

BYLAWS
OF
TALL OAKS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
Name and Location

The name of the corporation is TALL OAKS HOMEOWNERS ASSOCIATION, INC., (the "Association"). The principal office of the Association shall be located at 949 Southwest Drive, Davidson, North Carolina 28036, or at such other place as the Board of Directors may deem convenient or the affairs of the Association may require, provided that meetings of members and directors may be held at such place and location in the State of North Carolina as may be agreed upon by the majority of the Board of Directors.

ARTICLE II
Definitions

1. "Association" shall mean TALL OAKS HOMEOWNERS ASSOCIATION, INC., a nonprofit corporation organized and existing under the laws of the State of North Carolina, its successors and assigns.
2. "Common Area(s)" shall have the same meaning as contained in the Declaration.
3. "Declaration" shall mean the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties as recorded in the Office of the Register of Deeds for Iredell County, North Carolina.
4. "Developer" shall mean William Brewster Company, Inc. having a principal place of business in Davidson, North Carolina, his successors and assigns.
5. "Lot" shall have the same meaning as contained in the Declaration.
6. "Owner" shall have the same meaning as contained in the Declaration.
7. "Properties" shall mean any and all of that certain real property now or which may hereafter be made subject to the Declaration as part of the subdivision being developed by Developer in the Town of Mooresville, Iredell County, North Carolina, which subdivision is and shall be commonly known as TALL OAKS.

ARTICLE III

Membership

Section 1. Every person or entity who is the Owner of record of a fee interest in any Lot or who is purchasing one or more Lots under a contract or purchase agreement within the Properties shall be a member of the Association, subject to and bound by the Association's Articles of Incorporation, Bylaws, rules and regulations. The foregoing is not intended to include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation. Ownership of such Lot shall be the sole qualification for membership. When any Lot is owned of record in joint tenancy or tenancy in common or by some other legal entity, or when two or more persons or other legal entity is purchasing one or more Lots under a contract or agreement of purchase, the membership as to such Lot(s) shall be joint and the right of such membership pertaining to voting power arising therefrom shall be exercised only as stipulated in Article V hereinbelow.

Section 2. During any period in which a member shall be in default in the payment of any annual, special or other periodic assessment levied by the Association, the voting rights and right to the use of the Recreational Areas or any other facilities which the Association may provide may be suspended by the Board of Directors until such assessment is paid. In the event of violation by a member of any rules or regulations established by the Board of Directors, such member's voting and use rights may be suspended by the Board or its authorized designee as provided in the Declaration.

Section 3. No membership or initiation fee shall be charged, nor shall members be required to pay at any time any amount to carry on the business of the Association except to pay when due the charges, assessments and special assessments levied upon each member's Lot as specified in the Declaration, these Bylaws, or as the members of the Association may from time to time hereafter adopt.

ARTICLE IV

Meetings of Members

Section 1. The first annual meeting of the members shall be held within three (3) months following the filing of the Articles of Incorporation for the Association, the exact date, time and place of which shall be determined at the election of Declarant, and each subsequent annual meeting of the members shall be held on the same day of the same month of each year thereafter. If the day for the annual meeting of the members is a legal holiday, the

meeting will be held at the same hour on the first day following which is not a legal holiday. 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 2. Special meetings of the members may be called at any time by the President or by a majority of the Board of Directors, or upon written request of the members who are entitled to vote one-third (1/3) of the votes of each class of membership of the Association.

Section 3. Written notice of meetings stating the time and place of the meeting and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the person authorized to call the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mails addressed to the member at his address as it appears on the records of the Association with the postage thereon prepaid.

Section 4. The presence in person or by proxy at the meeting of members entitled to vote, 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, the Declaration or these Bylaws. A majority of the votes entitled to be cast by the members present in person or represented by proxy at such meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the members. 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 be represented; provided, however, that when a meeting is adjourned for more than 45 days from the date set forth in the original notice of meeting, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 5. 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 within the Properties.

ARTICLE V
Voting and Voting Rights

Section 1. The voting rights of the membership shall be appurtenant to the ownership of the Lot and shall otherwise be as set forth in the Declaration.

A. Any member who is delinquent in the payment of any charges duly levied by the Association against a Lot owned by such member shall not be entitled to vote until payment of all such charges, together with such reasonable penalties as the Board of Directors of the Association may impose, has been made.

B. Members shall vote in person or by proxy executed in writing by the member. No proxy shall be valid after eleven (11) months from the date of its execution or upon conveyance by the member of his Lot. A corporate member's vote shall be cast by the President of the member corporation or by any other officer or proxy appointed by the President or designated by the Board of Directors of such corporation.

C. Voting on all matters (except the election of directors, which shall be by written ballot) shall be by voice vote or by show of hands unless a majority of the members of each Class present at the meeting shall, prior to voting on any matter, demand a ballot vote on that particular matter. Where directors or officers are to be elected by the members, the solicitation of proxies for such elections may be conducted by mail.

ARTICLE VI

Property Rights

Section 1. Each member of the Association shall be entitled to the use and enjoyment of the Common Areas subject to the provisions of the Declaration.

Section 2. Each member of the Association shall have such an interest in the Association as is represented by the ratio of the number of votes to which said member is entitled to the total number of votes in the Association. Said number may change from time to time as additional property is subjected to the Restrictions and these Bylaws.

ARTICLE VII

Maintenance Charges

Section 1. By the Declaration each member is deemed to covenant to pay to the Association: (1) Common Area Assessments or other periodic charges and (2) Special Assessments as approved by the members. The Common Area Assessments and Special Assessments,

together with such interest thereon and costs of collection thereof, as hereinafter provided, shall, to the extent permitted by law, be a continuing lien upon the property against which each such assessment is made to secure the payment of said assessments due and to become due. Each such assessment, together with such interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person which was the Owner of such property at the time when the assessments fell due and shall not pass to his successors in title unless expressly assumed by them, which assumption shall not, however, relieve Owner of his personal obligation in event of nonpayment.

Section 2. The assessments paid to the Association shall be used exclusively for the purpose of establishing and maintaining a fund which will be used to promote the recreation, health, safety, and welfare of the residents within TALL OAKS in their use and occupancy of the Property and in particular to pay for the expense of maintaining the Common Areas and other facilities related to the use and enjoyment thereof. By way of illustration, but without limitation, the fund may be used for the following: beautifying, maintaining and operating such greenways, playgrounds, parks and recreational areas as the Board of Directors deems appropriate; for doing anything reasonably necessary or desirable in the opinion of the Board of Directors of the Association to keep the Common Areas neat and in good order and condition; and to provide such other common community services as the members of the Association shall decide are necessary or useful for the benefit, health and welfare of residents of TALL OAKS.

Section 3. The monthly assessments shall be determined as provided in the Declaration.

Section 4. In addition to the assessments authorized above, the Association may levy at any time a special assessment as provided in the Declaration.

Section 5. The establishment of monthly and special assessments, the date of commencement of annual assessments, and other matters relating to assessments are set forth in the Declaration and are incorporated herein by reference.

ARTICLE VIII

Board of Directors

Section 1. The business and affairs of this Association shall be managed by a Board of Directors. At the inception of the Association, the Board shall consist of the three (3) members named in the Articles of Incorporation, and after the first annual meeting the number of directors shall be five (5).

The size of the Board of Directors may be increased or decreased from time to time upon the affirmative vote of three-fourths (3/4) of all Lot Owners. Each director shall hold office for the term for which he was elected, or until his death, resignation, retirement, removal, disqualification or until his successor is elected and qualified. Each such director shall serve for a one-year term. Nothing herein contained shall be construed to prevent the election of a director to succeed himself.

Section 2. The first Board of Directors named in the Articles of Incorporation the corporation shall serve from the date of the Declaration until their successors are duly elected and have qualified. Only thereafter, directors shall be elected by ballot at the annual meeting of the members. Each director shall hold office until his death, resignation, removal, disqualification, or his successor is elected or appointed and qualified. Any vacancy may be filled at any time by a majority of the remaining directors, though less than a quorum, but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting or at a special meeting of members called for that purpose.

Section 3. The directors shall act only as a board, and the individual directors shall have no power as such. A majority of the directors for the time being in office shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice until a quorum be at hand. The act of a majority of directors present at any time at which there is a quorum shall be the act of the Board of Directors.

Section 4. The Board of Directors may, by resolution adopted by a majority thereof, designate one or more executive committees, each executive committee to include not less than two (2) directors as members thereof, which executive committees to the extent provided in said resolution, may have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the affairs of the Association. The Board of Directors may designate such other committees which it may deem necessary and advisable in the efficient operation of the project. These committees may be appointed by the Board from those Lot Owners who are Lot Owners but not directors, to serve in such capacity as the directors may specify.

Section 5. The Board of Directors shall meet for the transaction of business at such time and place as may be designated from time to time by resolution of the Board. Regular meetings of the Board may be held without notice. Special meetings of the Board of Directors may be called by the President or by any two (2) members of the Board for any time and place, provided reasonable

notice of such meetings shall be given to each member of the Board before the time appointed for such meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting and objects thereat to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. The Board of Directors may from time to time determine the order of business at its meetings. At all meetings of the Board, the President, or in his absence, the Chairman chosen by the directors present, shall preside.

Section 7. The Board of Directors, after the close of the fiscal year, shall submit to the members of the Association a report as to the condition of the Association and its property and shall submit also an account of the financial transactions of the past year.

Section 8. Subsequent to their election by members, 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, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 9. No director shall receive compensation for any service he may render to the Association, provided, however, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 10. 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 IX

Powers and Duties of the Board of Directors

Section 1. The Board of Directors shall have the power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas and other facilities provided for the common use and benefit of Association members, and to establish penalties for the misuse thereof;

(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; provided that the Common Area may not be mortgaged or conveyed without the consent of at least two-thirds of the members, excluding the Declarant.

(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;

(d) enter into agreements with third parties in order to facilitate efficient operation of the Common Areas. It shall be the primary purpose of such agreements to provide for the administration, maintenance and repair, and operation of the Common Areas. The terms of said agreements shall be as determined by the Board of Directors to be in the best interest of the Association and the Owners;

(e) employ a manager, an independent contractor, or such other employees as the Board deems necessary, and to prescribe their duties, to carry out and accomplish the purposes of the Association;

(f) open bank accounts on behalf of the Association and designate signatories required therefor.

Section 2. 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 members of the Association;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are property performed;

(c) fix the amount of the annual or special assessments against each Lot as provided in the Declaration and send written notice of each assessment to every Association member at least thirty (30) days in advance of each annual or special assessment due date, subject, however, as to special assessments, the assent of the membership as hereinabove provided;

(d) issue, or cause an appropriate officer to issue, upon demand, by any person, a receipt 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 and such certificates, if issued, shall be conclusive evidence of

payment of any assessment therein stated to have been paid;

(e) cause the Common Areas to be maintained; and

(f) obtain insurance for the Property, pursuant to the provisions of the Declaration.

All of these duties may be delegated by the Board of Directors to a bonded professional management company in the sole discretion of the Board of Directors, with the exception of that duty set forth in Subsection (c) above. All management contracts must be terminable without liability upon ninety (90) days written notice by either party.

ARTICLE X

Officers and Their Duties

Section 1. The officers of this Association shall be a President and one or more Vice Presidents, a Secretary, a Treasurer, and such other officers and assistant officers as the Board may from time to time deem necessary. Any two or more offices may be held by the same person, except the offices of President and Secretary and the offices of President and Vice President.

Section 2. The officers of the Association shall be elected or appointed annually by the Board of Directors, and each shall hold office for one (1) year unless he shall sooner die, resign, or be removed, or otherwise disqualified to serve. The Board 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 may from time to time determine.

Section 3. Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignations 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 4. A vacancy in any office may be filled in the manner prescribed for regular election or appointment. The officer elected or appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 5. The duties of the officers are as follows:

President

(a) The President shall be the chief executive officer of the corporation and shall perform such other duties as from time to time may be assigned to him by the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, promissory notes, deeds and other such similar documents; and shall, in general, perform all duties incident to the office of President.

Vice President

(b) The 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 him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board 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 and of the members; keep appropriate current records showing the members of the Association together with their addresses; and perform such other duties as required by the Board.

Treasurer

(d) 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 accounting of the Association books to be made at the completion of each fiscal year; and shall prepare an annual budget and a 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

Indemnification of Officers and Directors

The Association shall indemnify any and all persons who may serve or whom have served at any time as directors or officers of

the Association against any and all expenses, including amounts paid upon judgments, counsel fees and amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or a party, which may be asserted against them or any of them, by reason of being or having been directors or officers or a director or officer of the Association, except this indemnification shall not operate with respect to a director or officer or person who has been adjudged in any action, suit, or proceeding guilty of willful and intentional misconduct in the performance of his duties to the Association. Provided, however, that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The Association shall likewise indemnify any bonded professional management company for any of the above-mentioned expenses, when such expenses are incurred in the course of duties delegated by the Board of Directors.

The provisions hereof shall be in addition to and not exclusive of any and all other rights to which any director or officer may otherwise be entitled under any law, bylaw, agreement, vote of Association members or otherwise. In the event of death of the officer or director, the provisions hereof shall extend to his legal heirs, representative, successors and assigns. The foregoing rights shall be available whether or not such person or persons were in fact directors or officers at the time of incurring or becoming subject to such expenses, and whether or not the proceeding, claim, suit or action is based on matters which antedate the adoption of this Bylaw.

The invalidity or unenforceability of any provision of this Bylaw shall not affect the validity or enforceability of any other provision hereof.

ARTICLE XII
Corporate Seal

A corporate seal shall have engraved thereon the following:

TALL OAKS HOMEOWNERS ASSOCIATION, INC.
A Nonprofit Corporation
S E A L

North Carolina

It shall remain in the custody of the Secretary and shall be by him affixed to all documents requiring the corporate seal of complete execution. An impression of the corporate seal is directed to be

affixed to these Bylaws.

ARTICLE XIII
Books and Records

The books, records and papers of the Association shall at all times be subject to inspection by any Member during reasonable business hours. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any member of the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIV
Fiscal Year

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

ARTICLE XV
Notice

Any notice required to be given by these Bylaws may be waived by the person entitled thereto before or after the time stated therein. Unless otherwise provided, whenever a notice shall be required by these Bylaws, such notice shall be given in writing, and addressed to the person entitled thereto at his address as the same appears on the books of the Association, the time when such notice is mailed being deemed the time of the giving of such notice.

ARTICLE XVI
Amendments

These Bylaws and the Articles of Incorporation may be amended only at a regular or special meeting of the members by a vote of at least two-thirds of the members present in person or by proxy. Provided, however, the provisions of Article IV, Section 1, Article VIII, Sections 1 and 2, and this Article XVI may not be amended without the consent in writing of Declarant so long as Declarant shall be the Owner of one or more Lots. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XVII
Committees

An Architectural Committee, first appointed by the Developer, to undertake the responsibilities set forth in the Declaration concerning the approval of plans, site approval and other matters set forth in the Declaration, shall be appointed in the manner provided in the Declaration. At any meeting of members, other committees may be established for purposes consistent with the Declaration and these Bylaws.

ARTICLE XVIII
Assets: Purpose

No part of the income of the Association shall inure to the benefit of any officer, director or member of the Association; and upon the dissolution of the Association, the assets thereof shall, after all its liabilities and obligations have been discharged or adequate provisions made therefor, be distributed or conveyed to any association or associations organized for purposes similar to that of the Association, or to a government entity for maintenance.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT, I am the duly elected and acting Secretary of TALL OAKS Homeowners Association, Inc., a North Carolina Nonprofit Corporation, and

THAT, the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the initial Board of Directors thereof, held on the ____ day of _____, 199__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this ____ day of _____, 199__.

Secretary

(corporate seal)