

BYLAWS
OF
FOREST OAKS COMMONS HOMEOWNERS ASSOCIATION, INC.
d/b/a STONE GABLES AT FOREST OAKS

ARTICLE I

OFFICES

SECTION 1.

Principal Office. The principal office of the corporation shall be located at c/o 358 South Elm Street, Greensboro, NC 27401.

SECTION 2.

Registered Office. The registered office of the corporation, required by law to be maintained in the State of North Carolina, may be, but need not be, identical with the principal office.

SECTION 3.

Other Offices. The corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the corporation may require from time to time.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

SECTION 1.

Eligibility for Membership. The following persons or entities shall be eligible for membership in the corporation:

- (A) Every person or entity who is an "Owner" of any of Lots (each a "Lot") as shown on that certain Final Plat of Forest Oaks Commons Townhomes Phase 1, Section 1 recorded in Plat Book 171, at Page 60, in the Office of the Register of Deeds of Guilford County, North Carolina (the "Plat"), together with Lots in additional Phases of Forest Oaks Commons Townhomes as such Phases may be annexed, shall be a member of this corporation, subject to the provisions of these Bylaws and the Articles of Incorporation of the corporation. It is specifically understood

that no person or entity who has an interest in any Lot solely as security for the performance of an obligation shall be entitled to membership in the corporation. The initial member of the Association shall be Mid-Atlantic Townhomes, LLC, a North Carolina limited liability company, the Declarant.

Membership shall be appurtenant to and may not be separated from ownership of any Lot. In no event shall there ever be more than one (1) membership interest appurtenant to each of the Lots.

SECTION 2.

Voting. Each Owner of a Lot shall have one vote. Provided, however, that the Declarant shall have the number of votes provided for in the Declaration of Covenants, Conditions and Restrictions for Forest Oaks Commons Townhomes.

SECTION 3.

Maintenance Agreement. Each Member shall pay an equal pro rata amount of its share of the costs of maintenance and repairs effected by the Association for the Common Elements as shown on the Plat.

SECTION 4.

Delegation of Use. The right and privilege, subject to the matters and things described in these Bylaws and in the Articles of Incorporation of this corporation and the Rules and Regulations promulgated, from time to time, by the Board of Directors of this corporation, to use and enjoy the property and facilities of the corporation shall belong to every members of the corporation.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 1.

Annual Meetings. The first annual meeting of the members shall be held on the second Tuesday in March, 2008, at such time as may be designated by the Board of Directors and specified in the notice of such meeting. Successive annual meetings of the members of the corporation shall be held on the second Tuesday in March in succeeding years, if not a legal holiday, and if a legal holiday, then on the next succeeding Tuesday.

SECTION 2.

Special Meeting. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-third (1/3) of all votes (except votes for dissolution only).

SECTION 3.

Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 2 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

SECTION 4.

Notice of Meeting. Not less than seven (7) nor more than sixty (60) days before the date fixed for a meeting of the members of the corporation, written notice stating the time, place and purpose of such meeting shall be given by or at the direction of the Secretary or any other person or persons required or permitted by these Bylaws to give such notice. The notice shall be given by personal delivery or by United States Mail to each member of the corporation. If mailed, the notice shall be addressed as the members of the corporation at their respective addresses as the same appear on the records of the corporation. Notice of the time, place and purpose of any meeting of members may be waived in writing, either before or after the holding of such meeting, by any member, which writing shall be filed with or entered upon the records of the meeting. The attendance of any members at any such meeting without protesting, prior to or at the commencement of any meeting, lack of proper notice shall be deemed to be a waiver of notice by such member of such meeting. Provided, however, in the state of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat, unless it is a matter, other than election of directors, on which the vote of members is expressly required by applicable provisions of North Carolina law. In the case of special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting in which the adjournment is taken.

SECTION 5.

Quorum. The presence at the meeting of members entitled to cast or of proxies entitled to cast, fifty percent (50%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the 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 represented, so long as said adjournment is for less than thirty (30) days.

The members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of members to leave less than a quorum. In the absence of a quorum in the opening of any meeting of members, such meeting may be adjourned from time to time by a vote of the majority of the members voting on the motion to

adjourn; and

at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

SECTION 6.

Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot or interest thereof. In addition, a proxy is not valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specified therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten (10) years from the date of its execution.

SECTION 7.

Action and Voting by Members. The Members shall be deemed to have adopted an action upon the affirmative vote of a majority of the outstanding votes of the Members permitted to vote on the subject issue, unless otherwise provided herein. An action of the Members on all matters, except election of directors, shall be by voice vote or by a show of hands unless one-tenth (1/10) of the votes represented at the meeting shall, prior to the voting on any matter, demand a ballot vote on that particular matter.

SECTION 8.

Informal Action by Members. Any action which may be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the corporation to be kept as a part of the corporate records.

SECTION 9.

Voting Lists. At least ten (10) days before each meeting of members, the Secretary of the corporation shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof, with the address of each such member, which list shall be kept on file at the registered office of the Corporation for a period of ten (10) days prior to such meeting, and shall be subject to inspection by any member at any time during the usual business hours. This list shall also be produced and kept open at any time and place of the meeting and shall be subject to inspection by any member during the whole time of the meeting.

ARTICLE IV

BOARD OF DIRECTORS

SECTION 1.

General Powers. The business and affairs of the corporation shall be managed by its Board of Directors.

SECTION 2.

Number and Term. The number of directors constituting the initial Board of Directors shall be one (1). Each director shall hold office until his death, resignation, retirement, removal, disqualification or his successor shall have been elected and qualified.

SECTION 3.

Initial Board. From time to time of incorporation until the initial meeting of members of the corporation, the Board of Directors shall consist of the person listed in the Articles of Incorporation of the Corporation. These persons may or may not be employees of the Developer and need not own interest in the Property. Until these persons are replaced by elected Board members, they shall constitute the Board of Directors and exercise all powers and duties granted to the Board of Directors in these Bylaws.

SECTION 4.

Number and Qualification. The Board shall consist of not less than one (1) nor more than seven (7) persons, the exact number of directors required from time to time to be fixed by Resolution of the Board of Directors. All persons nominated or elected to the Board shall be an Owner, an employee, agent, or representative of an Owner, or a holder of an ownership interest in a Lot.

SECTION 5.

Election of Board: Vacancies. Board members shall be elected at the annual meeting of members of the corporation or at a special meeting called for such purpose. At a meeting of members of the corporation at which Board members are to be elected only persons nominated as candidates in accordance with the provisions of Section 17 of this Article IV shall be eligible for election as Board members and the candidates receiving the greatest number of votes shall be elected.

SECTION 6.

Term of Office; Resignations. Each Board member shall hold office until his successor is elected, or until his earlier resignation, removal from office or death. Any Board member may resign at any time by oral statement to that effect made at a meeting of the Board or in a writing

to that effect delivered to the Secretary of the corporation, such resignation to take effect immediately or at such other time as the resigning Board member may specify. Members of the Board shall serve without compensation.

SECTION 7.

Organizational Meetings. Immediately after each annual meeting of the members of the corporation, the newly elected Board members and those Board members whose terms hold over shall hold an organizational meeting for the purpose of electing officers and transacting any other business. Notice of such meetings need not be given.

SECTION 8.

Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined by a majority of the Board and provided by resolution, but at least two (2) such meetings shall be held during each fiscal year. Regular meetings may be held without notice.

SECTION 9.

Special Meetings. Special meetings of the Board of Directors shall be held at any time upon call by the President or any Board member. Notice of the time and place of each such meeting shall be given to each Board member either by personal delivery or by mail, telegram or telephone at least two (2) days before the meeting, which notice need not specify the purpose of the meeting; provided, however, that attendance of any Board member at any such meeting without protesting prior to or at the commencement of the meeting, lack of proper notice shall be deemed to be a waiver by him or her of notice of such meeting and such notice may be waived in writing either before or after the holding of such meeting, by any Board member, which writing shall be filed with or entered upon the records of the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organizational, regular or special meeting.

SECTION 10.

Quorum: Adjournment. A quorum of the Board of Directors shall consist of a majority of the Board members then in office; provided that the Designated Board Members are present and provided further than a majority of the Board members present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned for lack of a quorum or without completing the business scheduled to come before the meeting, notice of the time and place to which such meeting is adjourned need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. At each meeting of the Board at which a quorum is present, all questions and business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Articles of Incorporation or these Bylaws.

SECTION 11.

Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment therefore or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who votes in favor of such action.

SECTION 12.

Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

SECTION 13.

Committees of the Board. The Board of Directors, by resolution adopted by a majority of the number of directors fixed by these Bylaws, may designate three (3) or more directors to constitute an Executive Committee and other committees, each of which, to the extent authorized by law and provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the corporation. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed upon it or him by law.

SECTION 14.

Powers and Duties.

- (A) Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, all power and authority of the corporation shall be exercised by the Board of Directors. In carrying out the purposes of protecting and preserving the Properties and subject to the limitations prescribed by law, the Articles of Incorporation or these Bylaws, the Board, for and on behalf of the corporation may:
- (1) purchase or otherwise acquire, lease as lessee, hold, use, lease as lessor, sell exchange, transfer, dedicate, and dispose of property of any description or any interest therein;
 - (2) make or confirm Lots;

- (3) effect insurance;
- (4) borrow money and issue, sell and pledge notes, bonds and other evidences of indebtedness of the corporation;
- (5) levy assessments against Owners for repairs and maintenance in accordance with these Bylaws;
- (6) employ property managers, lawyers and accountants to perform such management, legal and accounting services as the Board may authorize; and
- (7) do all things permitted by law and exercise all power and authority within the purposes stated in these Bylaws or Articles of Incorporation or incidental thereto.

(B) In addition to the foregoing, the Board of Directors shall have the following duties and powers:

- (1) 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 when such statement is requested in writing by one-third (1/3) of the members who are entitled to vote;
 - (b) supervise all officers, agents and employees of the corporation and to see that their duties are properly performed;
 - (c) as more fully provided in these Bylaws, to:
 - (i) consistent with these Bylaws, fix the amount of the annual assessment against each member at least thirty (30) days in advance of each annual assessment period;
 - (ii) foreclose the lien against any Lot of a member for which assessments are not paid as provided in these Bylaws or take such other action as authorized or permitted in these Bylaws; and
 - (iii) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period.

- (d) 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. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
- (e) procure and maintain adequate liability and hazard insurance on the properties;
- (f) cause all officers or employees having fiscal responsibility to be bonded, as it may deem appropriate;

(2) Powers. The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing the use of the facilities of the corporation and the personal conduct of the members and their guests thereon and to establish penalties for the infraction thereof;
- (b) suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment 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);
- (c) exercise for the corporation all powers, duties and authority vested in or delegated to this corporation and not reserved to the membership by other provisions of these Bylaws or the Articles of Incorporation;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ such agents and independent contractors as it shall deem necessary and to prescribe their duties.

SECTION 15.

Removal of Members of the Board. At any regular or special meeting of members of the corporation duly called at which a quorum shall be present, any one (1) or more of the Board members may be removed with or without cause by the affirmative vote of members of the corporation holding at least two-thirds (2/3) of the votes held by all members of the corporation and a successor or successors to such Board member or members so removed shall then and there be elected to fill the vacancy or vacancies thus created. Any Board member whose removal has been proposed by the members of the corporation shall be given an opportunity to

be heard at such meeting.

SECTION 16.

Fidelity Bonds. The Board may require that all officers and employees of the corporation who shall handle or be responsible for corporation funds shall furnish adequate fidelity bonds. The premiums for such bonds shall be paid by the corporation.

SECTION 17.

Nomination. Nomination for election to the Board of Directors shall be made by a nominating committee (the "Nominating Committee"). Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the corporation. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but no less than the number of vacancies that are to be filled. Such nominations may be made from among members or employees of members only.

SECTION 18.

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 hereunder. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE V

OFFICERS

SECTION 1.

Election and Designation of Officers. The Board of Directors shall elect a President and a Vice President, each of whom shall be a member of the Board. The Board shall appoint a Secretary and a Treasurer who may or may not be members of the Board but who shall be members of the corporation, and the Board may also appoint an Assistant Treasurer and Assistant Secretary and such other officers as, in their judgment, may be necessary, any of whom may or may not be members of the Board of Directors but who are members of the corporation.

SECTION 2.

Term of Office; Vacancies. The Officers of the corporation shall hold office until the next annual meeting of the Board and until their successors are elected, except in cases of

resignation, removal from office or death. The Board may remove any officer at any time with or without cause by a majority vote of the Board members then in office. Any vacancy in any office may be filled by the Board.

SECTION 3.

President. The President shall be the chief executive officer of the corporation. He shall preside at all meetings of members of the corporation and shall preside at all meetings of the Board. Subject to directions of the Board, the President shall have general executive supervision over the business and affairs of the corporation. He may execute all authorized deeds, contracts and other obligations of the corporation and shall have such other authority provided for in the Articles of Incorporation or these Bylaws.

SECTION 4.

Vice President. The Vice President shall perform the duties of the President whenever the President is unable to act and shall have such other authority and perform such other duties as may be determined by the Board.

SECTION 5.

Secretary. The Secretary shall keep the minutes of meetings of members of the corporation and of the Board. He/she shall keep such books as may be required by the Board, shall give notices of meetings of members of the corporation and of the Board required by law, the Articles of Incorporation or these Bylaws and shall have such authority and shall perform such other duties as may be determined by the Board of Directors or otherwise provided for in the Articles of Incorporation or these Bylaws.

SECTION 6.

Treasurer. The Treasurer shall receive and have charge of all money, bills, notes and similar property belonging to the corporation and shall do with the same as may be directed by the Board of Directors. He/she shall keep accurate financial accounts and hold the same open for the inspection and examination of the Board of Directors and shall have such authority and shall perform such other duties as are determined by the Board of Directors.

SECTION 7.

Other Officers. The Assistant Secretaries and Assistant Treasurers, if any, and any other officers whom the Board may appoint, shall respectively have such authority and perform such duties as may be determined by the Board of Directors.

SECTION 8.

Delegation of Authority and Duties. The Board is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers

and to require the performance of duties in addition to those mentioned herein. The office of Treasurer may be held by any other officer of the corporation, except that the President shall not also hold the office of Treasurer.

ARTICLE VI

INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS

Each director and officer of the corporation and each former director and former officer of the corporation shall be indemnified by the corporation against the costs and expenses reasonably incurred by him in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be a party by reason of his being or having been such director or officer of the corporation (whether or not he is a director or officer at the time of incurring such costs and expenses), except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for misconduct or negligence in the performance of his duty as such director or officer. In case of the settlement of any action, suit or proceeding to which any director or officer of the corporation, or any former director or officer of the corporation, is made a party or which may be threatened to be brought against him by reason of his being or having been a director or officer of the corporation, he shall be indemnified by the corporation against the costs and expenses (including the cost of settlement) reasonably incurred by him in connection with such action, suit or proceeding (whether or not he is a director or officer at the time of incurring such costs and expense), if (a) the corporation shall be advised by independent counsel that in such counsel's opinion, such director or officer did not misconduct himself or was not negligent in the performance of his duty as such director or officer with respect to the matter covered by such action, suit or proceeding and the costs to the corporation of indemnifying such director or officer (and all other directors and officers, if any, entitled to indemnification hereunder in such case) if such action, suit or proceeding were carried to a final adjudication in their favor could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such directors and officers as a result of such settlement, or (b) disinterested corporation members entitled to exercise a majority of the voting power shall, by vote at any annual or special meeting of the corporation, approve such settlement and the reimbursement to such director or officer of such costs and expenses. The phrase "disinterested members" shall mean all members of the corporation other than (i) any director or officer of the corporation who at the time is or may be entitled to indemnification pursuant to the foregoing provisions; (ii) any corporation or organization of which any such director or officer owns of record or beneficially ten percent (10%) or more of any class of voting securities; (iii) any firm of which such director or officer is a partner; and (iv) any spouse, child, parent, brother or sister of any such director or officer. The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representatives of each such director or officer and shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law, any vote of the corporation members or any agreement. The Board may purchase and maintain such Directors' and Officers' Liability Insurance as it shall deem appropriate and premiums for such insurance policies shall be deemed for all purposes proper expenses of the corporation.

ARTICLE VII

AMENDMENT

SECTION 1.

Procedure. These Bylaws may be amended at a regular or special meeting of the voting members by the affirmative vote of the members holding at least two-thirds (2/3) of the votes, subject to the exception that no material change to the rights or obligations of the Owner of a Lot can be made without such Owner's written approval.

SECTION 2.

Conflict. In the case of any conflict between these Bylaws and the Articles of Incorporation, the Articles of Incorporation, shall control.

ARTICLE VIII

CORPORATE SEAL

The Association shall have a seal in circular form having within the circumference the words: "Forest Oaks Commons Homeowners Association, Inc., Corporate Seal, North Carolina, 2007."

ARTICLE IX

FISCAL YEAR

The fiscal year of the corporation shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every calendar year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE X

DEFINITIONS

The terms in these Bylaws (except as herein otherwise expressly provided or unless the context otherwise required) for all purposes of these Bylaws and of any amendment hereto, shall have the respective meanings set forth in the Declaration.