

BYLAWS
OF
FALCONBRIDGE HOMEOWNERS ASSOCIATION

Article I

Name and Location. The name of the corporation is Falconbridge Homeowners Association, hereinafter referred to as the Association. The principal office of the corporation shall be located in the State of North Carolina. 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. "Association" shall mean and refer to Falconbridge Homeowners Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions, and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

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.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more personal or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties and recorded in the Office of Register of Deeds of Durham County.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Article III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meetings of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on a day and month and at a time determined by the Board of Directors with a fifteen (15) day notice sent to the members.

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 ten percent (10%) of the members of the Association.

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, at least fifteen days before such meeting to each member entitled to vote, 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.

Section 4. Quorum. A quorum shall consist of one-quarter (25%) of members entitled to cast, or of proxies entitled to cast, votes 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 shall have power to adjourn the meeting without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. 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.

Article IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of nine (9) directors.

Section 2. Term of Office. At the first annual meeting the members shall elect three directors for a term of one year, three directors for a term of two years, and three directors for a term of three years; and at each annual meeting thereafter the members shall elect three directors for a term of three 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, a successor shall be selected by the remaining members of the Board and shall serve for the unexpired term.

Section 4. Compensation. No director shall receive compensation for any service rendered to the Association. However, any director may be reimbursed for pre-approved expenses incurred in the performance of Association 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 or by the Board of Directors acting as a Committee of the Whole. 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 may 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 will be made from among the membership.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are

entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

Article VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as determined by the Board.

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 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.

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 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 of a member during any period in which such member shall be in default in the payment of any assessment, Monthly or special, levied by the Association. Such rights also may be suspended after notice and hearing 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 consecutive regular meetings of the Board of Directors; and

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

Section 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, when such statement is requested in writing by one-fourth of the 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 Monthly assessment or special assessment for capital improvements against each Lot at least thirty days in advance of each annual assessment period;

(2) Send written notice of a change in the Monthly assessment or a special assessment to every Owner subject thereto at least thirty days in advance; and

(3) Foreclose the lien against any property for which assessments are not paid as stated in the Falconbridge Collections Policy.

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a statement

setting forth whether or not there are outstanding Monthly or other assessments. A reasonable charge may be made by the Board for the issuance of these certificates. If a statement indicates an assessment has been paid, such statement shall be conclusive evidence of such payment.

- (e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.
- (g) Cause the Common Area to be maintained.

Article VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers 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 first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed, or 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 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 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, and other written instruments, and shall cosign all promissory notes.

Vice-President

(b) The vice-president shall act in the place of the president in the event of absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required 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 public accountant at the completion of each fiscal year; and shall 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; or delegate any or all of the above to the Management Company.

Article IX

COMMITTEES

The Board of Directors shall appoint committees as deemed appropriate in carrying out its responsibilities. Those Committees may include, but are not limited to, a Facilities Committee and a Landscaping Committee. The Board of Directors or a Facilities Committee may act as Architectural Control Committee. The Chairperson for any Committee shall be a Board member, as will the Newsletter editor.

Article X

BOOKS AND RECORDS

The books, records, and papers of the Association shall at all time, during reasonable business hours, be subject to inspection by any member. 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 Monthly 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, 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 attorneys' fees or 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 nonuse of the Common Area or abandonment of his Lot.

Article XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:
Falconbridge Homeowners Association.

Article XIII

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.

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.

In Witness Whereof, we, being all of the directors of the Falconbridge Homeowners Association, have hereunto set our hands this the ____ day of _____, 2004.

2004

Amended and Adopted: June 3,