

EXHIBIT "A"

BYLAWS OF
PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I: Name and Location.

The name of the corporation is PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The Principal office of the corporation shall be located at 202 TimberHill Lane, Chapel Hill, Orange County, North Carolina, 27516, but meetings of members and directors may be held at such places within the State of North Carolina, County of Orange, as may be designated by the Board of Directors.

ARTICLE II: DEFINITIONS.

Section 1: "Properties" shall mean and refer to that certain real property known as PROVIDENCE RIDGE together with the right-of-way of Kemmont Road , Middleton Road, Providence Ridge Lane, Highgrove Lane and all Open Space areas, as shown on a map and survey prepared by Ballentine Associates, P.A. and recorded in Plat Book 155, Page 3, Durham County Registry, brought within the jurisdiction of the "Association" subject to this Declaration.

Section 2: "Association" shall mean and refer to the Providence Ridge Homeowners Association, Inc., its successors and assigns.

Section 3: "Lot" shall mean and refer to any plot of land as shown on any recorded subdivision map of the "Properties."

Section 4: "Owner" shall mean and refer to the record owner, whether one or more persons or entities of a fee simple title to any of the aforesaid fifty-four (54) lots 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 5: "Stormwater Drainage Easement", "Open Space", "Entrance and Landscape

Easement," and "Undisturbed Landscape Buffer" shall mean and refer to all real property (including any improvements thereon) shown on the recorded plat of the subdivision, and located on Lots within the subdivision, to which the Association has been granted by Declarant easement rights for the maintenance, upkeep and repair of said real property. The recorded plat evidences a 25' wide Undisturbed Landscape Buffer along the easternmost property line of Lots 14, 15, 16, 17 and 18. Entrance and Landscape Easements are located on Lots 1, 2, 6, 7, 30, 36, 37, 38, 39, 45 and 54. Stormwater Drainage Easements are located on Lots 11, 12, 15, 16, 20, 21 22, 33, 34, 37, 38, 39, 40, 41, 43, 44, 46, 47, 48, 49, and the Open Space areas or as otherwise shown on said recorded plat.

Section 6: "Declarant" shall mean and refer to HOMESCAPE DEVELOPMENT COMPANY, INC., and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 7: "Member" shall mean and refer to any person or entity entitled to membership in the Association as provided for herein. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to an assessment by the Association. The Owner of a Lot shall become a member of the Association merely by virtue of being an Owner of a Lot. In the event of multiple ownership of any given Lot, each Owner shall be a member of the Association but only one vote total shall be accorded to each Lot.

ARTICLE III: Meetings of Members.

Section 1: Annual Meetings. The first meeting 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 any weeknight other than Friday during the month of January of each year thereafter, at the hour of seven o'clock P.M.

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 by the Declarant, or upon written request of the Members who are entitled to vote one-half ($\frac{1}{2}$) of all the votes of the Class A and Class B membership combined.

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 (15) days 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.

Section 4: Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-half ($\frac{1}{2}$) of the votes of the membership (Class A and Class B combined) shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration, or these ByLaws and specifically as set out in Article Four of the Declaration, including those actions set forth in Sections 3 and 4, Article Four of the Declaration. 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.

Section 5: Proxies. At all meetings of Members, each Member may vote in person or by Proxy. All proxies are revocable and shall automatically expire when a Member sells and

conveys 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 three (3) directors, who need not be Members of the Association.

Section 2: Term of Office. At the first annual meeting, the Members shall elect two directors for a term of two years and one director for a term of one year. Thereafter, Directors shall be elected for two year terms. At such time as the affairs and control of the Homeowners Association is transferred from the Declarant to the Lot Owners, either voluntarily or as provided in the Declaration, the membership shall be entitled to increase the number of Directors by a majority of votes cast in favor of said increase.

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, said Director's successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4: Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for the Director's actual expenses incurred in the performance of directoral 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 one 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 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 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. Cumulative voting is not permitted.

ARTICLE VI: Meetings of Directors.

Section 1: Regular Meetings. The Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. The meeting may be held by telephone conference under the provisions in Article IV, Section 5, Action Taken Without A Meeting. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2: Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 3: Quorum. A majority of the number of Directors shall constitute a quorum for

the transaction of business. Every act of 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) Suspend the voting rights and other rights of any 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 sixty (60) days for infraction of published rules and regulations.

(b) 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.

(c) 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; and

(d) Employ a manager, an independent contractor, or such other employees as the Board of Directors deem necessary and or desirable for the operation and maintenance of the Association and its property, and to prescribe for such employees their duties and compensation.

Section 2: Duties: It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) Prepare annually, within ninety (90) days of the close of the Association's fiscal year, a general, itemized statement showing the assets and liabilities of the Association, identifying the physical location of such assets as appropriate, and a statement of revenues and expenses for the preceding year. This statement shall also include the name, address and amount owed to any Creditor of the Association to whom the sum of One Thousand or more (\$1,000) Dollars is owed. This statement shall be furnished to any Lot Owner or the Holder of any first mortgage on a Lot in PROVIDENCE RIDGE within thirty (30) days after the Board receives written request from such Owner or Mortgage Holder for this statement;

(c) Supervise all officers, agents and employees of the Association, if any, and see that their duties are properly performed;

(d) As more fully provided in the Declaration, to prepare no later than thirty (30) days prior to the start of each fiscal year of the Association a budget outlining anticipated revenues and expenses for the coming year for the Association and to furnish a copy to any Lot Owner or the Holder of any first mortgage on a Lot in PROVIDENCE RIDGE within thirty (30) days after the Board receives written request from such Owner or Mortgage Holder for this budget statement. In this context, the Board shall also be responsible to:

(i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

(ii) send written notice of each assessment to Owners subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(e) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not 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.

(f) Procure and maintain adequate hazard and extended casualty insurance on all structures and areas maintained by the Association and adequate liability insurance for same.

(g) Cause all officers or employees having fiscal responsibility to be bonded, as it may deem appropriate.

(h) Cause all necessary maintenance and repair to be completed to the extent provided for in the Declaration.

ARTICLE VIII: Officers and their Duties.

Section 1: Enumeration of Offices. The officers of this Association shall be a president and, in the discretion of the Board of Directors, a vice-president, either or both of whom at all times shall be a Member of the Board of Directors, and a secretary, a treasurer, and/or a secretary/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. At the discretion of the Board of Directors and if so elected, any one or more Directors may fill any one or more of the officer's positions.

Section 3: Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless said officer 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 of time, have such authority and perform such duties as the Board of Directors may, from time to time, determine.

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by a majority vote of the Board of Directors. 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 the receipt of such notice or at any later time 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 office of Secretary/Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the offices except in the case of special offices created pursuant to Section 4 of this Article.

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

(a) The President shall be the Chief Executive Officer of the corporation and subject to control by the Board of Directors shall in general supervise and control the business and affairs of the corporation. The President shall preside at all meetings of the Members and shall in conjunction with other officers execute contracts, leases, deeds, promissory notes, deeds of trust and other instruments which the Board of Directors have authorized to be executed.

(b) The Vice-President, in the event the Association shall have such an

officer, shall in the absence, disability, refusal to act or death of the President perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions imposed upon the President.

(c) The Secretary of the corporation shall keep the minutes and records of the Association and/or Board of Directors' meetings; give the proper notices, be custodian of the Association's seal and other Association documents, sign with the President such documents as the President is authorized to execute and in general perform all the duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

(d) The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association and shall be responsible for maintaining and filing the proper records and documents required for the Associations financial records. The Treasurer shall also be responsible for preparing for the Board of Directors an annual budget and a statement of the prior year's receipts and expenditures.

ARTICLE IX: Committees.

The Board of Directors shall act as an Architectural Control Committee as provided in the Declaration. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes.

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. The Declaration, 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: Corporate Seal.

The Association shall have a seal in circular form having within its circumference the words: PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC., Durham County, N.C. 2002.

ARTICLE XIII: Amendments.

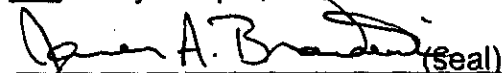
Section 1: These ByLaws may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2: In case of any conflict between the Articles of Incorporation and these ByLaws, the ByLaws shall control and in 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 each year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, the undersigned, being all the Directors of PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC., have set our hands and seals this the ____th day of April, 2002.

 (seal)
James A. Brandewie

 (seal)
Kerry A. Brandewie

 (seal)
Michael Ruth

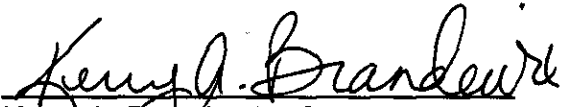
CERTIFICATION

I, the undersigned, do hereby certify that:

I am the duly elected and acting secretary of the PROVIDENCE RIDGE HOMEOWNERS ASSOCIATION, INC., a North Carolina corporation.

The foregoing ByLaws constitute the original ByLaws of said Association as duly adopted at a meeting of the Board of Directors thereof held on the ____th day of April, 2002.

In Witness Whereof, I have set hereunto my name as Secretary of the Association, this the ____th day of April, 2002.


Kerry A. Brandewie, Secretary