

BYLAWS
OF
CORNERSTONE PARK
COMMUNITY ASSOCIATION, INC.

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FOR
BYLAWS OF CORNERSTONE PARK
COMMUNITY ASSOCIATION, INC.**

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BYLAWS
OF
CORNERSTONE PARK COMMUNITY ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is CORNERSTONE PARK COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association." At the time of the adoption of these Bylaws, the principal office of the corporation is located at 4112 Pleasant Valley Road, Suite 214, Raleigh, Wake County, North Carolina 27612, but may be located at such other places as from time to time determined by the Board. Meetings of Members may be held at such places within the State of North Carolina, County of Wake as may from time to time be designated by the Board.

ARTICLE II

DEFINITIONS

The Association specifically is organized as the "Association" pursuant to the provisions of that certain "Declaration For Cornerstone Park", recorded in the Wake County, North Carolina Registry in Book 8765, Page 2456 (and includes all amendments and supplemental declarations thereto, if any, the declaration and such amendments and supplemental declarations being referred to herein as the "Declaration"), the Declaration and the Articles of Incorporation of the Association (as from time to time amended) being incorporated by reference as if fully set out herein. The definitions of terms contained in the Declaration are applicable to the Bylaws, unless the context clearly indicates otherwise. As referred to herein and in the Declaration, the "Act" is the North Carolina Planned Community Act, currently contained in Chapter 47F of the North Carolina General Statutes, and the "Nonprofit Corporation Act" is the North Carolina Nonprofit Corporation Act, currently contained in Chapter 55A of the North Carolina General Statutes. The Association shall have all of the rights, powers, duties and obligations conferred upon it by the Declaration, and the Association and its Members shall be subject to all of the terms of the Declaration, specifically including, without limitation, the provisions regarding membership in the Association and the obligation of Members of the Association to pay monetary assessments and other charges to the Association.

ARTICLE III

MEMBERSHIP AND VOTING

Section 1. Membership in the Association. Each Owner of a Lot, including Declarant and each Major Builder, is a Member of the Association and by execution of the Declaration or by acceptance of a deed conveying to such Owner title to a Lot or title to any Unsubdivided Land that later becomes a Lot or Lots, consents to be a Member of the Association, subject to the terms of the Governing Documents and applicable Legal Requirements. Membership in the Association shall be appurtenant to and may not be separated from the Lot owned by the Lot Owner, and the Board may adopt reasonable rules relating to the proof of ownership. Membership in the Association shall terminate automatically whenever a Person ceases to be a Lot Owner (except that the Class B Membership shall finally terminate only as provided herein), but such termination shall not release or relieve any such Person from any liability or obligation incurred under the Declaration during the period of such Person's ownership, nor impair any rights or remedies which the Association or any other Lot Owner has with regard to such former Lot Owner.

Section 2. Classes of Voting Members. The Association shall have two (2) classes of voting membership as follows:

(a) **Class A.** Class A Members are all Owners of Lots, excluding Declarant and all Major Builders during the Declarant Control Period. Provided, following the end of the Declarant Control Period, Declarant and all Major Builders also are Class A Members with respect to all Lots owned by such Persons. A Class A Member is entitled to one (1) vote for each Lot owned by such Class A Member (and when the Class B Membership terminates, Declarant and each Major Builder also shall be entitled to one (1) vote for each Lot owned by such Person). Provided, however, only one (1) vote is entitled to be cast for each Lot, regardless of the number of Owners thereof.

(b) **Class B.** The Class B Members are Declarant and all Major Builders. During the existence of the Class B Membership, the Class B Members are entitled to three (3) votes for each Lot owned by such Class B Members. The Class B Membership shall terminate and the Class B Members shall become Class A Members upon the first to occur of the following:

(1) the end of the Declarant Control Period for any reason other than final termination of the Class B Membership in the Association; or

(2) when the number of votes of the Class A Members equals the number of votes of the Class B Members (that is, when the number of Lots owned by Declarant and all Major Builders is 25% or less of the total number of Lots then existing in The Properties). Provided, however, until all Unsubdivided Land in The Properties has been developed into Lots in accordance with Subdivision

Plans approved by the City, the Class B Membership may be reinstated at any time that number of Lots owned by Declarant and all Major Builders is more than 25% of the total number of Lots in The Properties. Unless otherwise terminated under subsection (1) of this subsection (b), the Class B Membership may terminate and be reinstated on one or more occasions until all of the Unsubdivided Land has been developed into Lots in accordance with Subdivision Plans approved by the City. Termination of the Class B Membership that has been reinstated after all of the Unsubdivided Land has been developed into Lots, or failure of the Class B Membership to be reinstated after all of the Unsubdivided Land has been developed into Lots because Declarant and the Major Builders then own 25% or less of the total number of Lots in The Properties, constitutes "final termination" of the Class B Membership under the Declaration.

Section 3. Cumulative Voting. There shall be no cumulative voting.

Section 4. Multiple Owners. When any Lot entitling the Owner thereof to membership as a Class A or Class B Member is owned of record in the name of two (2) or more Persons, their acts and presence with respect to voting, written consents, and quorum requirements shall be as follows:

(a) If only one (1) of multiple Lot Owners is present in person or by proxy at a meeting of the Association, then such Lot Owner is entitled to cast the vote allocated to that Owner's Lot;

(b) If more than one (1) of multiple Lot Owners is present in person or by proxy at a meeting of the Association, the vote for that Lot may be cast only in accordance with the agreement of a majority in interest of such multiple Lot Owners. Majority agreement is conclusively presumed if any one of the multiple Lot Owners casts the vote allocated to such Owners' Lot without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Lot (or Person possessing a valid proxy from any such other Lot Owner);

(c) If more than one (1) of multiple Lot Owners is present in person or by proxy at a meeting of the Association, but the vote is evenly split on any particular matter, the vote shall not be counted (but the presence of such Lot Owners in person or by proxy shall be counted for purposes of determining quorums);

(d) The presence at a meeting, in person or by proxy, of one (1) or more, but less than all, of multiple Owners of a Lot, shall be sufficient for quorum purposes with respect to the vote allocated to such Lot; and

(e) The principles of this Section shall apply, insofar as possible, to the execution of proxies, waivers, consents, written agreements, or objections.

Section 5. Voting Certificate. If a Member of the Association is not a natural person, the vote of such Member may be cast by any one or more natural persons authorized by such Member. Each such natural person must be named in a certificate signed by an authorized director, officer, partner, member, manager, trustee or other authorized person of the Member and filed with the Association; provided, however, whether or not such certificate is filed with the Association, any vote cast at a meeting of the Association on behalf of such Member by any director, officer, partner, member, manager, trustee, or other natural person with apparent authority, shall be deemed valid unless successfully challenged prior to the adjournment of the meeting at which the vote is cast by the Member entitled to cast such vote. Such certificate shall be valid until revoked by a subsequent certificate similarly signed and filed with the Secretary. Wherever the approval or disapproval of a Member is required by the Governing Documents, such approval or disapproval may be made by any natural person who would be entitled to cast the vote of such Member at any meeting of the Association.

Section 6. Simple Majority. Except when the Declaration, other Governing Documents, or applicable Legal Requirements specifically require a higher percentage or require the applicable percentage to be calculated based on the number of votes "entitled to be cast" by, or the total number of votes allocated to, the Members or portion of Members or Class of Members entitled to vote on the matter at issue, the affirmative vote of a majority of the votes cast at a duly called meeting at which a quorum is present is the act of the Members or portion of Members or Class of Members with respect to the matter voted upon. A "majority" is defined as more than 50% of the total number of votes cast by such Members or portion of Members or Class of Members present at a duly called meeting of the Association. Provided, however, and in addition to the foregoing, during the Declarant Control Period the written consent of Declarant and all Major Builders also shall be required to make effective any matter voted upon by any portion, Class or all of the Members.

Section 7. Action by Written Consent. Unless otherwise specifically provided in the Declaration, other Governing Documents, or any applicable Legal Requirement, any matter that may be adopted by the vote of Members may be adopted by the written consent of the Members or applicable Class of Members, subject to the following: (i) the foregoing rules governing voting when there is more than one Owner of a Lot applies to written consents; (ii) the majority or other percentage required for adoption by voting is applicable to adoption by written consent, except that, with respect to written consents, the percentage shall be determined in relation to the total number of votes that the Members, or applicable Class of Members (or portion thereof), would be **entitled** to cast if a vote was held; (iii) the date on which the last required Member signs the written consent is the date for determining whether or not the required percentage of Members has consented; and (iv) a written consent may be withdrawn if done so in the same manner required for giving the written consent and if done prior to the time that the last written consent necessary for adoption of the matter is executed.

Section 8. Voting Disqualification. No Member of the Association may vote at any meeting of the Association or, in the case of a natural person, be elected to serve as a director or officer of the Association, if payment by such Member of any financial obligation to the Association is delinquent more than sixty (60) days and the amount necessary to bring the account current has not been paid at the time of the meeting or election.

Section 9. Assignment to Lessee. The voting rights of a Lot Owner may be assigned to the Lot Owner's lessee only by written instrument and only with respect to the Lot actually leased and occupied by the lessee.

Section 10. No Additional Votes. Payment of special assessments or any other assessments or charges shall not entitle Members to votes in addition to those specified herein.

Section 11. Lots Owned by Association. Notwithstanding anything to the contrary that may appear herein, no votes allocated to Lots owned by the Association may be cast, nor may they be counted for purposes of determining a quorum.

Section 12. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by proxy which is authorized in writing and meets the applicable requirements of the Governing Documents and Legal Requirements. A proxy is void if it is not dated. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term. A Member may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the Person presiding over a meeting of the Association. Proxies may not be used in connection with meetings of the Board, Architectural Review Committee or any other Board committee.

Section 13. Ballots by Mail. When directed by the Board, in its sole discretion, a statement of certain motions to be introduced for vote of the Members at an annual or special meeting of the Association, and a ballot on which each Member may vote for or against each such motion, shall be sent with the notice of the annual or special meeting at which such vote is to be held. The form of the ballot and requirements for the execution, presentation and effectiveness thereof, not inconsistent with the Declaration, shall be as determined by the Board. Each mail ballot properly executed and presented at the applicable meeting shall be counted in calculating the quorum requirements for the meeting, but such ballots shall not be counted in determining whether or not a quorum is present to vote on motions or other matters that do not appear on the ballot. With respect to any such ballot, the Board shall establish the rules for withdrawal or revocation of the ballot, which rules shall clearly be set forth on the ballot or on the notice of the meeting that accompanies any such ballot. Mail ballots from Members who are not entitled to vote on the date of the meeting of the Association at which the vote is held shall not be counted for voting or quorum purposes.

ARTICLE IV

MEETINGS OF THE ASSOCIATION

Section 1. Place of Meeting. Meetings of the Members shall be held at such place in Wake County, North Carolina, as determined from time to time by the Board. Each "meeting of the Association" must be a "duly called meeting of the Association" as defined in the Declaration.

Section 2. Annual Meetings. The first annual meeting of the Association shall be held not later than one year from the date on which there first is a Lot Owner other than the Declarant or a Major Builder. At the first annual meeting, the Association shall designate a month as its annual meeting month, and subsequent annual meetings shall be held in that month. All annual meetings of the Association shall be held on weekdays (other than on holidays recognized by the United States government) and at such times and places in Wake County, North Carolina as are established by the Board.

Section 3. Special Meetings. All special meetings of the Association shall be held on weekdays (other than on holidays recognized by the United States government) and at such times and places in Wake County, North Carolina as are established by the Board. There shall be a special meeting of the Association: (i) when called by the President of the Association; or (ii) when called by the Board; or (iii) when requested by the Declarant or a Major Builder during the Development Period; or (iv) upon written petition or request of the Class A Members holding ten percent (10%) or more of the votes entitled to be cast by all of the Class A Members. Upon receipt of the proper request for a special meeting, the Board shall schedule the special meeting for as soon as reasonably practicable thereafter, taking into consideration the notice of the special meeting required to be given. The signatures on a petition or other written request for a special meeting from the Class A Members shall be dated and shall be valid for a period of one hundred eighty (180) days following the date of the first such signature. Any call, petition or request for a special meeting shall: (i) specify the requested time, date and place of the meeting; (ii) specify the purposes for which the meeting is to be held; and (iii) be delivered to the Secretary of the Association. No business other than that stated in the call, petition or request shall be transacted at such special meeting.

Section 4. Notice of Meetings. Written notice of each meeting of the Members of the Association, stating the place, date and time of the meeting and, in the case of a special meeting or with respect to any matters referenced in Section 55A-7-05(c)(2), or successor Section, of the Nonprofit Corporation Act, a description of the matters to be considered at the meeting, shall be given by or at the direction of the Secretary to each Member entitled to vote at the meeting, not less than ten (10) days nor more than sixty (60) days before the date of the meeting; provided, however, and notwithstanding the foregoing, notice shall be given not less than thirty (30) days and not more than sixty (60) days before the date of the meeting when: (i) notice of the meeting is sent by means

other than first class, registered or certified mail or by a national, regional or local same day or overnight courier service, or (ii) a purpose of the meeting is to act on an amendment to the Declaration, or a merger or consolidation of the Association, or dissolution of the Association, and, in such event, the notice shall be accompanied by a copy of the proposed amendment, plan of merger or consolidation, or plan of dissolution, as appropriate. All notices shall be given in compliance with these Bylaws and applicable Legal Requirements. Waiver by a Member in writing of the notice required herein, signed by the Member before, at or after such meeting, shall be equivalent to the giving of such notice to that Member. Any Member who attends a meeting of the Association shall be conclusively presumed to have received timely and proper notice of the meeting or to have waived notice thereof, unless that Member attends the meeting for the express purpose of objecting to the transaction of any business at the meeting on the grounds that the meeting was not duly called or convened and the Member so notifies the person presiding at the meeting at or prior to the commencement of the meeting.

If an annual or special meeting of the Association is adjourned to a different date, time or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment. Provided, however, and notwithstanding the immediately preceding sentence, if a new record date for the adjourned meeting is or must be fixed under Section 55A-7-07 (or successor Section) of the Nonprofit Corporation Act, written notice of the adjourned meeting shall be given in the manner required by these Bylaws and applicable Legal Requirements to the members of record entitled to vote at the meeting as of the new record date.

Section 5. Quorum. A quorum shall be required for all meetings of the Members of the Association. Unless a higher percentage is required by applicable Legal Requirements, a quorum shall be deemed to be present throughout any meeting of the Association if Members entitled to cast ten percent (10%) or more of the total number of votes entitled to be cast by all of the Members of the Association are present, in person or by proxy, at the beginning of the meeting. Once a Member is present at a meeting, such Member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is set for that adjourned meeting. When voting on any matter requires approval by a specified percentage of each class of Members, or by a specific class of Members, a quorum of each class of Members must be present in person or by proxy.

In the event that business cannot be conducted at any meeting of the Association because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those Members present in person or by proxy, and the quorum requirement at the next meeting shall be one-half (½) of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

Section 6. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The President may appoint a parliamentarian at any meeting of the Association. Unless otherwise determined by majority vote of the Members present at the meeting, in person or by proxy, the then current edition of "Robert's Rules of Order" shall govern the conduct of all meetings of the Association when not in conflict with the Governing Documents or applicable Legal Requirements. The order of business to be conducted at a meeting of the Members shall be as determined by the presiding officer, except as otherwise determined by the Board before or during the meeting.

ARTICLE V

EXECUTIVE BOARD

Section 1. Initial Directors. The initial members (or "directors") of the executive board of the Association and their business addresses are: Cynthia Morris, 4112 Pleasant Valley Road, Suite 214, Raleigh, Wake County, NC 27612; Joe Jenkins, 3739 National Drive, Suite 101, Raleigh, Wake County, NC 27612; and William H. Sutton, 12429 Falls of Neuse Road, Wake Forest, Wake County, NC 27587. The initial directors are deemed to have been appointed by the Declarant and Major Builders, and shall serve until their successors are appointed or elected as provided herein.

Section 2. Declarant and Major Builder Controlled Board. Until the first annual meeting of the Members of the Association held after the end of the Declarant Control Period, the Board shall consist of three (3) natural persons, each of whom shall be appointed, removed or replaced as determined from time to time by the Declarant and each Major Builder, in their sole discretion. Provided, however, and notwithstanding the foregoing: (i) if the Declarant and Major Builders cannot agree by mutual consent as to the appointment of the directors, appointment shall be by the mutual consent of the majority of the Declarant and Major Builders (if a Major Builder also is a Declarant, such Person has only one vote, not two, for the purposes of appointing directors); (ii) if there is no mutual consent of the majority of the Declarant and Major Builders (for example, when there are an even number of same who cannot agree), then each Declarant and Major Builder (or group of Declarant and Major Builders, as the case shall be) shall appoint one director, and if that results in the appointment of only two directors, then the directors thus appointed shall select the third director, and if those two directors are unable to agree on selection of the third director, then the third director shall be elected by the Class A Members at an annual meeting of the Association or at a special meeting of the Association called for the purpose of electing the third director.

Section 3. Class A Member Controlled Board.

(a) Following the end of the Declarant Control Period, the number of directors shall continue to be three (3), unless a higher number is set by the Class A Members of the Association. At the last annual meeting of the Members of the Association held prior to the end of the Declarant Control Period (or at a special meeting of the Association held as soon as reasonably practicable following the end of the Declarant Control Period), the Class A Members of the Association shall appoint or elect the three (3) directors of the Association as follows: one (1) director for a one (1) year term, one (1) director for a two (2) year term and one (1) director for a three (3) year term. If there are more than three (3) directors, their terms shall be staggered as determined by the Class A Members.

(b) Each director elected or appointed following the initial election or appointment of directors by the Class A Members of the Association, except for a director elected or appointed to fill the unexpired term of a director, shall be elected or appointed, as the case may be, for a three (3) year term. There is no limitation on the number of successive terms that a director elected or appointed by the Class A Members may serve.

Section 4. General Provisions.

(a) A director shall not be required to be a Member of the Association.

(b) No Class A Member of the Association shall be elected as a director, or allowed to continue serving as a director, (i) if such Class A Member is more than sixty (60) days delinquent in the payment of any financial obligation owed to the Association, or (ii) after a hearing at which such Class A Member is given an opportunity to appear and be heard and such Class A Member is found by the Board to be in violation of the Governing Documents or Association rules and regulations, during any period of time that such violation has not been completely remedied.

(c) Subject to the specific provisions of Section 3 of this Article, the Board shall establish and administer procedures for the election of directors by the Class A Members of the Association.

(d) At all meetings of the Board, a majority of the total number of directors shall constitute a quorum for the transaction of business. A majority vote of the directors on any matter at a meeting of the directors at which a quorum is present shall constitute a decision of the Board, unless otherwise provided by the Act, the Nonprofit Corporation Act or the Governing Documents.

(e) Vacancies on the Board that occur for any reason other than (i) removal of a director by the Class A Members (the Class A Members not being entitled to remove a director appointed by a Class B Member), or (ii) removal or resignation or death of an initial director or other director appointed by a Class B Member, shall be filled by a majority vote of the remaining directors at a

meeting of the Board held for such purpose promptly after the occurrence of the vacancy, or, if the directors remaining in office constitute less than a quorum for a meeting of the Board, an affirmative vote of the majority of the directors remaining in office, even though the directors present at such meeting constitute less than a quorum for a meeting of the Board. Each person so elected is elected to serve as a director until a successor is elected at the next annual meeting of the Association to fill the remainder of the term. Vacancies caused by removal of a director by the Class A Members of the Association shall be filled by a vote of the Class A Members at an annual or special meeting of the Association held within ninety (90) days following such removal, and the successor director shall serve the remainder of the term of the director being replaced.

(f) A director shall be deemed to have resigned if such director has failed to attend three (3) consecutive regular meetings of the Board without approval from the Board for any of such absences. Provided, such deemed resignation shall not prohibit reappointment or re-election of such director.

(g) No director shall receive compensation from the Association for serving as a director. However, as determined by the Board, directors may be reimbursed for actual expenses incurred in the performance of their duties as directors.

Section 5. Meetings. The first meeting of the Board following an annual meeting of the Association shall be held within thirty (30) days thereafter, at such time and place as shall be determined by a majority of the directors, for the purposes of electing officers, appointing Architectural Review Committee members (if applicable) and other committee members and establishing the manner of operation of the Board for the ensuing year. Regular meetings of the Board shall be held at such time and place as shall be determined from time to time by a majority of the directors; provided, however, that after the end of the Declarant Control Period, such meetings shall be held at least once each three (3) months. Special meetings of the Board may be called by the President of the Association or the presiding officer of the Board, and shall be called upon the written request of two (2) or more directors. All meetings of the Board shall be open to Members of the Association as observers, except that the President of the Association or the presiding officer of the Board may call the Board into executive session on sensitive matters such as personnel, litigation, hearings with respect to violations of the Governing Documents, or as otherwise allowed by applicable Legal Requirements. Any final action of the Board taken during an executive session shall be recorded in the minutes of the Board. If at any meeting of the Board there is less than a quorum present, a majority of those directors present may recess or adjourn the meeting from time to time.

Section 6. Notice of Meetings. Regular meetings of the Board, held in accordance with a schedule of regular meetings adopted by the Board, may be held without notice. No notice of the first meeting of the Board held after the annual meeting of the Association is required if the meeting is held immediately following the annual meeting. Notice of all other meetings of the Board, including meetings held following adjournment of a meeting for lack of a quorum, shall be given to each

director orally or in writing, either in person or by first class mail, telegraph, telecopier, computer "E-mail", telephone, private courier, or other usual means of communication then in existence, not less than five (5) days prior to the date of the meeting; provided, however, notice of the new date, time or place of an adjourned meeting need not be given to the directors who were present at the adjourned meeting. All such notices shall state the place, date and time of the meeting and, in the case of special meetings, the purpose thereof. A director's attendance at, or participation in, a meeting waives any required notice to that director of the meeting unless that director, at the beginning of the meeting or promptly upon that director's arrival or commencement of participation in the meeting, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. A director may participate in a meeting of the Board in any manner allowed by applicable Legal Requirements.

Section 7. Action Taken Without a Meeting. Any action required or permitted to be taken at a Board meeting may be taken without a meeting if the action is taken by all of the directors. Such action shall be evidenced by one or more written consents describing the action taken, signed and dated by each director before or after such action, which consents shall be included in the minutes or filed with the corporate records. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different date. Provided, however, the last consent shall be signed on or before the thirtieth (30th) day following the date on which the first consent is signed. Further provided, a consent signed by a director who resigns, dies or is replaced before all the required consents are signed, shall remain valid until the end of the thirty (30) day time period and the written consent of the replacement director shall not be required. Actions taken under this section shall have the same force and effect as if taken by unanimous vote of the directors at a meeting of the Board.

Section 8. Quorum and Voting. A majority of the number of directors in office immediately before a meeting begins shall constitute a quorum for the transaction of business at that meeting. Every act or decision done or made by a majority of the directors present at a meeting at which a quorum is present shall constitute the act of the Board.

Section 9. Powers. The Board shall have all of the powers necessary for the administration of the business of the Association and, except as otherwise provided by applicable Legal Requirements and the Governing Documents, may act in all instances on behalf of the Association. In addition to or in furtherance of the powers of the Board described in the Governing Documents and applicable Legal Requirements, on behalf of the Association the Board shall have power to do any or all of the following:

(a) subject to the provisions of these Bylaws, employ a property manager or firm to manage the business and property of the Association.

(b) contract with any Person, including, without limitation, the Declarant, Major Builders and Members of the Association, to perform the functions of the Association and provide the services required by the Declaration, such contracts to be at competitive rates and otherwise upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interests of the Association; Provided, however, as stated in the Declaration, all Association contracts made during the Declarant Control Period which extend beyond the Declarant Control Period must meet at least one of the following criteria: (i) be for a term limited to two years or less; (ii) be terminable without penalty by the Association upon ninety (90) days written notice; (iii) be commercially reasonable and made with an entity not affiliated with the Declarant; or (iv) during the Declarant Control Period, be approved by the United States Department of Housing and Urban Development ("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee.

(c) delegate to one of the directors or to a Person employed for such purpose the authority to act on behalf of the Board on matters relating to the duties of the property manager, if any, which may arise between meetings of the Board.

(d) adopt and publish reasonable rules and regulations, not inconsistent with the Governing Documents, governing the use of the Common Elements and its facilities, including the Recreational Facility and other recreational facilities, if any, and the personal conduct thereon of the Members, their family members, guests, invitees and lessees, and establish penalties for the violation thereof.

(e) subject to applicable Legal Requirements, charge reasonable fees for the use of the Common Elements and its facilities, including the Recreational Facility and other recreational facilities, if any, by the Members and their family members, guests, invitees and lessees, and, as determined by the Board to be in the best interests of the Association, allow non-Members of the Association to use the Common Elements and its facilities, including the Recreational Facility and other recreational facilities, if any, upon payment of such fee arrangements or other charges as established by the Board.

(f) suspend the voting rights of a Member and the rights of a Member or such Member's family members, guests, invitees and lessees to use Common Elements and its facilities (including the Recreational Facility and other recreational facilities, if any) during any period in which such Member is in default in the payment of any assessment or charge levied by the Association and such default continues for thirty (30) days or longer. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for violation of published rules and regulations.

(g) declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board.

(h) enforce provisions of the Governing Documents, as the Board deems advisable in the best interests of the Association.

(i) open bank accounts on behalf of the Association, and designate the signatories thereon.

(j) act with respect to all matters arising out of any eminent domain proceeding affecting the Common Elements and Landscape Easements.

(k) obtain and maintain in effect the insurance required and permitted to be obtained under the Declaration.

(l) pay for the cost of goods and services rendered to the Association.

(m) subject to the terms of the Declaration, borrow money on behalf of the Association and, to secure repayment of any such indebtedness, mortgage the Common Elements and other assets of the Association and assign and pledge all revenues to be received by the Association, including assessments.

(n) authorize and direct the officers of the Association to execute plats, construction permit applications and other documents in connection with the Common Elements and Landscape Easements as may be necessary or desirable in the ordinary course of the normal development and maintenance of The Properties, either at the request of the Declarant or a Major Builder, or on its own determination.

(o) subject to the terms of the Declaration, lease, dedicate, convey by deed or transfer any portion of the Common Elements, or grant, relocate or terminate easements, rights-of-way or licenses over and through the Common Elements.

(p) take such other actions, not inconsistent with the Governing Documents and applicable Legal Requirements, as may be necessary to perform the functions of the Association and provide the services as required by the Declaration.

Section 10. Duties. In addition to or in furtherance of the duties of the Board described in the Declaration, Articles and applicable Legal Requirements, on behalf of the Association the Board shall do all of the following:

(a) perform the functions of the Association, including maintenance of the Common Elements, Major Streets and Landscape Easements, and provide the services required by the Declaration.

(b) keep records of all of its acts and corporate business and 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 by the Class A Members who hold than twenty-five percent (25%) or more of the votes entitled to be cast by the Class A Members.

(c) supervise all officers, agents and employees of the Association, including the property manager, and see that their duties are properly performed.

(d) as more fully provided in the Declaration:

(1) establish the amount of the annual assessment;

(2) send written notice of each assessment to every Lot Owner (provided, however, that failure of the Board to send any such notice shall in no way affect the obligation of an Lot Owner to pay the assessment);

(3) collect the assessments, deposit the assessments in depositories designated by the Board and use the proceeds to maintain the Common Elements, Major Streets and Landscape Easements, and pay the Common Expenses;

(4) prepare an annual operating budget for the Association; and

(5) establish and maintain reserve funds as the Board from time to time determines to be in the best interests of the Association.

(e) notify the Members of the Association of any litigation against the Association, or against directors, officers, Architectural Review Committee members or others entitled to indemnity from the Association, when such litigation involves a claim in excess of twenty (20%) of the total annual assessment for the year in which the litigation is commenced.

(f) give notices to Mortgagees who have requested notification in the manner required by the Declaration.

(g) issue, or cause to be issued, as required by the Declaration and upon payment of any charge established therefor, a certificate setting forth whether or not any assessment or other charge has been paid, and whether or not the Owner of any Lot is current or delinquent in the payment of such assessments or other charges.

(h) obtain and maintain the insurance required to be obtained by the Declaration.

(i) cause all officers and employees having fiscal responsibilities to be bonded, as the Board deems appropriate.

(j) operate the Architectural Review Committee when required by the terms of the Declaration.

(k) pay all applicable ad valorem property taxes levied against all Common Elements and other assets of the Association.

Section 11. Compensation. No director shall receive compensation from the Association for serving as a director. However, as determined by the Board, directors may be reimbursed for actual expenses incurred in the performance of their duties as directors.

ARTICLE VI

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and a Vice-President, both of whom shall at all times be members of the Board and serve, respectively, as Chairman and Vice-Chairman of the Board, a Secretary, a Treasurer and such other officers as the Board may from time to time by resolution authorize. Any officer may hold more than one (1) office at a time. Except as otherwise provided herein, officers shall not be required to be directors or Members of the Association.

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

Section 3. Term. Each officer shall hold office until his successor is elected, or until he sooner resigns or dies, or is removed by the Board in its sole discretion, or otherwise becomes disqualified to serve.

Section 4. Resignation and Removal. Any officer may be removed from office at any time by the Board, with or without cause. 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 5. 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 being replaced.

Section 6. Duties. Each officer shall perform all duties incident to the office and generally shall perform such duties as are normally associated with such office in parliamentary organizations. In addition, the officers shall have the following specific duties:

(a) **President.** The President shall: serve as the chief executive officer of the Association; preside at all meetings of the Association; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments of the Association; and exercise and discharge such other duties as may be required by the Board.

(b) **Vice-President.** The Vice-President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) **Secretary.** The Secretary shall: record the votes and keep the minutes of all meetings and proceedings of the Association and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; give notices of meetings of the Board and of the Members; give notices of assessments to the Members; keep appropriate current records showing the Members of the Association together with their addresses; and perform such other duties as required by the Board.

(d) **Assistant Secretary.** The assistant secretary, if any, shall act in the place and stead of the secretary in the event of the Secretary's absence, inability or refusal to act, and shall exercise and discharge such other duties as required by the Board.

(e) **Treasurer.** The treasurer shall: receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board; keep full and accurate financial records and books of account showing all receipts and disbursements of the Association; prepare an annual statement of income and expenditures to be presented to the membership at its regular annual meeting; and exercise and discharge such other duties as may be required by the Board.

(f) **Assistant Treasurer.** The assistant treasurer, if any, shall act in the place and stead of the treasurer in the event of the Treasurer's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Section 7. Compensation. No officer shall receive compensation for services rendered in such capacity to the Association; provided, however, an officer may be reimbursed for actual expenses incurred in the performance of such duties and the Association may pay for the services of a recording secretary.

ARTICLE VII

PROPERTY MANAGER

Section 1. Compensation. To assist the Board in its duties, the Board may employ a "property manager" at a compensation to be established by the Board.

Section 2. Requirements. The property manager shall be a bona fide business enterprise or independent contractor, which may be affiliated with the Declarant or a Major Builder, which manages common interest residential communities. The property manager or its principals or person handling Association business shall have a minimum of two years' experience in residential community management and shall employ persons possessing a high level of competence in the technical skills necessary to proper management of The Properties. The property manager must be able to advise the Board regarding the administrative operation of The Properties and the Association and shall employ or have access to Persons knowledgeable in the areas of insurance, accounting, contract negotiation, labor relations and property management.

Section 3. Duties. The property manager shall perform such duties and services as the Board directs. The property manager shall perform all of its obligations, duties and services in compliance with the provisions of all applicable Legal Requirements and the Governing Documents.

Section 4. Standards. The Board shall impose appropriate standards of performance upon the property manager. Unless the property manager is instructed otherwise by the Board:

(a) any expenses required by the Governing Documents to be charged to one or more but less than all of the Members shall be accounted for and reported separately.

(b) except as otherwise allowed herein, two (2) or more persons shall be responsible for handling monies of the Association to maintain adequate financial control procedures.

(c) monies and accounts of the Association shall not be commingled with any other entity's monies and accounts.

(d) no remuneration shall be accepted by the property manager from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees or otherwise; any discounts received shall benefit the Association.

(e) any financial or other interest which the property manager may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board.

(f) the property manager shall prepare financial reports for the Association as directed by the Board, including information on the following: (i) all income and expense activity; (ii) a balance sheet reflecting the financial condition of the Association on an unaudited basis; (iii) a budget report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and (iv) a delinquency report listing all Members who are delinquent in paying assessments or other charges and describing the status of any actions to collect such assessments.

Section 5. Limitations. The Board may employ a property manager for an initial term not to exceed two (2) years; provided, however, that the terms of any such management agreement may be renewable by mutual agreement of the parties for successive one (1) year periods. Unless otherwise determined by the Board to be in the best interests of the Association, any contract with the property manager must provide that it may be terminated, without payment of a termination fee and without cause on no more than ninety (90) days written notice, and without payment of a termination fee and with cause on no more than thirty (30) days written notice.

Section 6. Officer Duties. At the discretion and direction of the Board, the property manager may perform the duties of the Secretary and/or the Treasurer of the Association.

ARTICLE VIII

FIDUCIARY DUTIES

Section 1. Signature Requirements. Unless otherwise provided by the Board: (i) all agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00), and all expenditures from reserve accounts, shall be signed by any two (2) persons designated by the Board of Directors; and (ii) all such instruments for expenditures or obligations of Two Thousand Five Hundred and 00/100 (\$2,500.00) or less, except from reserve accounts, may be signed by any one (1) person designated by the Board of Directors.

Section 2. Conflicts of Interest. Each director and each officer of the Association shall exercise such director's or officer's powers and duties in good faith and in the best interests of the Association. Unless prohibited by applicable Legal Requirements, any interested director may be counted in determining the presence of a quorum at any meeting of the Board. The voidableness of a transaction involving a director or officer with a conflict of interest shall be determined in accordance with applicable Legal Requirements.

ARTICLE IX

COMMITTEES

As required by the Declaration, the Board shall appoint the members of and operate the Architectural Review Committee and hear appeals therefrom. In addition, at any time and from time to time the Board may appoint such other committees, consisting of one (1) or more natural persons, with such powers and duties, and subject to such procedures, as it deems appropriate in carrying out the functions of the Association.

ARTICLE X

BOOKS AND RECORDS

Section 1. Maintenance. The Association shall keep books and records as required by the Nonprofit Corporation Act and other Legal Requirements. The Association shall keep records of: (i) its Governing Documents; (ii) its actions (board resolutions, meeting minutes, etc.); and (iii) its financial condition (receipts and expenditures affecting the finances, operation and administration of the Association, budget, financial statements, etc.). All books and records shall be kept in accordance with generally accepted accounting principals, and the same shall be reviewed annually by an accountant or shall be audited upon (i) majority vote of the Members present at a duly called meeting of the Association, or (ii) at the request of a majority of the Mortgagees, or (iii) upon the determination of the Board, by a certified public accountant retained by the Board who shall not be a Member, director, officer or the property manager of the Association, nor the Declarant or a Major Builder nor any employee, director, officer, member, manager or partner of the Declarant or a Major Builder. The cost of such review or audit shall be a Common Expense.

Section 2. Availability. Subject to the applicable provisions of the Act with respect to books and records of the Association, the books and records of the Association shall be available for examination and/or copying by the Members of the Association, their attorneys and accountants, and by Mortgagees and their authorized agents, during general business hours on business days, upon

written notice of demand for inspection given to the Secretary of the Association not less than five (5) business days before the date on which such Person wishes to examine and/or copy such books or records. All Mortgagees or their authorized representatives shall have the right to examine the books and records of the Association on the same terms and conditions as the Members of the Association. The Board of Directors may fix from time to time a reasonable charge to cover the direct and indirect costs of providing any copies.

Section 3. Accounting Report. Within one hundred twenty (120) days after the end of each fiscal year of the Association, the Board shall make available to all Members and to each Mortgagee requesting the same, an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves.

ARTICLE XI

CORPORATE SEAL

As determined by the Board from time to time, the corporate seal of the Association shall be a seal and/or stamp in circular or other form, having within same the name of the Association and such other words as are approved by the Board, which name of the Association and such other words may be imprinted or hand-written within such seal or stamp.

ARTICLE XII

AMENDMENTS

Section 1. Amendment by Declarant and Major Builders. During the Declarant Control Period Declarant and all Major Builders together may, without the approval or joinder of the Association, or any Member of the Association, Mortgagee or Secondary Mortgage Market Agency, amend any provision of these Bylaws from time to time to: (i) make non-material, clarifying or corrective changes not materially, adversely affecting any Lot Owner's rights or obligations hereunder; or (ii) satisfy the requirements of FHA (Federal Housing Administration), VA (Veterans Administration), Fannie Mae (Federal National Mortgage Administration); Office of Interstate Land Sales Registration of the Department of Housing and Urban Development (OILSR) or other governmental agency Secondary Mortgage Market Agency or Mortgagee; or (iii) establish or maintain the tax exempt status of the Association under the laws of the United States or the State of North Carolina. Any such amendment shall be effective upon the effective date specified therein, or

is no such date is specified, upon adoption thereof. Provided, however, during the Declarant Control Period any such amendment of these Bylaws also shall require approval by the United States Department of Housing and Urban Development ("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee unless, at the time of such amendment, applicable HUD or VA regulations no longer require such approval.

Section 2. Amendment by the Members. Unless amended as allowed under Section 1 or Section 3 of this Article, these Bylaws may be amended only as follows:

(a) Unless a higher percentage or different voting requirement is specified herein or by applicable Legal Requirements, these Bylaws may be amended only by (i) the written agreement or consent of those Class A Members who have, or the affirmative vote at a duly called meeting of the Association of those Class A Members who have, sixty-seven percent (67%) or more of the total number of votes allocated to the Class A Members, and (ii) during the Declarant Control Period, with the written consent of Declarant and all Major Builders.

(b) Written notice of an annual or special meeting of the Association at which any proposed amendment to these Bylaws is to be voted on, together with at least a summary description of the proposed amendment, shall be given to all Members not less than ten (10) days nor more than sixty (60) days in advance of the date of such meeting.

(c) In addition to the foregoing requirements, during the Declarant Control Period any such amendment to these Bylaws also shall require approval by the United States Department of Housing and Urban Development ("HUD") or its designee and/or by the United States Veterans Administration ("VA") or its designee unless, at the time of such amendment, applicable HUD or VA regulations no longer require such approval.

Section 3. Amendment of Articles. Upon any amendment of the Articles, these Bylaws shall be deemed amended as necessary to conform to the amended Articles, and the Secretary shall file such documents with the minutes of the Association as may be reasonably required to conform these Bylaws to the amended Articles.

ARTICLE XIII

MISCELLANEOUS

Section 1. Fiscal Year. The first fiscal year of the Association shall begin on its date of incorporation and end on December 31 of that year. Subsequent fiscal years of the Association shall commence on the first day of January and end on the 31st day of December of every year.

Section 2. Notice. Except as otherwise provided herein, whenever written notice to a Lot Owner is required hereunder, such notice may be hand delivered to such Lot Owner, given by first class United States mail, postage prepaid, or in such other manner specifically allowed or required by applicable Legal Requirements, or in such other manner determined by the Board to be proper and which does not violate any applicable Legal Requirements, addressed to the address of such Lot Owner appearing on the records of the Association or to the address for such Lot Owner appearing in the records of the Wake County Revenue Department. Properly addressed notice shall be deemed to have been given by the Association as follows: (i) on the third day following the date the notice was deposited in the United States mail, first class postage prepaid; or (ii) on the date of personal delivery to the Lot Owner or an adult residing with the Lot Owner, as evidenced by a receipt signed by the Lot Owner or such other Person; or (iii) on the delivery date indicated on a return certified or registered mail receipt, or (iv) on the date indicated by the records of a national, regional or local same day or overnight courier service, or (v) on the date acknowledged in writing by the recipient Lot Owner or other adult residing with such Lot Owner. Notice to the Association may be given and shall be deemed to have been given in the same manner as notice to a Lot Owner, when addressed to the principal business office of the Association or the property manager employed by the Association. It shall be the duty of each Lot Owner to keep the Association informed of such Lot Owner's current mailing address and telephone number. If a Lot Owner has not provided the Association with the Lot Owner's current mailing address the Association may use as the mailing address the street address of any portion of The Properties owned by such Lot Owner or the address for such Lot Owner in the records of the Wake County Revenue Department. If no such address is available for a Lot Owner, the Association shall not be required to give notice to such Lot Owner. Notice given to any one of multiple Owners of a Lot shall be deemed to have been given to all of such multiple Lot Owners.

Section 3. Titles. The titles, headings and captions which have been used throughout these Bylaws are for convenience only and are not to be used in construing these Bylaws or any part thereof, except as necessary with respect to any cross-referencing of any provisions of these Bylaws.

Section 4. Number and Gender. Whenever the context of these Bylaws requires, the singular shall include the plural and one gender shall include all.

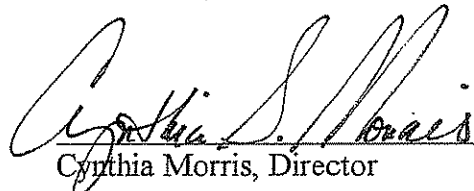
Section 5. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of these Bylaws shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases hereof shall continue in full force and effect and shall not be affected thereby. To the extent that any provision of these Bylaws is determined to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision without destroying its intent, then the narrower or partially enforceable provision shall be applied and, to the extent lawful, shall be enforced. It is hereby declared that said remaining paragraphs, sections,

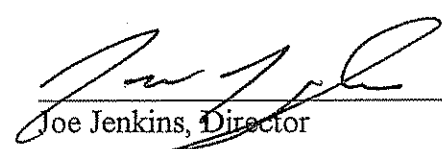
sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

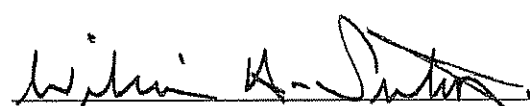
Section 6. Conflicts. Whenever there exists a conflict among the Governing Documents of the Association, the provisions of the Declaration and thereafter, any applicable Supplemental Declaration shall control, except as to matters of compliance with the Nonprofit Corporation Act, in which event the Articles shall control. Whenever there is a conflict between the provisions of the Articles and these Bylaws, the provisions of the Articles shall control. With respect to the foregoing, specific provisions shall control general provisions, except that a construction consistent with the Nonprofit Corporation Act shall in all cases control over any construction inconsistent with the Nonprofit Corporation Act. The provisions of these Bylaws shall control over any conflicting provision of any rule, regulation or other resolution adopted by the Association. The Governing Documents shall be construed together and shall be deemed to incorporate one another in full.

(execution page follows)

IN WITNESS WHEREOF, we, being all of the directors of CORNERSTONE PARK
COMMUNITY ASSOCIATION, INC., have hereunto set our hands this 20th day of
APRIL, 2001.


Cynthia Morris, Director


Joe Jenkins, Director

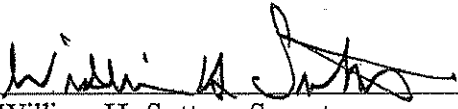

William H. Sutton, Director

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the Secretary of CORNERSTONE PARK COMMUNITY ASSOCIATION, INC.;

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted pursuant to a consent to action in lieu of the organizational meeting of the Board of Directors thereof, held on the 20th day of APRIL, 2001.



William H. Sutton, Secretary