines, as further described in Article IX of the Declaration applicable to the Properties.

Section 4. The Building Maintenance Committee shall advise the Board of Directors of all matters pertaining to the maintenance, repair or improvements of the buildings on the Lots within the Association, if any buildings on those Lots are to be maintained in part or in whole by the Association, and shall perform such other functions as to the Board, in its discretion, determine.

Section 5. The Architectural Review Committee shall have the duties and functions described in Article IX of the Declaration applicable to the Properties. It shall watch for any proposals, programs, or activities which may adversely affect the residential value of the Properties and shall advise the Board of Directors regarding organization action on such matters. It shall have the authority, when such authority is granted by the Board of Directors, to formulate policies, procedures and guidelines for architectural approval for changes to the Lots and to grant approval for any such architectural changes. If any Member disagrees with the Committee's rulings, such rulings may be appealed to the Board of Directors.

Section 6. With the exception of the Nominating Committee and the Architectural Review Committee (but then only as to those functions that

are governed by Article VIII of the Declaration applicable to the Properties), each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its power, duties and functions.

Section 7. It shall be the duty of each committee to receive complaints from Members on any matter involving corporate functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate, subject to the authority and approval of the Board of Directors.

ARTICLE XIV
MEETINGS OF THE MEMBERS

Section 1. Each annual meeting of the Members shall be held during the last quarter of each year, at a day, hour and place as determined by the Board of Directors.

Section 2. Special meetings of the Members for any purpose may be called at any time by the President, the Vice-President, the Secretary or Treasurer, or by any two or more members of the Board of Directors or upon written request of Members who have a right to vote one-fourth (1/4) of the votes of the Membership.

Section 3. Notice of any meetings shall be given to the Members by the Secretary. Notice may be given to the Member either personally, by delivery to his mailbox, or by sending a copy of this notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Corporation. Each Member shall register his address with the Secretary and notices of meetings, regular or special, shall be sent at least six (6) days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided, however, that if the business of any meeting shall involve an election governed by Article IX or any action governed by the Articles of Incorporation or by the Declaration applicable to the Properties, notice of such meeting shall be given or sent as therein provided.

Section 4. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-fourth (1/4) of the votes of the Membership shall constitute a quorum for any action governed by these Bylaws. Any action governed by the Articles of Incorporation or by the Declaration applicable to the Properties shall require a quorum as therein provided. 16 Lot OWNERS

Section 5. The President, or in his absence, the Vice President, shall preside at the meetings and the Secretary shall be responsible for recording minutes of the proceedings.

ARTICLE XV
PROXIES

Section 1. At all corporate meetings of Members, each member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the Members of his Lot or Living Unit or other interest in the Properties.

ARTICLE XVI
BOOKS AND RECORDS

Section 1. The books, records and papers of the Corporation shall at all times, during reasonable business hours, be subject to the inspection of any Members.

ARTICLE XVII
CORPORATE SEAL

Section 1. The Corporate Seal of the Association shall consist of two concentric circles between which are the words HOMESTEAD VILLAGE HOMEOWNERS ASSOCIATION, INC. and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

ARTICLE XVIII
AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, provided that those provisions of these Bylaws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Declaration applicable to the Properties may not be amended except as provided in such Declaration.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration applicable to the Properties referred to in Section 1 and these Bylaws, the Declaration shall control.

ARTICLE XIX
ASSESSMENTS

Section 1. 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 highest rate allowed by law, 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 waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XX
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

CERTIFICATION

I, the undersigned, do hereby certify: THAT I am the duly elected and acting Secretary of the Homestead Village Homeowners Association, Inc., a North Carolina non-profit corporation, and, THAT the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted and approved at a meeting of the Members thereof, held on the tenth day of May, 1996.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the said Association this ___ day of May, 1996.

SECRETARY