

BYLAWS
OF
BELLAGIO AT OAK RIDGE HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is Bellagio at Oak Ridge Homeowners Association, hereinafter referred to as the "Association." The initial principal office of the Association shall be located in Greensboro, Guilford County, North Carolina, but meetings of Members and the meetings of the Board of Directors may be held at such places within the State of North Carolina, County of Guilford, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Bellagio Homeowners Association, its successors and assigns.

Section 2. "Common Elements" shall mean all real property and improvements thereto and thereon, owned or leased by the Association for the common use and enjoyment of the Owners, including, but not limited to, now existing or hereafter constructed entrances to residential areas, street lights, natural areas, paths and walks.

Section 3. "Declarant" shall mean and refer to LJ Custom Homes, Inc., a North Carolina corporation, and any future owner of any portion of the Property, to whom the Declarant expressly assigns its rights as the Declarant under the Declaration.

Section 4. "Declarant Control Period" shall mean the time period as defined in the Declaration.

Section 5. "Declaration" shall mean and refer to any restrictive covenants, easements, and restrictions applicable to the Property recorded in the Office of the Register of Deeds of Guilford County, North Carolina, as the same may be amended from time to time in accordance therewith, including, but not limited to, the Restrictive Covenants of Bellagio.

Section 6. "Lot" shall mean and refer to any parcel of land, with the exception of the Common Elements, designated as a buildable lot on a Plat on which a residence is or may be constructed.

Section 7. “Member” shall mean and refer to those persons or entities that are Owners with voting rights as provided in Article IV of these Bylaws.

Section 8. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, but excluding those having such interest as security for the performance of an obligation.

Section 9. “Plat” shall mean the plats described in the Declarations.

Section 10. “Property” shall mean the real property located in Center Grove Township, Guilford County, North Carolina as further described in the Declaration.

ARTICLE III

PURPOSE

The Association does not contemplate pecuniary gain or profit to the Members thereof and no part of the Association's net income shall inure to the benefit of any of its officers, Directors or Members or any other private individual. The purposes and objects of the Association shall be to promote the maintenance, repair, preservation, safety, and aesthetic appearance of the Common Elements and recreation, health, safety and welfare of the residents in the Property and including, but not limited to, the maintenance of the Common Elements, and for the acquisition, improvement and maintenance of property, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed against the Common Elements, the procurement and maintenance of insurance, the employment of attorneys to represent the Association when necessary, the cost of audits and reviews, the general administration of the Association and such other needs as may arise. The Declaration, as amended from time to time, is hereby incorporated herein as if set forth at length. In furtherance of this purpose, except as expressly limited by the Declaration or these Bylaws, the Association shall have all powers of a nonprofit corporation under the North Carolina Nonprofit Corporation Act, and in particular shall have all powers granted to homeowners' associations under the North Carolina Planned Community Act, including but not limited to those set forth in Section 47F-3- 102 of the North Carolina General Statutes.

ARTICLE IV

MEMBERSHIP, VOLUNTARY TERMINATION OF DECLARANT CONTROL PERIOD AND PROPERTY RIGHTS

Section 1. Membership/Voting Rights. All Owners and Declarant shall be Members of the Association. Membership and voting rights shall be as defined in Article III of the Declaration.

Section 2. Termination of Declarant Control Period. The Declarant shall have the right in its sole discretion, but shall have no obligation whatsoever, to turn control of the Association over to the Members other than Declarant prior to end of the Declarant Control Period. Declarant can exercise its rights under this section by removing its appointed Director(s), if any, as members of the Association’s Board of Directors, whereupon it shall be the affirmative obligation of the

Members other than the Declarant to elect Directors pursuant to these Bylaws and to assume control of the Association. Prior to terminating the Declarant Control Period pursuant to this section, Declarant shall give the Owners 30 days written notice of the Declarant's decision to terminate the Declarant Control Period and of the removal of the Director(s) appointed by Declarant. Such notice may (but shall not be required to) include the nominees named by Declarant to comprise the first Board of Directors subsequent to Declarant Control. The resignation or removal of Director(s) appointed by Declarant shall not result in the termination of the Declarant Control Period unless and until Declarant gives the Owners written notice of its decision to terminate the Declarant Control Period pursuant to this section. Neither the Declarant, nor its appointed Director(s), shall be liable in any manner in connection with such resignations even if the Members other than the Declarant refuse or fail to assume control of the Association.

Section 3. Property Rights. Each Member shall be entitled to the use and enjoyment of the Common Elements. Any Owner may delegate his right of enjoyment to the Common Elements to the members of his family, to his tenants, or to contract purchasers who reside on the Property in accordance with the restrictions on Property use and occupancy set forth in the Declaration or these Bylaws.

ARTICLE V

MEETINGS OF MEMBERS

Section 1. Annual Meetings. An annual meeting of the Members shall be held at such time and place as the Board of Directors may prescribe.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote at least ten percent (10%) of all votes entitled to be cast by the Members.

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 emailing, faxing, overnight delivery service or mailing a copy of such notice at least fifteen (15) days before such meeting to each Member, 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. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, or actual attendance by the Member at such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. The number of Members required to constitute a quorum shall be fifty 50% of all votes entitled to be cast by the Members immediately prior to the start of the meeting at which such votes are to be cast.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association no later than the start of the meeting for which such proxy is given.

Section 6. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Declaration, the Articles of Incorporation, these Bylaws or with the Statutes of the State of North Carolina.

ARTICLE VI

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number and Qualifications. The affairs of this Association shall be managed by a Board of Directors, which shall be deemed an "executive board" within the meaning of Section 47-1-103 of the North Carolina General Statutes. The Directors must be at least 18 years of age and not subject to an adjudication of incompetence. During the Declarant Control Period the Directors need not be Members of the Association; at all other times, at least two-thirds of the Directors must be Members of the Association. The first Board of Directors of the Association consists of Justin Stewart and Lindsey Stewart; all succeeding Board of Directors during the Declarant Control Period shall consist of at least one (1) person and no more than five (5) persons, all of which shall be appointed by Declarant or its designee. After the Declarant Control period has ended, the Board of Directors shall consist of no less than three (3) and no more than five (5) persons, as determined by the Members.

Section 2. Term of Office. At the first annual meeting at which the Members are entitled to elect all of the Directors, the Members shall establish the number of Directors and shall elect such Directors for a term of one (1) year. At each annual meeting thereafter the Directors shall be elected for a term of one (1) year.

Section 3. Removal; Filling Vacancies. Any Director elected by the Members of the Association may be removed from the Board of Directors, with or without cause, by a majority vote of the Members of the Association. Any Director appointed by Declarant may be removed with or without cause by Declarant or its designee. Vacancies in the Board of Directors may be filled, until the date of the next Annual Meeting of the Association or until a Special Meeting of the Members of the Association called for such purpose, by a person appointed by the remaining Directors, except that should any vacancy in the Board of Directors be created by the removal or resignation of any person appointed by Declarant to serve as a Director, such vacancy shall be

filled by Declarant appointing such successor to fill the vacated Board of Directors position for the unexpired term thereof.

Section 4. Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his or her duties.

Section 5. Action Taken Without a Meeting. The Board of 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 Directors. Any action so approved shall have the same effect as though taken at a meeting of the Board of Directors.

ARTICLE VII

NOMINATION AND ELECTION OF BOARD OF DIRECTORS

Section 1. Appointment. Declarant shall appoint the members of Board of Directors during the Declarant Control Period. Each of said individuals so appointed by Declarant shall be deemed and considered for all purposes a Director, and shall thenceforth perform the offices and duties of a Director until his or her successor shall have been appointed or elected in accordance with the provisions of these Bylaws. Any Director designated by and selected by Declarant need not be a Member of the Association.

Section 2. Nomination. Except as provided for Declarant appointments in Section 1 above, nomination for the election of any Director 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 Director, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting to serve until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 3. Election. Except for Declarant appointments provided for in Section 1 above, all Directors shall be elected by a plurality of the votes cast at the Annual Meeting of the Members of the Association. At least a majority of the Directors selected by the Members of the Association shall be Members of the Association or employees, shareholders, members, partners or trustees of a corporate, corporation, partnership, or trust that is a Member of the Association. Election to the Board of Directors shall be by secret written ballot. Members of the Association or their proxies may cast, in respect to each vacancy, one vote for each Lot owned by the Member. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The Association shall publish the names and addresses of all Directors to the Owners within thirty (30) days after the election or appointment of a Director to the Board of Directors.

ARTICLE VIII
MEETINGS OF BOARD OF DIRECTORS MEMBERS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place and with such notice as shall be determined by resolution of a majority of the Board of Directors. At regular intervals, the Board of Directors shall provide Members an opportunity to attend a portion of the regular meetings of the Board of Directors and to speak to the Board of Directors about issues and concerns. The Board of Directors may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

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 quorum for the transaction of business shall exist if one-half (1/2) of the Board Members are present. Every act or decision done or made by a majority of the Board of Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

Section 4. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Declaration, the Articles of Incorporation, these Bylaws or with the Statutes of the State of North Carolina.

ARTICLE IX
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. In addition to the powers enumerated in the Declaration and the Association's Articles of Incorporation, the Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Elements and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof.

(b) impose fines and suspend privileges, in accordance with the Declaration, for the violation of published rules and regulations, or for violations of the Declaration or these Bylaws.

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association by these Bylaws, the Articles of Incorporation, the Declaration, or applicable law, and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation, the Declaration, or non-waivable provisions of applicable law.

(d) 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 of Directors.

(e) enter contracts for the benefit and on behalf of the Association, and to delegate to such contractors all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the Board of Directors or Membership of the Association. The undertakings and contracts authorized by the initial Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the Membership after the recording of the Declaration, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with the Declaration, the Articles of Incorporation and these Bylaws.

(f) employ attorneys to represent the Association.

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

(a) cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members.

(b) supervise all Officers, agents and employees of the Association, and to see that their duties are properly performed.

(c) in compliance with the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, and fix the amount of any special assessments against each Lot at least thirty (30) days in advance of the deadline for payment of the special assessment.

(2) send written notice of each assessment to every Owner at least thirty (30) days in advance of each annual assessment period or special assessment deadline (provided, however, that failure of any Owner to receive such notice shall in no way affect the obligation of such Owner to pay annual or special assessments); and

(3) in the discretion of the Board of Directors, foreclose the lien against any Lot for which any assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or to 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 of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) procure and maintain insurance covering the Association, its Board of Directors members, Officers, agents and employees and procure and maintain adequate hazard insurance on the real and personal property owned by the Association as follows:

(1) A comprehensive policy of public liability insurance insuring the Association in an amount not less than One Million Dollars (\$1,000,000.00) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage.

(2) If the Association elects to manage its own affairs and directly receive and disburse its own funds (or, if in addition to professional management, the Officers or Directors of the Association can and do directly receive or disburse the monies of the Association), the Board of Directors may maintain, if available at reasonable rates, fidelity coverage against dishonest acts by the Association's Officers, Directors, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management Person or firm to manage the Association and to receive and disburse the monies of the Association, then such professional management person or firm shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph.

Any such fidelity bonds shall name the Association as an obligee; shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves; shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association.

(3) If any of the insurance described above is not reasonably available, the Association promptly shall cause notice of that fact to be sent to all Owners.

(4) Insurance policies carried pursuant to this subsection shall provide that (a) each Owner is an insured person under the policy to the extent of the Owner's insurable interest; (b) the insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household; (c) no act or omission by an Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; and (d) if, at the time of a loss under the policy, there is other insurance in the name of the Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(f) cause all Officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) maintain the Common Elements and perform such services as set out in these Bylaws and the Declaration.

(h) provide, within thirty (30) days after adoption of any proposed budget for the Association, all Owners with a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board of Directors shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Owners in the Association or any larger vote specified in the Declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The Officers of this Association, who may but need not be members of the Board of Directors, shall be a president, a secretary and a treasurer, and such other Officers as the Board of Directors may from time to time by resolution create, including, but not limited to, vice-presidents and assistant secretaries. The Association shall publish the names and addresses of all Officers within thirty (30) days of such Officers being elected by the Board of Directors.

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

Section 3. Term; Compensation. The Officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve. No Officer shall receive compensation for services rendered in such capacity to the Association; provided, however, that an Officer may be reimbursed for actual expenses incurred in the performance of such duties. In addition, no financial payments, including payments made in the form of goods or services, may be made to any Officer or Director or to a business, business associate, or relative of an Officer or Director except as expressly provided by these Bylaws or payments for services or expenses paid on behalf of the Association which are approved in advance by the Board of Directors.

Section 4. Special Appointments. The Board of Directors may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board 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 the Board of Directors. Any Officer may resign at any time by giving written notice to the Board of Directors, the president or secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he or she replaces.

Section 7. Duties. The duties of the Officers are as follows:

(a) President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all written documents and instruments of the Association and shall sign all checks and promissory notes of the Association.

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

(c) Secretary and Assistant Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the Association together with their addresses, prepare, execute, certify and record amendments for the Declaration upon approval by the Members as required by the Declaration, and shall perform such other duties as required by the Board of Directors. The assistant secretary shall assist the secretary and act in the place and stead of the secretary in the event of the absence of the secretary.

(d) Treasurer. Unless an outside management company has been contracted, the treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by an independent certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE XI

COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XII

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, and any party holding a security interest in the Property, including records of meetings of the Association and the Board of Directors. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost. The Board of Directors shall also make an annual income and expense statement and balance sheet available to any Member at no charge and within seventy-five (75) days after the close of the fiscal year to which the information relates. The Board of Directors, upon written request, shall furnish a Member or the Member's authorized agent a statement setting forth the amount of unpaid assessments and other charges against a Lot. The statement shall be furnished within ten (10) days after receipt of the request and is binding on the Association, the Board of Directors and every Member.

ARTICLE XIII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Assessments are delinquent if not paid when due. The Association may charge a late fee, the amount of which shall be established from time to time by the Board of Directors of the Association, for assessments not paid within thirty (30) days after the due date. In addition, if the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest as provided in the Declaration, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Owner's Lot and improvements thereto, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of the assessments, all in accordance with and subject to the Declaration. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Elements or abandonment of his Lot or otherwise.

ARTICLE XIV

AMENDMENTS

Section 1. During the Declarant Control Period, these Bylaws may be amended (i) solely by the Declarant, in Declarant's sole discretion, or (ii) by the Members owning at least sixty-seven percent (67%) of the Lots with the consent of the Declarant after the determination by the Declarant, in the Declarant's sole discretion, that such amendment does not affect the present or future development rights of the Declarant. After the Declarant Control Period, the Articles of Incorporation or these Bylaws may be amended, at a regular or special meeting of the Members

at which a quorum is present, by a vote of Members owning at least sixty-seven percent (67%) of the Lots. No amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection.

Section 2. In the case of any conflict between the Articles of Incorporation and the Bylaws, including any amendments, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, including any amendments, the Declaration shall control; and in the case of any conflict between the Articles, including any amendments, and the Declaration, the Declaration shall control.

ARTICLE XV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVI

INDEMNIFICATION

Every person who is or shall be or shall have been a Director or Officer of the Association and his or her personal representative shall be indemnified by the Association against all costs and expenses reasonably incurred by or imposed on him or her in connection with or resulting from any action, suit or proceeding to which he or she may be made a party by reason of his or her being or having been a Director or Officer of the Association or any subsidiary or affiliate thereof, except in relation to such matters as to which he or she shall finally be adjudicated in such action, suit or proceeding to have acted in bad faith or to have been liable by reason of willful misconduct in the performance of his or her duty as such Director or Officer. For purposes of this provision, "costs and expenses" shall include, without limiting the generality thereof, attorneys' fees, damages and reasonable amounts paid in settlement. Nothing contained in these Bylaws shall be deemed to eliminate or reduce the protection from personal liability granted to Directors by the North Carolina Nonprofit Corporation Act and by the Articles of Incorporation of the Association.