

**BY-LAWS
OF
THE ESTATES AT FAIR OAKS
HOMEOWNERS ASSOCIATION, INC.**
a corporation not for profit under the laws
of the State of North Carolina

1. IDENTITY. These are the By-Laws of The Estates at Fair Oaks Homeowners Association, Inc., a non-profit corporation under the laws of the State of North Carolina and under the Articles of Incorporation of The Estates at Fair Oaks Homeowners Association, Inc. which were filed in the Office of the Secretary of State (hereinafter "Association"). It has been organized for the purpose of administering the operation and management of a subdivision of single family lots established or to be established in accordance with the laws of the State of North Carolina upon the property situated, lying and being in Forsyth County, North Carolina, and described in the Declaration of Covenants, Conditions and Restrictions The Estates at Fair Oaks (hereinafter "Declaration"), recorded in Book 2672, Page 471, Forsyth County Registry.

A. The provisions of these By-Laws are applicable to the single family lots, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions and authorization contained in the Articles of Incorporation and in the Declaration which is or will be recorded in the Forsyth County Public Registry, North Carolina, the terms and provisions of said Articles of Incorporation and Declaration to be controlling wherever they may be in conflict herewith.

B. All present or future owners, tenants, future tenants, or their employees, or any other person that might use a single family lot or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws, in said Articles of Incorporation, in the Declaration and in the Master Declaration of Covenants, Conditions and Restrictions for Fair Oaks recorded in Book 2672, Page 441, Forsyth County Registry (hereinafter "Master Declaration").

C. The office of the Association shall be at such place in Forsyth County, North Carolina, as the Board of Directors shall designate from time to time.

D. The fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the single family lots, the fiscal year shall commence with the purchase of the first improved lot.

E. The Association shall be a Member of The Fair Oaks of Forsyth County Owners Master Association, Inc. (hereinafter "Master Association").

B. Special Members' Meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors and must be called by such Officers upon receipt of written request from members of the Association owning a majority of the single family lots.

C. Notice of all Members' Meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other officer of the Association in absence of said Officers, to each member, unless notice is waived in writing, such notice to be written and to state the time and place and purpose for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or delivered personally to each member within said time. If delivered personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at its Post Office Address as it appears on the Register of Owners of the Association as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice and, when filed in the records of the Association, whether before or after the holding of the meeting, such waiver shall be deemed equivalent to the giving of notice to the member. If any Members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration) the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

D. The order of business as far as practical at any Members' meetings, shall be:

1. Calling of the roll and certifying of proxies;
2. Proof of notice of meeting or waiver of notice;
3. Reading and disposal of any unapproved minutes;
4. Reports of Officers;
5. Reports of Committees;
6. Appointment of Inspectors of Election by Chairman;
7. Unfinished business;
8. New business; and
9. Adjournment.

E. At the Annual Members' Meeting of the Association, the Membership of

the Board of Directors be created in any Directorship previously filled by any person selected by Declarant, such vacancy shall be filled by Declarant selecting, by written instrument delivered to any officer of the Association, the successor Director to fill the vacated Directorship for the unexpired term thereof.

4. The initial Board of Directors will consist of the three members whose names are set forth in the Articles of Incorporation. From and after the date of the first annual meeting of members, there shall be three (3) Directors until the Board increases to 5 members as set forth in Article 4.A. above. The initial Board shall serve until their successors at the first Annual Meeting of members are elected and qualify. At the first annual meeting where three Directors are to be elected, the members shall elect one director for a term of one year, one director for a term of two years, and one director for a term of three years; and at the first annual meeting where five Directors are to be elected, the members shall elect one director for a term of one year, two directors for a term of two years, and two directors for a term of three years. At each annual meeting thereafter the members shall fill the expiring term on the Board by electing a director for a term of three years. It is the intention that the Board of Directors have its terms staggered and that once all directors have been elected to three year terms that each director hold office for a term of three years or until a Director's death, resignation, retirement, removal, disqualification, or until a Director's successor is elected and qualified.

5. In the election of Directors, there shall be appurtenant to each single family lot one vote for the election of each Director. Notwithstanding the fact that Declarant may be entitled to select one (1) of the members of the Board of Directors, the Declarant shall still be entitled to cast the vote for each single family lot owned by it in the elections of other Directors; provided, however, that the other Directors elected are persons other than officers or employees of Declarant, or spouses and relatives of any said persons.

6. In the event that Declarant, in accordance with the rights herein established, selects any person to serve on any Board of Directors of the Association, Declarant shall have the absolute right at any time, in its sole discretion, to replace such person with another person to serve on any Board of Directors. Replacement of any person designated by Declarant to serve on any Board of Directors of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from the Board of Directors. The removal of any Director and designation of a successor shall be effective immediately upon delivery of such written instrument by Declarant to any officer of the Association.

J. All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Articles of Incorporation of the Association, these By-Laws and the Declaration. Such powers and duties shall be exercised in accordance with said Articles of Incorporation, these By-Laws and the Declaration, and shall include, without limiting the generality of the foregoing, the following:

1. To make, levy and collect assessments against members and members' single family lots to defray the costs of the Association as provided for in Article V of the Declaration which Article is herein incorporated by reference, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

2. To maintain, repair, replace, operate and manage the Common Areas whenever the same is required to be done and accomplished by the Association for the benefit of its members; and further to approve any expenditure made or to be made for such purposes;

3. To reconstruct any part of the Common Areas after casualty, and to make further improvement to the Common Areas, real and personal, and to make and to enter into any and all contracts, necessary or desirable to accomplish said purposes;

4. To make, amend and enforce regulations governing the use of the Common Areas and single family lots, so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declaration; and to establish homeowners committees to assist the Board in carrying out its duties;

5. To acquire, operate, lease, manage, and otherwise trade and deal with property, real and personal, including single family lots in The Estates at Fair Oaks homes as may be necessary or convenient in the operation and management of the development, and in accomplishing the purposes set forth in the Declaration, provided that the acquisition of real property other than single family lots shall require the approval of the Association;

6. To acquire now or at any time hereafter, and to enter into leases and agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities including, but not limited to, swimming pools, tennis courts, walking trails, and other recreational facilities whether or not contiguous to the lands of the development to provide enjoyment, recreation or other use or benefit to the Owners of single family lots;

scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with all applicable Association documents, and so long as such undertakings or contracts (including a management contract) contain a right of termination, without cause, which is exercisable without penalty at any time after transfer of control by the initial Board of Directors to the Association, upon not more than ninety (90) days' notice to the other party.

M. Any one or more of the members of the Board of Directors may be removed, either with or without cause, at any time by a vote of the members owning a majority of the single family lots in The Estates at Fair Oaks, at any Special Meeting called for that purpose, or at the Annual Meeting. Provided, however, that only the Declarant shall have the right to remove a Director appointed by him.

N. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

5. OFFICERS.

A. The executive officers of the Association shall be a President, who shall be a Director, a Vice-President, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be Vice-President or Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

B. The President shall be the chief executive officer of the Association. The President shall have all of the powers and duties which are usually vested in the office of the president of any association, including the power to appoint committees from among the members as the President may determine appropriate to assist in the conduct of the affairs of the Association, and shall preside over all meetings of the members.

C. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. The Vice-President shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

D. The Secretary shall keep the minutes of all proceedings of the Directors and the members. The Secretary shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. The Secretary shall have custody of the seal of the Association and see that the seal, or a facsimile thereof is impressed

possessory or use interests in lands or facilities whether or not contiguous to the lands of The Estates at Fair Oaks, to provide enjoyment, recreation or other use or benefit to the Lot Owners; and

2. Proposed assessments against each Member and the Member's Lot.

Copies of the proposed budget and proposed assessments shall be transmitted to each member prior to January 1 of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto and nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time in their sole discretion, to levy any additional assessments in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

C. The depository of the Association shall be such federally insured bank or banks as shall be designated from time to time by the Directors and in which the funds of the Association shall be deposited. Withdrawal of funds from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

D. The books and all supporting documentation shall be available for examination by all Lot Owners and their Lenders or their agents during normal business hours.

E. A financial statement of the accounts of the Association shall be made annually by a Certified Public Accountant, and a copy of the report shall be furnished to each member not later than April 1 of the year following the year for which the report is made.

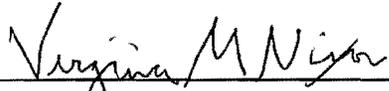
F. Fidelity bonds may be required by the Board of Directors, for all officers and employees of the Association and for any contractor who either handles or is responsible for Association funds, whether or not such person receives compensation for such services. All bonds should name the Association as an obligee. The premiums of said bonds shall be paid as a common expense by the Association. The amount of such bonds shall be in the amounts required by the Board of Directors. Said bonds must include a provision that calls for ten (10) days written notice to the Association before a cancellation or substantial modification.

7. PARLIAMENTARY RULES. Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the Statutes of the State of North Carolina.

and in particular, rules and regulations governing the use and activities permitted on or around any lakes located on or designated as Common Area.

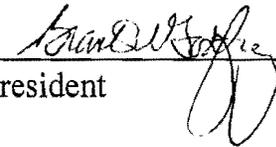
10. TERMINOLOGY. Where referred to herein, any masculine terms such as "he," "his" and "him" shall be construed to include both male and female, where applicable.

The foregoing were adopted as the By-Laws of The Estates at Fair Oaks Homeowners Association, Inc. at the first meeting of the Board of Directors on June 22, 2006.



Secretary

APPROVED:



President