

BYLAWS
OF
FOX HILL FARM SOUTH HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Fox Hill Farm South Homeowners Association, Inc. The principal office of the corporation shall be located at 2726 Croasdaile Drive, Suite 102, Durham, North Carolina 27705, but meetings of Members and Directors may be held at such places within the State of North Carolina, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Declaration" shall mean that certain Declaration of Covenants, Conditions and Restrictions for Fox Hill Farm South recorded at Book 1729, Page 114, Orange County Registry.

Section 2. The terms defined in the Declaration shall have the same meanings as set forth therein in these Bylaws.

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the Members shall be held on the second Monday in November of each year for the purpose of transacting any business authorized to be transacted by the Members; provided, however, if that day is a legal holiday, this meeting shall be held on the next succeeding day.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership and one-fourth (1/4) of all of the votes of the Class B membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than thirty (30) days, unless otherwise stated in the Declaration or Articles of Incorporation, before such meeting to each Member entitled to vote thereat, addressed to the

Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Proof of such mailings shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings by vote of the Members of the Association.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-half (1/2) of the votes of each class of Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. The joinder of a Member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Member for the purpose of determining a quorum. The vote of the Owners of a Lot owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate signed by all of the Owners of the Lot and filed with the Secretary of the Association. If such certificate is not on file, the vote of such Owners shall not be considered in determining the requirement for a quorum or for any other purpose.

Section 5. Voting. 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 6. Order. The order of business at annual Members' meetings, and, as far as practical at all other Members' meetings, shall be:

- a. Calling of the roll and certifying of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of any unapproved minutes.
- d. Reports of officers.
- e. Reports of committees.
- f. Election of directors.
- g. Unfinished business.
- h. New business.
- i. Adjournment.

ARTICLE IV
SELECTION AND TERM OF OFFICE OF
BOARD OF DIRECTORS

Section 1. Number. Initially, the Board of the Association shall consist of three (3) directors who need not be Members of the Association. Thereafter, from the initial annual meeting forward, the affairs of this Association shall be managed by a Board of not less than three (3) or more than nine (9) directors who need not be Members of the Association. The exact number of directors shall be determined by the Members each year at the annual meeting.

Section 2. Term of Office. At the first annual meeting of the Members, the term of office of one-third (1/3) of the directors shall be fixed at three (3) years, the term of office of another one-third (1/3) of the directors shall be fixed at two (2) years, and the term of office of another one-third (1/3) of the directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve a term of three (3) years.

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

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting

of the Members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

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

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. The regular meeting of the Board of Directors shall be held immediately after, and at the same place as the annual meeting of the Members. In addition, the Board of Directors may provide by resolution the time and place for the holding of other regular meetings.

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 director, after not less than three (3) days notice to each other 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.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

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

(b) suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended

after notice and hearing, for a period not to exceed 60 days, for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these 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;

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) exercise such other powers as are conferred upon the Association by the Articles of Incorporation or the Declaration.

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 which such statement is requested in writing by one-fourth (1/4) of the Class A Members and one-fourth (1/4) of the Class B Members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; and

(2) send written notice of each change in the annual assessment to every Member subject thereto at least thirty (30) days in advance of each annual assessment period;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on the Common Area, if the Board deems it necessary, and create a reserve for payment of premiums therefor and to collect the same;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained as more fully provided in the Declaration;

(h) to perform all other duties imposed by the Articles of Incorporation and the Declaration; and

(i) pay any license fees or governmental charges levied or imposed against the Common Area or other property, real or personal, owned by the Association.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The offices of this Association shall be that of president and vice-president, which shall at all times be held by members of the Board of Directors, a secretary, and a treasurer, and such other offices as the Board may from time to time by resolution create.

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

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

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 appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. 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 4 of this Article.

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

President

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

Vice-President

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

Secretary

(c) 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 said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a certified independent public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and

expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX
COMMITTEES

Subject to the right of the Declarant to make such appointment as provided in the Declaration, the Board of Directors shall appoint the Design Review Committee and the Association shall appoint a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

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, lenders, holders, insurers and guarantors of any first mortgage encumbering the Common Area or any Lot. 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 the Declaration, each Member is obligated to pay to the Association annual and special assessments, including assessments provided for in the Master Declaration. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within sixty (60) days after the due date, the assessment shall be subject to such interest, penalties and actions as shall be established therefor in the Declaration. No Member may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot. The provisions for fiscal management of the Association set forth in the Declaration shall be supplemented by the following provisions:

(a) Assessments Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. Such an account shall designate the name and address of the Member or Members, the amount of each assessment against the Members, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance upon assessments.

(b) Computation of Annual Assessments. It shall be the duty of the Board of Directors, at least thirty (30) days prior to the Association meeting at which the budget shall be presented to the membership, to prepare an operating budget covering the estimated costs of operating the Association during the coming year. The budget may establish a reserve fund or funds in accordance with a separately prepared capital budget. The Board of Directors shall cause a copy of the proposed budget and the amount of the annual assessment to be levied against each Lot for the following year to be delivered to each Member at least fifteen (15) days prior to the Association meeting called for the purpose of approving the budget. The said budget and the said assessments shall become effective unless disapproved by the vote of at least fifty-one percent (51%) of the vote of all then existing classes of Members of the Association at a meeting of the Members called for that purpose.

In the event the Members disapprove the proposed budget or the Board of Directors should fail, for any reason, to prepare and submit a budget for the succeeding year, then, and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue in force. In addition, the prior year's assessment shall remain in force until a new budget is approved.

(c) Capital Budget. The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset and the expected repair or replacement cost of same during the succeeding fiscal year. The Board of Directors shall establish the amount sufficient to permit the Association to satisfy its projected capital needs, as presented in the capital budget. The amount so determined by the Board of Directors shall be included within the budget and assessments as provided in this Article XI. A copy of the capital budget shall be distributed to each Member in the same manner as the operating budget.

(d) The depository of the Association shall be such bank or banks as shall be designated from time to time by the Association and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Association.

(e) Unless waived by the Association, an audit of the accounts of the Association shall be made annually by a certified independent public accountant, and a copy of the report shall be furnished to each Member not later than April 1 of the year following the year for which the report was made.

ARTICLE XII
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Fox Hill Farm South Homeowners Association, Inc. - Corporate Seal.

ARTICLE XIII
AMENDMENTS

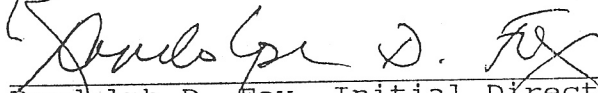
Section 1. These Bylaws may be amended at a regular or special meeting of the Members by a vote of at least sixty percent (60%) of a quorum of each class of Members present in person or by proxy.

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 and these Bylaws, the Declaration shall control.


ARTICLE XIV
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, except that the first fiscal year shall begin on the date of incorporation.


IN WITNESS WHEREOF, we, being all of the initial directors of Fox Hill Farm South Homeowners Association, Inc. have hereunto set our hands this 12th day of May, 1998.



Randolph D. Fox, Initial Director



Catherine C. McGhee, Initial Director



Robert M. Sprouse, Initial Director

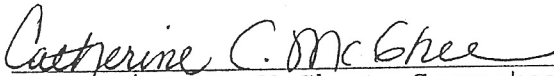
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Fox Hill Farm South Homeowners Association, Inc., a North Carolina nonprofit corporation; and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by unanimous consent of the Board of Directors thereof on the 12th day of May, 1998.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 12th day of May, 1998.


Catherine C. McGhee, Secretary

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RESOLUTIONS OF THE MEMBERS OF
FOX HILL FARM SOUTH HOMEOWNERS ASSOCIATION, INC.
REGARDING APPOINTMENT OF PROXIES

At the annual meeting of the Members of Fox Hill Farm South Homeowners Association, Inc. (the "Association"), at which a quorum was present, the Members of the Association, by the affirmative vote of at least sixty percent of each class of Members, adopted the following resolutions:

1) RESOLVED, that the Bylaws of Fox Hill Farm South Homeowners Association, Inc. (the "Bylaws") do not specify the means by which voting Members may appoint proxies.

2) RESOLVED, that the Members have determined that the Bylaws should be amended so as to allow voting Members to utilize any and all means by which the North Carolina Nonprofit Corporation Act provides that members of a nonprofit corporation may appoint proxies.

3) RESOLVED, that, in accordance with the foregoing, the Bylaws shall be, and they hereby are AMENDED, as follows:

A. The following provisions are hereby added to and incorporated into Article III of the Bylaws:

"Section 6. Proxies. A voting Member may appoint one or more proxies to vote or otherwise act for him by signing an appointment form, either personally or by his attorney-in-fact. A photocopy, telegram, cablegram, facsimile transmission, or equivalent reproduction of a writing appointing one or more proxies, shall be deemed a valid appointment form. In addition, a voting Member may appoint one or more proxies:

(a) By an electronic mail message or other form of electronic, wire, or wireless communication that provides a written statement appearing to have been sent by the voting Member; or

(b) By any kind of electronic or telephonic transmission, even if not accompanied by written communication, under circumstances or together with information from which the Secretary of the Association can reasonably assume that the appointment was made or authorized by the voting Member."

B. Section 6 of Article III of the Bylaws is hereby renumbered and redesignated as follows:

"Section 7. Order."

4) RESOLVED, that these resolutions and the action herein taken are effective immediately upon adoption at the November 13, 2007 annual meeting of the Members of the Association.