

BY-LAWS
OF
COBLE ESTATES HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is the Coble Estates Homeowners' Association, Inc. hereinafter referred to as the "Association". The principal office of the corporation shall be located at 3189 Mattie Florence Drive, Graham, Alamance County, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Alamance, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to the Coble Estates Homeowners' Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions for Coble Estates Homeowners' Association, Inc., and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, or a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Common Area" shall mean all real property and improvements thereon for the common use and enjoyment of the Owners and consisting of undedicated streets, roadway lighting and landscaping (including roadway lighting and landscaping located within the right-of-way of dedicated streets to the extent permitted by applicable laws), walls, signage and landscaping located within wall easements and appurtenant utility easements, and recreational facilities as located in Coble Estates (and specifically the lot designated on the Plat of the subdivision as the "Common Area").

Section 5. "Lot" shall mean any separately numbered plot of land, regardless of size as shown as a recorded subdivision map of Coble Estates which has been approved by Declarant and shall include the Dwelling Unit constructed thereon:

Section 6. "Member" shall mean and refer to every person or entity entitled to membership with voting rights in the Association as provided in this Declaration.

Section 7. "Declarant" shall mean and refer to JMK Developers as well as its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from Declarant for purposes of development.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Coble Estates, applicable to the Properties recorded in the Office of the Register of Deeds of Alamance County, North Carolina.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot subject to assessment. The voting rights of the Members shall be as provided by the Declaration.

Section 2. Property Rights. Each Member shall be entitled to the use and enjoyment of the facilities as provided in the Declaration. Any Member may delegate his rights of enjoyment of the Common Area to the members of his family, his tenants, or contract purchasers who reside on the property. The rights and privileges of such delegates are subject to suspension to the same extent as those of the Member.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the dated of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the second Tuesday of November thereafter, at the hour of 7:00 p.m. 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.

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 one-fourth (1/4) of all the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days before such meeting to each member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors, who must be members of the Association. There shall be no officers of the Corporation and no executive board. The Board of Directors shall be led by a Chairman, and the minutes of their meetings shall be kept by a Secretary, who shall be chosen from among the three (3) annually. The powers and duties of the Board of Directors shall be those set out in Article VII, hereinbelow.

Section 2. Term of Office. At the first annual meeting, the Members shall elect three (3)

Directors. The term of Office of the Director receiving the highest plurality of votes shall be established at three (3) years, the second highest number of votes at two (2) Years and the third at one (1) year. Thereafter, as many Directors of the Association shall be elected at each annual meeting as there are regular terms of office as Directors expiring at the annual meeting of the Members each year shall be for three (3) years, expiring at the third annual meeting following their election, and thereafter until their successors are duly elected and qualified.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board, and shall serve until the next Annual Meeting, at which time the Members shall elect a new Director who shall serve for the unexpired term.

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 his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each Lot owned within the Properties and each Owner for any lot, by acceptance of a deed therefor, whether or not is shall be so expressed in such deed is deemed to covenant and agree to pay to the Association: (1) annual. assessments or charges; and (2) special assessments for capital improvements or special assessments to be established by the Board of Directors of the Association, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall in addition to being a continuing lien upon the property also be the obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them. Notwithstanding the foregoing, the Declarant shall not be required to pay any annual or special assessment for any Lot owned by it for the period ending eighteen (18) months from the date of the recordation hereof; provided, the Declarant shall pay any such assessments for a Lot Upon which is commences residential construction beginning thirty (30) days after commencement of such construction.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents of the Properties and in particular for the improvement and maintenance of the Common Areas and services devoted to this purpose, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, and maintenance of insurance in accordance with the By-Laws.

Section 3. Maximum Annual Assessment. The maximum annual assessment shall be Three Hundred and no/100 Dollars (\$300.00) per Lot. Pond Lots will be assessed an additional amount of Twenty Five and no/100 Dollars (\$25) per year for dam and spillway maintenance.

(a) The maximum annual assessment for the calendar year 2000 and for each calendar year thereafter shall be established by the Board of Directors for any calendar year without approval by the membership by an amount not to exceed ten percent (10%) of the maximum annual assessment of the previous year.

(b) The maximum annual assessment for the calendar year 2000 and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the costs of any construction, reconstruction, repair or replacements of a capital improvement to the common Areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and shall be collected on an annual basis.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 4 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty five percent (25%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Rate of Annual Assessment. Annual and special assessments must be fixed at a uniform rate for all Lots and shall be collected on an annual basis. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain such sums as are expended by the Association for the purposes as set forth herein.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall be collected on an annual basis. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Nonpayment of Assessment: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall incur a charge from the due date of \$10.00 per month until paid. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be

subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof; shall extinguish the lien for such assessments as to the payment thereof which becomes due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from Liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust.

Section 10. Conflicts. In the event of any irreconcilable conflict between the Declaration and the By-Laws of the Association provisions of the Declaration shall control. In the event of an irreconcilable conflict between this Declaration or the By-Laws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1: Chairman: The Chairman shall preside at all meetings of the members and board of directors. The Chairman, along with the Secretary, shall sign for and on behalf of the corporation, or in its name, all obligations, deeds, mortgages, contracts and other instruments in writing, except that contracts may be signed with like effect by any other officer or employee of the corporation specified in these by-laws or designated by the board of directors. While actively engaged in conducting the business of the corporation, he shall be charged with all the duties and have all the authority customarily performed and exercised by the chief executive of a corporation organized under the laws of North Carolina, and shall perform such other duties as may be prescribed by the board.

Section 2: Secretary: It shall be the duty of the secretary to record and keep the minutes of all meetings of the members, the board of directors, and any standing committee appointed by the Board of Directors. At the discretion of the board, he shall give bond made by a duly authorized surety company in such sum as may be required of him by the board, conditioned for the proper accounting of all moneys and property coming into his hands by virtue of this office. The premium on such bond shall be paid by the corporation. He shall keep the seal of the corporation and affix and attest the same upon any instrument executed by the corporation requiring a seal, except as otherwise ordered by the board of directors. At the expiration of his term, from whatever cause, he shall surrender all books, moneys, papers and property of the corporation to his successor.

The Secretary shall also act as the treasurer of the corporation and shall be the custodian of all moneys belonging to the corporation and shall hold all funds of the corporation subject to the order of the board of directors or persons thereunto authorized by the board of directors. He shall deposit the funds of the corporation with such bank or banks as the board of directors may approve and designate. At each annual meeting of the members, and at each annual meeting of the directors, and whenever called upon at any other directors' meeting, he shall make a complete and correct report of his accounts and disclose the true financial condition of the corporation. He shall submit his books and accounts for audit when so requested by the board of directors.

Section 3: Standing Committees: The board of directors may also, from time to time, appoint any standing committees deemed by it expedient, and refer to such special committees any special matters with instructions and/or powers to act. All such special committees shall keep regular minutes

of the transaction of their meetings and make such minutes available to the board of directors at the next meeting thereof following the proceedings of the special committee.

Section 4: Deposits: All moneys of every kind belonging to the corporation shall be deposited to its credit in a bank or banks designated by the board of directors, and no moneys shall be withdrawn there from unless the checks or other orders evidencing such withdrawals are signed by such officers or employees of the corporation as may be designated by resolution of the board of directors duly adopted.

Section 5: Contracts: The board of directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these by-laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 6: Checks, Drafts, Etc.: All checks, drafts, orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

Section 7: Loans to Corporation: Should any of the members be asked to lend money to the corporation in the form of either promissory notes or bonds, these loan shall be executed in writing in the usual form for promissory notes or bonds, and shall bear the maximum rate of interest which the law permits an individual to pay for money that the corporation may borrow. This provision applies to all tenders of money or assets which a member may transfer to the corporation with the intent that it be treated as a loan.

Section 8: Corporate Seal: The corporation shall have a corporate seal in the form of two circular conforming metal discs bearing the imprint and inscription of the name of the corporation with, in the center, the words "Corporate Seal, North Carolina" and the year of incorporation.

Section 9: Use: The corporate seal shall be impressed upon all instruments executed by the corporation upon which a seal is required by law.

Section 10: Authorization: In the absence of the Secretary, any member of the Board of Directors authorized by a resolution of the board of directors to do so may affix the seal of the corporation to any instrument requiring a seal.

Section 11: Fiscal Year: The fiscal year of the corporation shall be the calendar year and shall run from January 1 to December 31 of each year.

ARTICLE VIII

AMENDMENTS TO THE BYLAWS

Section 1: Vote Required: These by-laws may be enlarged, amended or repealed by a two-thirds vote of the Members of the corporation at any regular meeting of the members or at any special meeting of the members called for that purpose, or by a two-thirds vote of the board of directors at any meeting of the board of directors called for that purpose.

Section 2: Meetings for Adoption: Such amendment, enlargement or repeal may be adopted at any annual meeting of the members without previous notice, but if contemplated at a special members'

meeting, notice thereof shall be given in the call for the meeting.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 1: Exempt Activities: Notwithstanding any other provision of these by-laws, no member, trustee, officer, employee, or representative of this corporation shall take any action or carry on any activity by or on behalf of the corporation no permitted to be taken or carried on by a not for profit corporation, or by an organization, contributions to which are deductible under §170(c)(2) of such Code and Regulations as they now exist or as they may hereafter be amended.

Section 2: Election of Chairman Pro Tem: In the absence of the chairman, at any members or directors meeting, the members or directors present shall elect a chairman pro tem, who shall preside at the meeting and exercise the same powers as the chairman could if present.

Section 3: Parliamentary Law: When not in conflict with these by-laws, Robert's Rules of Order, Revised, shall establish the rule of procedure at all members and directors meetings, and the provisions of that publication are incorporated by reference herein as the ruling law for this corporation.

Section 4: Corporate Minute Books and Membership Records: The minute books of this corporation shall be prepared, with the original placed in the office of the principal office of the corporation. Whenever any minutes, reports or other corporate documents are prepared, they shall be prepared and placed in the original minute book.

Section 5: Dealings by Directors: No contract or other transaction between this corporation and any other corporation, and no act of this corporation shall in any way be affected or invalidated by the fact that any of the directors of this corporation are pecuniary or otherwise interested in, or are directors or officers of, such other corporation. Any director individually, or any firm of which that director may be a member, may be a party to or may be pecuniary or otherwise interested in any contract or transaction of this corporation, provided that the fact that he or his firm have an interest in the transaction shall be disclosed to a majority of the board of directors of this corporation. Any director of this corporation who is also a director or officer of another corporation dealing with this corporation, or who has any personal interest in a matter before the board of this corporation, may be counted in determining the existence of a quorum at any meeting of the board of directors of this corporation which shall authorize any action that may affect that director or that other corporation. That director may vote at such a meeting as if he were not a director or officer of the other corporation or was not personally interested.

Section 6: Non-Liability of Members, Officers and Directors: The members and directors of this corporation shall not be individually liable for the corporation debts or other liabilities, and private property of such individuals shall be exempt from corporation debts or liabilities.

Section 7: Indemnification of Officers: The corporation shall indemnify every person, his heirs, executors and administrators, against all expenses reasonably incurred by such person in connection with any action, suit or proceeding to which such person may be made a party by reason of that person being or having been a director of this corporation or by reason of such director or former director becoming a party to any such action, suit or proceeding at the request of or at the direction of this corporation or any successor hereto; provided, however, there shall be no indemnification in relation to any matter as to which such person shall be finally adjudged in such action, suit or proceeding to be

liable for negligence or misconduct. In the event of a settlement of such action, suit or proceeding, indemnification of such person shall be provided only in connection with such matters covered by such settlements to which the corporation is advised by counsel that such person to be indemnified did not commit such a breach of duty. This right of indemnification shall be exclusive of other rights to which such person may be entitled. As used in this by-law, expenses shall include, but shall not be limited to, amounts of judgments, penalties or fines and interest thereon for reasonable periods of time, rendered, levied or adjudged against such persons, costs of the action, suit or proceeding, attorneys' fees, expert witness fees and amounts paid in settlement by such persons, provided that such settlement shall have been or is thereafter approved by the board of directors of this corporation. This by-law is made a part of these by-laws to comply with and to take full advantage of North Carolina laws governing such indemnification.

Section 8: Authority to Sell Corporate Assets: With the consent or ratification in writing or pursuant to the vote of a majority of members entitled to vote thereon, the board of directors will have the powers and authority to lease, sell, assign, transfer, convey or otherwise dispose of the entire property of the corporation, irrespective of the effects thereof upon the continuance of the purposes of the corporation and the exercise of its franchise; but the corporation may not be dissolved except as provided by the laws of the State of North Carolina.

Section 9: Event of Emergency: During any emergency, the following actions may be taken:

a. A meeting of the Board of Directors may be called by any director of the corporation. Notice of the time and place of the meeting shall be given by the person calling the meeting to such of the directors as it may be feasible to reach by any available means of communication. Such notice shall be given at such time in advance of the meeting as circumstances permit in the judgment of the person calling the meeting.

b. At any such meeting of the Board of Directors, a quorum shall consist of any two directors. For the purpose of attaining a quorum in times of such emergency to effect the continued conduct of the corporation, all officers of the corporation shall immediately become temporary directors of the corporation until the termination of the emergency, without election by the members or appointment by the Board of Directors.

c. The Board of Directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such an emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties.

d. The Board of Directors, either before or during any such emergency, may, effective in the emergency, change the head office or designate several alternative head offices or regional offices, or authorize the officers so to do.

Section 10: Non-Liability: No director or employee acting in an emergency and in accordance with these emergency by-laws shall be liable except for willful misconduct.

IN WITNESS WHEREOF, the undersigned, being the Chairman of the Special Meeting called for the purpose of the ratification and passage of these bylaws, has caused this instrument to be signed in its corporate name by its chairman and its seal to be hereunto affixed by authority of its Board of

Directors, the _____ day of _____ 2007.

COBLE ESTATES HOMEOWNERS' ASSOCIATION, INC.

By: _____
Chairman

Attest: _____
Secretary

NORTH CAROLINA ALAMANCE COUNTY

I, _____, a Notary Public of the aforesaid County and State, certify that _____, personally came before me this day and acknowledged that he is Secretary of COBLE ESTATES HOMEOWNERS' ASSOCIATION, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Chairman, sealed with its corporate seal and attested by its Secretary.

Witness my hand and official seal, this _____ day of _____, 2007.

Notary Public

My Commission expires: _____