

**BYLAWS
OF THE
INMAN PARK COMMUNITY ASSOCIATION, INC.**

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**BYLAWS
OF THE
INMAN PARK COMMUNITY ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is the INMAN PARK COMMUNITY ASSOCIATION, INC. (hereinafter the "Association"). The principal office of the Association shall be located at 8410 Falls of Neuse Road, Suite F, Raleigh, Wake County, North Carolina. The location of the principal office of the Association may be changed by the Board of Directors. Meetings of Members and directors may be held in such places within Wake County, North Carolina, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

All terms defined in the Declaration Of Covenants, Conditions And Restrictions For The Inman Park Community Association, Inc., to be recorded in office of the Register of Deeds of Wake County, North Carolina (the "Declaration"), shall have the same meanings when used herein.

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS**

Membership and voting rights of the Members shall be as provided in Article III of the Declaration.

**ARTICLE IV
MEETINGS OF MEMBERS**

6/18/00
Section 1. Annual Meetings. The first annual meeting of the Members shall be held within eighteen (18) months from the date of incorporation of the Association. Each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter on the day, at the hour, and at the place specified in the notice to the Members of the meeting.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or a majority of the members of the Board of Directors. Special meetings of the Members shall be called upon the written request of the Members entitled to one-fourth (1/4) of the votes appurtenant to the Class A Lots (as defined in Article III of the Declaration).

Section 3. Place of Meetings. Meetings of the Members shall be held at such place within Wake County, North Carolina, as may be determined by the Board of Directors.

Section 4. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws, 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, to each Member entitled to vote at such meeting, by hand delivery or by mailing a copy of such notice, postage prepaid, 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. Notice shall be mailed or delivered not less than fifteen (15) days nor more than thirty (30) days before the date of the meeting. Such notice shall specify the place, day and hour of the meeting, and, in case of a special meeting, the exact purpose of the meeting, including the text of any proposals to be voted on at such special meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 5. Quorum. Except as otherwise provided in the Articles of Incorporation, the Declaration (including, specifically, Section 6 of Article V thereof) or these Bylaws, the presence at a meeting of Members or their proxies entitled to cast one-tenth (1/10) of the votes appurtenant to each Class of Lots shall constitute a quorum for any action. If, however, a quorum is not present or represented at any meeting, the Members or their proxies present and 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 shall be present or be represented.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 7. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the minute book of the Association, provided, however, that such consent shall only be valid if all persons who must sign such consent sign within forty-five (45) days after the first such person signs.

ARTICLE V BOARD OF DIRECTORS

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

Section 2. Number, Term and Qualification. The number of directors of the Association shall be one (1) until the first annual meeting of the Association, at which time the number of Directors shall be increased to five (5). At the first annual meeting, the Members shall

elect one director to serve for a term of one year, two directors to serve for a term of two years, and two directors to serve for a term of three years.

At each annual meeting thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) is (are) expiring, to serve for a term of three years (except in the case of the initial election of a director, in which case the term of that director may be shortened to provide for the staggering set forth in this Section, or in the case of the filling of a vacancy, in which case the director elected to fill the vacancy shall be elected for the unexpired term of the director whose vacancy is being filled).

The term of office of the directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly-created directorship, the terms of not less than one (1) nor more than three (3) directors shall expire at each annual meeting. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified. Directors need not be members of the Association.

The Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of directors of the Association, provided, however, that the number of directors may not be increased to more than nine (9) nor decreased to less than five (5) without amendment of these Bylaws.

Section 3. Nomination. Nomination for election to the Board of Directors may 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 4. Election. Except as provided in Section 6 of this Article, the directors shall be elected at the annual meeting of the Members by secret written ballot. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these Bylaws. The person(s) receiving the highest number of votes shall be elected. Neither cumulative voting nor fractional voting is permitted.

Section 5. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association.

Section 6. Vacancies. A vacancy occurring in the Board of Directors may be filled by

the selection by the remaining directors of a successor, who shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 7. 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.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually, without notice, and at such place and hour as may be fixed from time to time by resolution of the Board. Should the date of such meeting fall on 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 of Directors 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. Every act or decision done or 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.

Section 4. Informal Action by Directors. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5. Chairman. A Chairman of the Board of Directors shall be elected by the directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the President, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a) adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the Members and their guests thereon and establishing penalties for infractions thereof, and adopt and publish rules and regulations interpreting the restrictions and

covenants applicable to the Properties;

(b) suspend a Member's voting rights during any period in which he shall be in default in the payment of any assessment levied by the Association pursuant to Article V of the Declaration. Such rights may also be suspended after such notice and hearing as the Board, in its sole discretion, shall establish, for a period not to exceed 60 days, for infraction of the published rules and regulations of the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these Bylaws, 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 without good cause;

(e) employ a manager and such other employees or independent contractors as it deems necessary and prescribe their duties, and contract with a management company to manage the operation of the Association. In the event that a contract is entered into with a management company, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days' notice and any management contract made with the Declarant shall be for a period not to exceed three years;

(f) employ attorneys, accountants and other persons or firms to represent the Association when deemed necessary;

(g) grant easements for the installation and maintenance of sewage, utility or drainage facilities upon, over, under and across the property owned by the Association without the assent of the Members when such easements are necessary for the convenient use and enjoyment of the Properties; and

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient.

Section 2. Duties. 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 at least five (5) working days before such meeting by Members entitled to at least one-fourth (1/4) of the votes appurtenant to the Class A Lots;

(b) supervise all officers, agents and employees of the Association and 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 before January 1 of each year;

(2) send written notice of such assessment to every Owner subject thereto at least fifteen (15) days before January 1 of each year; and

(3) as to any Lot for which an assessment is not paid within thirty (30) days after it becomes due, bring an action at law against the Owner personally obligated to pay the assessment and/or foreclose the lien against such Lot.

(d) issue, or cause an appropriate officer of the Association to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be established by the Board of Directors for the issuance of such certificate. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment;

(e) procure and maintain adequate liability insurance covering the Association in an amount not less than \$1,000,000.00 and full replacement value hazard insurance on the real and personal property owned by the Association;

(f) procure and maintain directors' and officers' liability insurance;

(g) cause the Common Area and all facilities erected thereon and any portions of any Lot or Unit for which the Association has maintenance responsibility to be maintained;

(h) establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the improvements constructed on the Common Area;

(i) provide such notices to and obtain such consents from the owners and holders of first deeds of trust on Lots within the Properties as is required by the Declaration or these Bylaws;

(j) pay all ad valorem taxes and public assessments levied against the real and personal property owned in fee by the Association;

(k) hold annual and special meetings and elections for the Board of Directors;

and

(l) prepare annual budgets and financial statements for the Association and

make same available for inspection by the Members and their agents at all reasonable times.

Section 3. Enforcement. In addition to such other rights as are specifically granted in the Articles of Incorporation, the Declaration or these Bylaws, the Board of Directors shall have the power, pursuant to the procedures set forth in this Section, to impose sanctions for violations by an Owner, a member of his family, or any occupant, tenant, employee, guest or invitee of the Owner, of the Declaration, these Bylaws, rules and regulations adopted Association or the Restrictive Covenants applicable to the Properties (hereinafter individually and collectively referred to as the "Rules"), which sanctions may include, but are not limited to, reasonable monetary fines, not to exceed the greater of the costs actually incurred by the Association in abating such violation including, without limitation, attorney's fees, or \$10.00 per day, or part thereof, in which the violation continues to exist for a first violation, \$25.00 per day for a second violation of the same rules or regulations, and \$100.00 per day for a third or subsequent violation, and which fines shall constitute a lien upon the Lot of the Owner, and suspension of the right to vote and the right to use any recreational amenities within the Common Area. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Lot if the Owner is delinquent in paying any assessment or other charges owed to the Association. The failure of the Board to enforce any of the Rules shall not be deemed a waiver of the right to do so thereafter.

(a) Notice. Before imposition of any sanction, the Board or its delegate shall give the Owner written notice describing: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than 10 days within which the Owner may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a request for a hearing is received by the Board before the end of the period set forth in such notice (the "Notice Period"). Such notice may be hand delivered by any person or sent by certified mail, return receipt requested. Any notice hand delivered shall be deemed received when received by the Owner or by any person more than 18-years old who is present at the address of the Owner as shown on the records of the Association. Notice sent by certified mail shall be deemed received on the third business day after same is deposited in the United States Mail. The Board shall include in its minutes evidence of the giving of such notice, including a copy of the notice and a statement of the date and manner of delivery signed by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting, unless the appearance is made to protest the lack of notice.

If a request for a hearing is not received before the end of the Notice Period, the sanction stated in the notice shall be imposed; provided, however, that the Board may waive any proposed sanction if the violation is cured before the end of the Notice Period. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

(b) Hearing. If a hearing is timely requested, the hearing shall be held by the

Board in executive session or by a committee of not less than three (3) Members (who may or may not be Directors of the Association) appointed by the Board for the purpose of hearing such appeals. The Owner shall be afforded a reasonable opportunity to be heard. A written statement of the results of the hearing and the sanctions, if any, imposed, shall be placed in the minutes of the Board and a copy of such statement shall be provided to the Owner in the same manner as the notice required by subsection (a) of this Section 3.

If the hearing was held before a subcommittee appointed by the Board, the Owner shall have the right to appeal the decision to the Board by giving a written notice of appeal to the President or Secretary of the Association within ten (10) days after receiving a copy of the written statement of the results of the hearing. If such notice of appeal is given, the Board shall schedule and notify the Owner of the date of the appeal hearing, which shall be not less than five (5) nor more than fifteen (15) days after notice of appeal is given, and which must be attended by not less than 75% of the members of the Board. The Owner shall be afforded a reasonable opportunity to be heard. The Board may, by majority vote of the Directors present at such appeal hearing, affirm, modify or reverse the decision of the subcommittee. A written statement of the results of the appeal hearing and the sanctions, if any, imposed, shall be placed in the minutes of the Board and a copy of same shall be provided to the Owner in the same manner as the notice required by subsection (a) of this Section 3.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Rules, without the necessity of compliance with the notice and hearing procedures set forth herein, by self-help methods (specifically including, but not limited to, the towing of Owner and tenant vehicles parked in violation of parking rules) or by action at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Association shall be entitled to recover all costs or such action, including reasonable attorney's fees incurred. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President, who shall at all times be a member of the Board of Directors, a Secretary, a Treasurer, and such Vice President(s) and other officers as the Board may from time to time by resolution appoint.

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 the Association shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, be removed, or be 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 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 later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by the Board. The person appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. 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 4 of this Article. Notwithstanding the foregoing, the offices of Secretary and Treasurer may be held by the same person.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall: preside at all meetings of the Board of Directors and of the Members; see that orders and resolutions of the Board are carried out; sign all leases, promissory notes, mortgages, deeds and other written instruments; and, in the absence of the Treasurer, sign all checks.

(b) 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.

(c) Secretary. The Secretary 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 a seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association and their addresses; and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall: receive and deposit in appropriate bank accounts all funds of the Association and disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; issue, or cause to be issued, all requested certificates setting forth whether the assessments applicable to a specific Lot have been paid; cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members; and, if directed by resolution of the Board of Directors, sign all checks of the Association.

ARTICLE IX COMMITTEES

The Board of Directors of the Association shall appoint a Nominating Committee as provided in Section 3 of Article V of these Bylaws. The Board of Directors may appoint an architectural committee and such other committees as it deems necessary to carry out the affairs of the Association.

ARTICLE X 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 or his agent. 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 reasonable cost.

ARTICLE XI ASSESSMENTS

As more fully provided in Article V of the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. Any assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors shall from time to time establish, and, if not paid within thirty (30) days after the due date, shall bear interest from the due date at the rate of fourteen (14%) percent per annum or the highest rate allowed by law, whichever is less. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorney's fees of any such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or by abandonment of his Lot.

ARTICLE XII MISCELLANEOUS

Section 1. Corporate Seal. The Association shall have a seal in a circular form having within its circumference the words: Inman Park Community Association, Inc.; and such seal, as

impressed in the margin hereof, is hereby adopted as the corporate seal of the Association.

Section 2. Amendments. Except as otherwise provided herein, these Bylaws may be amended or repealed and new bylaws adopted at any regular or special meeting of the Board of Directors by the affirmative vote of a majority of the directors then holding office.

These Bylaws may also be amended or repealed and new bylaws adopted at any regular or special meeting of the Members, by the affirmative vote of two-thirds of the votes cast at such meeting, subject to normal quorum requirements, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

No bylaw adopted or amended by the Members shall be amended or repealed by the Board of Directors, except to such extent that such bylaw expressly authorizes its amendment or repeal by the Board of Directors.

Section 3. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 4. Indemnification.

(a) Any person who at any time is serving or has served as a director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan, shall be indemnified by the Association to the fullest extent permitted by law, including specifically the indemnification provided by the provisions of the North Carolina Nonprofit Corporation Act, including but not limited to indemnification against (i) reasonable expenses, including attorneys' fees actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (ii) reasonable payments made by him in satisfaction of any judgment, money decree, fine penalty or settlement for which he may become liable in any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by the provisions of this Section 4(a), including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due

him and if required, giving notice to, and obtaining approval by, the Members of the Association.

Any person who at any time serves or has served in any of the aforesaid capacities for, on behalf of, or at the request of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided under this Section 4(a). Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of these Bylaws.

If the North Carolina Nonprofit Corporation Act is subsequently amended to eliminate or further limit the personal liability of directors or to authorize corporate action to eliminate or further limit such liability, then the liability of the directors of this Association shall, without any further action of the Board of Directors or the Members of the Association, be eliminated or limited to the fullest extent permitted by the North Carolina Nonprofit Corporation Act as so amended.

(b) The Association shall have the power to purchase and maintain insurance on behalf of any person who is serving or has served as a director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would otherwise have the power to indemnify him against such liability.

(c) In addition to the indemnification authorized under the provisions of Sections 4(a) and 4(b) of this Article XII and under the provision of the North Carolina Nonprofit Corporation Act, the Association, acting pursuant to a resolution adopted by its Board of Directors, may by contract agree to indemnify any person who at any time is serving or has served as a director, officer, employee or agent of the Association, or in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprises or, at the request of the Association, as a trustee or administrator under any employee benefit plan, against liability and reasonable litigation expenses, including attorneys' fees, arising out of his status as such or his activities in any of the foregoing capacities before or after the date on which the contract is executed; PROVIDED HOWEVER, that the Association may not agree under any such contract to indemnify any such person against any liability or litigation expense he may incur in relation to matters as to which he shall have been adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason or willful misconduct in the performance of duty.

(d) Any repeal or modification of the foregoing provisions of this Section 4 shall not affect any rights or obligations then existing with respect to any state of facts then or therefore or thereafter brought based in whole or in part on any such state of facts.

(e) This Section is intended to provide indemnification solely for actions taken by a person in his/her capacity as an officer or director of the Association. Nothing herein shall be deemed to provide indemnification to any person for any liability that may result from that person's ownership of property within the Properties.

Section 5. Fiscal Year. 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, except that the first fiscal year shall begin on the date of incorporation.

Section 6. Gender. Any use of the masculine gender in these Bylaws shall be construed to include the feminine gender. Any use of the singular shall be construed, as appropriate, to include the plural.

Drawn by & HOLD FOR:
PERRY, PATRICK, FARMER & MICHAUX, P.A. (tm)

STATE OF NORTH CAROLINA
COUNTY OF WAKE

RESTRICTIVE COVENANTS
FOR
INMAN PARK
Phase 1

GELL, INC. (the "Declarant"), Benchmark Homes Co., Buildmaster, Inc., Clearwater Group, Ltd., Thomas Gipson Homes, Inc., Impact Design-Build, Inc., J. Satterwhite Bldr., Inc., Lokey Building Concepts, L.L.C., Phillip R. Barker Builders, Inc., Skywater, Inc., Spectrum Homes, Inc. (the "Builders"), and Myron W. Braun and Karen C. Grenier (the "Owners") hereby declare that the property described on Exhibit A attached hereto and made a part hereof (hereinafter the "Subdivision") is and shall hereafter be held, transferred, sold and conveyed subject to the following restrictive covenants, which shall be appurtenant to and run with the land, by whomsoever owned, to wit:

1. LAND USE AND BUILDING TYPE. All Lots shall be used for residential purposes. No structure shall be erected, altered, placed or permitted to remain on any Lot other than one detached, single-family dwelling, not to exceed three stories in height, a private garage for not more than three (3) cars, and other outbuildings incidental to residential use of the Lot. Nothing herein shall be deemed to prohibit conversion of a Lot to a street.
2. DWELLING SIZE. The minimum heated square footage of a dwelling constructed on a small Lot, i.e., a Lot approximately 65 feet wide, may not be less than 1,800 square feet for a one-story dwelling or 1,200 square feet on the first floor of a multistory dwelling (900 square feet for Lots 14, 15, 16 and 17). The minimum heated square footage of a dwelling constructed on a large Lot, i.e., a Lot approximately 90 feet wide, may not be less than 2,500 square feet for a one-story dwelling or 1,500 square feet on the first floor of a multistory dwelling. Declarant reserves the right to grant variances in the foregoing square footage requirements, provided, however, that any variance must be in writing and recorded in the Wake County Registry.
3. BUILDING SETBACKS; HOUSE LOCATION. No dwelling shall be erected or maintained on any Lot outside of the building envelope shown on the recorded plat of the Subdivision or as otherwise required or permitted by the zoning ordinance of the City of Raleigh (the "Zoning Ordinance"), but architectural standards adopted by the Declarant or the Inman Park Community Association Inc. (the "Association") may require setbacks greater than permitted under the Zoning Ordinance may. Decks, porches, patios, stoops, eaves, overhangs, bay windows, chimneys, carports and other similar projections shall not be considered to be part of the dwelling unless they are considered part of the dwelling under the Zoning Ordinance as it exists as of the date

of issuance of a certificate of occupancy. Any dwelling erected on a Lot other than a corner lot shall face the street on which the Lot abuts. On corner lots, a dwelling may be erected so as to face the intersection of the two streets on which the Lot abuts.

4. FENCES. Any fence or wall installed within the Subdivision must meet all requirements of the Zoning Ordinance and must be approved as provided in Paragraph 18 of these Covenants. Nothing in this paragraph shall be deemed to apply to or regulate retaining walls made necessary by the slope or grade of any Lot or Lots nor to any fence installed by the Declarant at any entrance to or along any street within the Subdivision.

5. TEMPORARY STRUCTURES. No residence of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, basement, shack, tent, garage, barn, or any other building of a similar nature shall be used as a residence on any Lot, either temporarily or permanently.

6. PARKING; DRIVEWAYS AND PARKING PADS; ABANDONED VEHICLES. Each dwelling constructed within the Subdivision shall have a garage large enough to contain at least two vehicles. No unenclosed parking shall be constructed or maintained on any Lot except a concrete driveway and an attached concrete parking pad, which pad shall be designed for the parking of not more than two (2) vehicles. The location of and materials used for construction of any driveway or parking pad upon any Lot shall be approved as provided in Paragraph 18 hereof.

No boat, boat trailer, mobile house trailer (whether on or off wheels), vehicle or enclosed body of the type which may be placed on or attached to a vehicle (known generally as a "camper"), recreational vehicle ("RV"), tractor trailer truck or cab, or commercial vehicle of any kind shall be parked on any street or any Lot within the Subdivision. No vehicle of any type which is abandoned or inoperative shall be stored or kept on any Lot, except in an enclosed garage.

7. ANIMALS. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling, except that dogs, cats, or other household pets may be kept or maintained, provided that they are not kept or maintained for commercial purposes and further provided that they do not become a nuisance or annoyance to owners of other Lots within the Subdivision.

8. NUISANCES; BUSINESS ACTIVITY. No noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No business trade or activity may be conducted on any Lot unless permitted by the Raleigh Board of Adjustments.

9. SIGNS. Except as otherwise required by the City of Raleigh, no sign of any kind shall be displayed to the public view on any Lot except signs used to advertise Lots for sale during the construction and sales period, one sign of not more than ten (10) square feet advertising the

property for sale or rent, and signs of not more than ten (10) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than sixty (60) days before such election and shall be removed within two (2) days after such election.

10. ANTENNAS; SATELLITE DISHES OR DISCS. No radio or television transmission or reception towers or antennas shall be erected on a Lot other than a customary television or radio reception antenna, which shall not extend more than ten (10) feet above the top roof ridge of the house. However, a satellite antenna receiver or disc will be permitted on a Lot if: (i) the receiver or disc is not larger than 30" in diameter; (ii) the receiver or disc is located on the side of the house away from the street and within the building set back lines applicable to that Lot; and (iii) the receiver or disc is located or screened in such a way that it cannot be seen from any street within the subdivision. Any such screening must be approved as provided in Paragraph 18 of these Covenants. In no event shall any free-standing transmission or receiving tower be permitted on any Lot.

11. SWIMMING POOLS. No above-ground swimming pools shall be permitted in the Subdivision, except that small, inflatable wading pools shall be permitted.

12. MAILBOXES. It is the intent of the Declarant to identify a standard mailbox to be installed by the builder of each home within the Subdivision. No mailbox shall be placed or maintained on any Lot unless the same has been approved in accordance with the provisions of Paragraph 18 of these Covenants.

13. MAINTENANCE OF LOT; CONSTRUCTION. Each owner shall keep his Lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair. In the event that any residence or structure on any Lot is destroyed or partially destroyed by fire, Act of God, or as a result of any other act or thing, the owner of such Lot shall repair the damage and reconstruct the improvement within twelve (12) months after such damage or destruction; provided, however, that if the structure damaged is not part of or attached to the residence constructed on such Lot, the owner may, at his option, either completely remove the damaged structure and landscape area on which the structure stood or repair or reconstruct the structure.

All construction, landscaping or other work which has been commenced on any Lot shall be continued with reasonable diligence to completion and no partially completed house or other improvement shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. The owner of each Lot shall at all times keep contiguous public streets free from any dirt, mud, garbage, trash or other debris resulting from any such construction on his Lot.

14. CLOTHESLINES. No clothesline may be erected or maintained on any Lot.

15. GARBAGE; UNSIGHTLY STORAGE. All trash and rubbish shall be kept in garbage cans stored behind the house in such a manner as not to be visible from the street upon which the house fronts. No trash, rubbish, stored materials, wrecked or inoperable vehicles, or similar unsightly items shall be allowed to remain on any Lot; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, and other debris for collection by governmental or other similar garbage and trash removal units. In the event of curbside trash and/or garbage pickup, trash and/or garbage cans may be moved to the street on the night before the scheduled pickup, but all garbage cans must be returned to approved enclosure the night of the scheduled pickup.

16. SEPTIC TANKS; WELLS. No septic tank or well shall be installed, used or maintained on any Lot.

17. REMOVAL OF TREES. Except in the case of an emergency situation that does not permit any delay, no living tree larger than 6" in diameter at a point measured 3' off the ground shall be removed from any Lot without the approval of the Declarant. The foregoing provision shall apply only to Lots which have been occupied as a residence pursuant to a certificate of occupancy issued by the City of Raleigh.

18. ARCHITECTURAL CONTROL. No building, fence, wall, driveway, parking pad or any other structure or any type shall be commenced, erected or maintained within the Subdivision, nor shall any exterior addition to or change or alteration therein be made, nor shall a building permit for such improvement or change be applied for or obtained, nor shall any major landscaping or relandscaping of any Lot be commenced or made, unless and until the provisions of Article VIII of the Declaration Of Covenants, Conditions And Restrictions For The Inman Park Community Association, Inc., as recorded in Book 8273, Page 388, Wake County Registry (hereinafter the "Declaration") have been fully satisfied.

19. EXTERIOR MAINTENANCE. The owner of each Lot shall maintain the grounds and improvements on his Lot, including, but not limited to, lawns, plantings, landscaping, swales and drainage ditches, at all times in a neat and attractive manner.

20. EASEMENTS.

(a) Easements on Recorded Maps. Declarant, for itself, its successors and assigns (including, without limitation, governmental entities and the Association, hereby reserves easements in the locations and for the purposes shown and indicated on the recorded maps of the Subdivision, including, without limitation, the right to construct, alter, operate, repair, replace, remove and maintain all improvements located within and associated with such easements. Within such easements, no structure, planting, or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of the utilities, or which may change the direction of flow or otherwise impede or retard the flow of water through the drainage channels within such

easements. Any easements located on a Lot shall be maintained continuously by the owner of such Lot, except for any such improvements for which a public authority or utility company is responsible. Declarant reserves the right to create and impose additional easements or rights-of-way over any unsold Lot or Lots by the recording of appropriate instruments in the Wake County Registry, and such instruments shall not be construed to invalidate any of these covenants.

(b) Easement to Correct Defects and Damage. For a period of twenty-five (25) years from the date hereof, Declarant reserves an easement and right (but does not assume any obligation) of ingress, egress and regress on, over and under the Lot and the Common Area within the Subdivision to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Subject to the ordinances of the City of Raleigh, such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, Declarant shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed unless otherwise required by the ordinances of the City of Raleigh. Declarant shall give reasonable notice of its intent to take such action to all affected Owners.

(c) Easement for Future Utilities. Declarant also reserves an easement in and right at any time in the future to grant a ten-foot (10') right-of-way over, under and along the rear line of each Lot for the installation and maintenance of poles, lines, conduits, pipes and other equipment necessary to or useful for furnishing electric power, gas, telephone service, cablevision or other utilities, including water, sanitary sewage service and storm drainage facilities. Declarant also reserves an easement in and right at any time in the future to grant a five-foot (5') right-of-way over, under and along the side lines of each Lot for the aforementioned purposes.

(d) Easements on Specific Lots. An easement is also reserved for the benefit of the Declarant and the Association, and their successors and assigns, over, across and under those portions of Lots 43, 44, 48, 49, 64 and 68 shown and designated as "5' Private Maintenance Easement Per Master Landscape Plan" on the map recorded in Book of Maps 1999, Pages 493 and 494, Wake County Registry, for the purpose of installing and maintaining a fences and landscaping within the easement area as required by the Master Landscape Plan described in Section 12 of Article IX of the Declaration. No Owner or other person shall remove or damage any required planting or landscaping. The Association shall be responsible for ensuring that all plantings and landscaping required by the Master Landscape Plan are properly maintained.

(e) Right of Access. The Declarant, the Association and their respective successors and assigns shall at all times have the right of access upon such easements for the purpose of landscaping, planting, mowing, maintaining, repairing or replacing the easement area and the improvements thereon or for removing any object placed in the easement area in violation of the provisions of this Paragraph 20.

The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement actions. Any such determination shall not be construed as a waiver of the right to enforce such provisions under other circumstances or to estop the Association from enforcing any other covenant, restriction or rule. Failure by the Association or an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

25. RULES AND REGULATIONS. The Declarant and, after the Declarant no longer has voting control of the Association, the Association, may adopt and promulgate additional rules and regulations pursuant to the provisions of Section 9 of Article IX of the Declaration, interpreting, implementing, supplementing or modifying these Restrictive Covenants,

26. SEVERABILITY. Invalidation of any one or more of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

27. TERM. These covenants shall run and bind the land and all owners thereof for a period of 25 years from the date they are recorded, after which time, they shall be automatically extended for successive periods of ten (10) years unless altered or amended as set forth below. These covenants may be amended during the first twenty-five year period by an instrument signed by the then-owners of not less than eighty percent (80%) of the Lots, and thereafter an instrument signed by then-owners of not less than seventy percent (70%) of the Lots.

28. THE INMAN PARK COMMUNITY ASSOCIATION, INC. The owners of Lots within the Subdivision are Members of The Inman Park Community Association, Inc., and are subject to and bound by the Declaration, which provides additional restrictions on such Lots.

29. DECLARANT. Nothing contained in these Covenants shall be construed to permit interference with the development of the Lots by Declarant so long as said development follows the general plan of development previously approved by the City of Raleigh. The restrictions contained herein shall not be deemed to apply to any sales office, construction trailer, model home, or other temporary improvement installed by or with the approval of Declarant.

Declarant reserves the right, at any time and from time to time, to assign, in whole or in part, temporarily or permanently, its rights, privileges and powers contained in these Restrictive Covenants (including, but not limited to, the right and power to waive violations and/or grant variances of the square footage requirements and building setback requirements).

Any use of the term "Declarant" in these Restrictive Covenants shall be deemed to apply to Declarant and, as appropriate, to the Association or to any other person(s) or firm(s) to whom or

which Declarant's rights have been delegated as provided in Paragraph 18 hereof. Upon assignment by the Declarant of Declarant's rights hereunder, the assignee shall have all of the rights and obligations of the Declarant set forth herein, and Declarant shall have no further rights or obligations hereunder.

IN WITNESS WHEREOF, Declarant and the Builders have each caused this instrument to be executed under seal, as of the date set forth in its respective notary acknowledgments set forth below.

DECLARANT:

GELL, INC.

(Corporate Seal)



By: [Signature]
John R. Lancaster, Vice President

ATTEST: [Signature]
Assistant Secretary

STATE OF NORTH CAROLINA - WAKE COUNTY

I, SARA YORGENSEN, a Notary Public for Wake County, North Carolina, certify that Richard W. Moore personally came before me this day and acknowledged that he is an Assistant Secretary of GELL, INC., a North Carolina corporation, and that, by authority duly given and as the act and deed of the corporation, the foregoing instrument was signed by its Vice President, sealed with its corporate seal, and attested by him as its Assistant Secretary.

Witness my hand and official stamp or seal, this the 23rd day of August, 1999.

Sara Yorgensen
Notary Public
My commission expires: 10-23-01

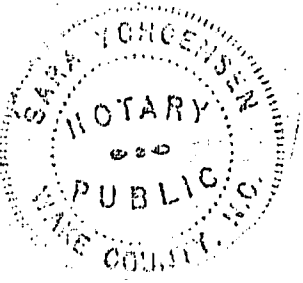


EXHIBIT A

INMAN PARK
Phase 1

Lying and being in the City of Raleigh, House Creek Township, Wake County, North Carolina, and being more particularly described as follows:

All of the real property, containing 17.25 acres, more or less, shown on the plats entitled "Final Plat, INMAN PARK, PHASE I", recorded in **Book of Maps 1999, Pages 493-498**, inclusive, in the Wake County Registry, to which plats reference is hereby made for a more particular description, and which includes, without limitation, **Lots 14-17, 39-43, 49-53 and 64-68 (BOM 1999, PG 493), Lots 44-48 (BOM 1999, PG 494), Lots 69, 82-93, 102-117 (BOM 1999, PG 495), and Lots 118-128 (BOM 1999, PG 496)**, inclusive, in Inman Park, Phase I, as shown on the aforesaid recorded plats.