

BYLAWS
OF
THE OAKS II HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is The Oaks II Homeowner's Association, Inc. The principal office of the corporation shall be located at 108 New Castle Drive, Chapel Hill, North Carolina 27514, but meetings of Lot Owners and Directors may be held at such places within the State of North Carolina, County of Orange as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 2.1 The terms defined below shall be deemed to have the meanings specified whenever they appear in these Bylaws and the Articles of Incorporation unless the context otherwise requires. These definitions shall apply whether or not the defined terms are capitalized.

"Articles of Incorporation" means the articles of incorporation of the Association, as amended from time to time.

"Association" means The Oaks II Homeowner's Association, Inc., a North Carolina nonprofit corporation, formed for the purpose of exercising the powers of the Association under these Bylaws and the Articles of Incorporation.

"Board of Directors" or "Board" means the board of directors of the Association, which is the governing body of the Association.

"Bylaws" means the bylaws of the Association, as amended from time to time.

"Director" means a member of the Board of Directors.

"Lot Owner" has the same meaning as Owner and means one or more persons who own a Lot and who has paid the annual dues required by the Association for membership therein. This term does not include a mortgagee in his capacity as such.

"Majority" means more than fifty (50%) percent in any context, unless a different percentage is expressly required.

"Member" has the same meaning as Lot Owner.

"Officer" means an officer of the Association.

"Owner" has the same meaning as Lot Owner.

"Person" means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture or other legal entity, or any combination thereof.

"Submitted Property" means the property lawfully subjected to the provisions of the Restrictive and Protective Covenants recorded at Book 528, Page 488, Orange County Registry from time to time. The original Submitted Property, before the addition of any additional property, is the land described and shown in Plat Book 42, Page 70 through 73, together with all improvements thereon and all rights and easements appurtenant thereto. This term shall include any additional property that has been lawfully subjected to such Restrictive and Protective Covenants, from and after the date that such additional property is subjected to such Restrictive and Protective Covenants.

"Vote" means the vote in the Association to which each Member is entitled. No Member shall be entitled to more than one vote on Association matters, regardless of the number of Lots owned by such Lot Owner.

ARTICLE III

MEMBERSHIP

An Owner of a Lot shall automatically become a member of the Association upon payment of the annual dues to the Association, taking title to the Lot and shall remain a member, upon payment of the annual dues, for the entire period of ownership. If title to a Lot is held by more than one person, the membership shall be shared in the same proportion as the title, but there shall be only one membership per Lot. Membership does not include a mortgagee, and the giving of a mortgage shall not terminate the Lot Owner's membership. Membership, upon payment of the annual dues to the Association, shall be appurtenant to the Lot to which it appertains, shall be transferred automatically by conveyance of that Lot, and may be transferred only in connection with the conveyance of title of that Lot.

ARTICLE IV

MEETINGS OF MEMBERS

Section 4.1 Annual Meeting. The annual meeting of the Members shall be held for the purpose of transacting any business authorized to be transacted by the Members; provided, however, if that day is a legal holiday, this meeting shall be held at the same hour on the next succeeding day.

Section 4.2 Substitute Annual Meeting. If the annual meeting of the Members is not held as provided in Section 4.1, any business, including the election of Directors, which might properly have been acted upon at that meeting may be acted upon at any subsequent Members meeting held pursuant to these Bylaws or to a court order requiring a substitute annual meeting.

Section 4.3 Special Meetings. Special meetings of the Members may be called at any time by the president, secretary, any two or more Directors or, upon written request of the Members who are entitled to Vote, one-fourth (1/4) of all of the Votes in the Association.

Section 4.4 Notice of Meetings. Written notice of each meeting of 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 by email or by the United States Postal Service or similar carrier, postage prepaid, not less than seven (7) days nor more than sixty (60) 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. Proof of such mailings shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings by majority Vote of the Members of the Association.

Section 4.5 Quorum. The presence at the meeting of Members entitled to cast, Members voting by absentee ballot or of proxies entitled to cast, one-tenth (1/10) of the Votes in the Association shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Members present and entitled to Vote shall have 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. The presence of a Member at the beginning of a meeting shall constitute the presence of such Member for the purpose of determining a quorum.

Section 4.6 Proxies. At all meetings of the Members each Member may vote in person or by proxies. 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. No Member may vote more than two (2) proxies.

Section 4.7 Absentee Ballots. At all meetings of Members each Member may Vote by absentee ballot. The Secretary or person authorized to call the meeting shall mail an absentee ballot, postage pre-paid, or email, not less than seven (7) days nor more than sixty (60) 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. The absentee ballot shall contain a brief statement of the issues known to the Secretary to be considered at the meeting and a statement indicating what a "for" and "against" vote means with respect to these issues. Absentee ballots must be actually delivered to the Secretary prior to the beginning of the meeting to be considered and counted. Proof of mailing the absentee ballots shall be given by the affidavit of the Secretary.

Section 4.8 Order. The order of business at annual Members' meetings, and, as far as practical at all other Members' meetings, shall be:

- a. Calling of the roll and certifying of proxies and absentee ballots.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of any unapproved minutes.
- d. Unfinished business.
- e. New business.
- f. Adjournment.

Section 4.9 Conduct of Meetings. The President shall preside over all Members meetings. The Secretary shall keep a minute book with all resolutions adopted by the Members, minutes of all meetings, and all written consents to actions taken without a meeting. Robert's Rules of Order (latest edition) shall govern the conduct of the meeting.

Section 4.10 Adjournments. Any meeting of the Members, whether or not a quorum is present, may be adjourned by a Majority of the Votes at the meeting to reconvene at a specific time and place. It shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the time and place of the reconvened meeting are announced at the meeting which was adjourned. Any business may be transacted which could have been transacted at the meeting which was adjourned, if a quorum is at the reconvened meeting.

Section 4.11 Action of Members Without a Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if a written consent setting forth the action authorized, is signed by all of the Members. The

consent shall be filed in the minute book or other appropriate records by the Secretary. It shall then have the same effect as a unanimous Vote of the Members at a special meeting called for the purpose of considering the action authorized.

Section 4.12 Vote Required for Action. Except as otherwise provided by the Nonprofits Corporation Act or herein, the act of a Majority of the Members at a meeting at which a quorum was present shall be the act of the Members.

ARTICLE V

BOARD OF DIRECTORS

Section 5.1 General Powers. The business and affairs of the Association shall be managed by the Board of Directors. The Board Shall have all powers of the Association that are not required by law, the Articles of Incorporation or these Bylaws to be exercised by the Members. The powers of the Association include those set forth in Section 55A-15 of the North Carolina Nonprofit Corporation Act.

Section 5.2 Qualifications. Each Director must be a Member.

Section 5.3 Nomination. Nomination for election to the Board of Directors shall be made by any Member. A member may nominate any number of qualified individuals. Separate nominations shall be made for each seat on the Board for which a Director is to be elected. The nominations shall be included with the notice of the meeting. Nominations shall also be allowed from the floor at the meeting.

Section 5.4 Election. Subject to Section 5.5 hereof, election to the Board of Directors shall be by written or verbal ballot. At such election the Members, Members by their absentee ballots, or their proxies may cast, in respect to each vacancy, as many Votes as they are entitled to exercise under the provisions hereof. The Member or Members receiving the largest number of Votes shall be elected. Cumulative voting shall not be permitted.

Section 5.5 Number and Term of Office. The Board shall consist of seven (7) Directors with each having a two (2) year term of office. The Directors shall be divided into two (2) classes with the terms of one class expiring each year. Four (4) Directors shall be elected in even numbered years and three (3) Directors shall be elected in odd numbered years. Section 5.3 shall govern nominations. Each Director shall serve until his term expires and his successor has been elected and qualified, subject to removal, disqualification, or resignation.

Section 5.6 Removal. Any Director may be removed from office with or without cause by a Vote of at least sixty-seven percent (67%) of the Members at any meeting of the Association at which a quorum is present. Removal action may be taken at any annual or special meeting with respect to which notice of such purpose has been given. A removed Director's successor may be elected at the same meeting to serve the unexpired term.

Section 5.7 Vacancies. A vacancy occurring on the Board of Directors may be filled by a Majority of the Directors remaining in office though less than a quorum of the Board of Directors. The Director so elected by the Board shall serve until the next annual meeting, at which time a Director shall be elected by the Members for the remaining term, if any.

Section 5.8 Compensation. Directors shall not receive compensation for their services as Directors. Directors may be reimbursed to proper expenses of the Association advanced by such Director if such expenses are authorized by the Board of Directors. A Director may serve the Association in another capacity and receive compensation, if disclosed to the Board in advance in writing.

Section 5.9 Committees of the Board of Directors. The Board may designate from among its members an executive committee and one or more other committees, each consisting of at least one (1) Director. Each committee shall have the authority set forth in the resolution establishing the committee.

ARTICLE VI

MEETINGS OF THE BOARD OF DIRECTORS

Section 6.1 Place of Meetings. Directors may hold their meetings at any place within reasonable proximity to The Oaks II as the Board may from time to time establish.

Section 6.2 Regular Meetings. Regular meetings of the Board of Directors shall be held at least once every six (6) months on a regular schedule established by the Board.

Section 6.3 Special Meetings. Special meetings of the Board may be called by the President, the Secretary, or any two Directors.

Section 6.4 Notice of Meetings. No notice shall be required for regularly scheduled meetings. Notice of each special meeting shall be given to each Director stating the time, place and purpose of the meeting. The

notice shall be given by mail posted at least five (5) days before the meeting or by email, telephone, telegram, cablegram or personal delivery at least three (3) days before the meeting. Notice by telegram or cablegram shall be deemed delivered at the time the notice is filed with the transmitting agency. Notice by telephone or personal delivery shall be deemed effective only when actually communicated to the Director.

Section 6.5 Quorum. A quorum shall be deemed present throughout any meeting of the Board of Directors when Directors entitled to cast a Majority of the votes on the Board are present at the beginning of the meeting.

Section 6.6 Voting. Except as otherwise provided by law, the act of a Majority of the Directors present at a meeting at which a quorum is present at the time shall be the act of the Board of Directors. Each Director shall have one equal vote on the Board.

Section 6.7 Adjournments. Any meeting of the Board, whether or not a quorum is present, may be adjourned by a Majority of the Directors present to reconvene at a specific time and place. It shall not be necessary to give notice of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting which was adjourned. Any business may be transacted which could have been transacted at the meeting which was adjourned, if a quorum is present at the reconvened meeting.

Section 6.8 Action by Directors Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent is signed by all the Directors and is filed with the minutes of the Board. The consent shall have the same force and effect as a unanimous vote of the Board.

Section 6.9 Conduct of Meetings. The President shall preside over all meetings of the Board. The Secretary shall keep a minute book with all resolutions adopted by the Board, minutes of all meetings, and all written consents to actions taken without a meeting and proceedings occurring at such meetings. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1 Powers. The Board of Directors shall have power to:

- a) 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 law;
- b) 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;
- c) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- d) exercise such other powers as are conferred upon the Association by the Articles of Incorporation or these Bylaws; and
- e) exercise all powers set forth in Section 55A-15 of the North Carolina Nonprofit Corporation Act.

Section 7.2 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 of the Members, or at any special meeting which such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
- c) to:
 - 1) fix the amount of the annual dues against each Lot at least thirty (30) days in advance of each annual period; and
 - 2) send written notice of each change in the annual dues to every Member subject thereto at least thirty (30) days in advance of each annual period.
- d) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- e) provide a summary of the proposed budget to all Members not less than seven (7) days prior to the annual meeting;
- f) to perform all other duties imposed by the Articles of Incorporation and these Bylaws;
- g) pay any license fees or governmental charges levied or imposed against the property, real or personal, owned by the Association; and
- h) appoint an Audit Committee to review the Association's books and records and report to the Membership at the annual meeting.

ARTICLE VIII

OFFICERS

Section 8.1 Number. The Officers of the Association shall consist of a President, one or more Vice Presidents as designated by the Board, a Secretary, a Treasurer and 3 General Board Members as designated by the Board. The Association shall not be required to have at any time any Officers other than a

President, Secretary and Treasurer. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 8.2 Election and Term. All Officers shall be elected by the Board and shall serve at the pleasure of the Board. Only Directors shall qualify to hold the offices of the Association.

Section 8.3 Compensation. Officers shall not receive compensation for their services as Officers. Officers may be reimbursed to proper expenses of the Association advanced by such Officer if such expenses are authorized by the Board of Officers. A Officer may serve the Association in another capacity and receive compensation, if disclosed to the Board in advance in writing.

Section 8.4 Removal. Any Officer or agent elected by the Board may be removed by the Board at any meeting with respect to which notice of such purpose has been given to the Directors.

Section 8.5 President. The President shall be the chief executive officer of the Association and shall have responsibility for the general supervision of the business of the Association. He shall see that all orders and resolutions of the Board are carried into effect. The President shall perform such other duties as may from time to time be delegated to him by the Board. He shall have all the general powers and duties which are incident to the office of the President of a corporation organized under the North Carolina Nonprofit Corporation Act.

Section 8.6 Vice Presidents. The Vice President shall, in the absence or disability of the President, or at the direction of the President, have the duties and powers of the President. If the Association has more than one Vice President, the Board shall designate one of them to act for the President. Vice Presidents shall have whatever duties and powers the Board may from time to time assign.

Section 8.7 Secretary. The Secretary shall keep accurate and complete records of all meetings of Lot Owners, Directors and committees of Directors, including minutes of the meetings, all resolutions adopted and all consents to actions without a meeting. He shall have authority to give all notices required by law or these Bylaws. He shall be custodian of the corporate books, records, contracts and other documents. The Secretary may affix the corporate seal to any lawfully executed documents requiring it and shall sign such instruments as

may require his signature. The Secretary shall have whatever additional duties and powers the Board may from time to time assign him or may be incident to the office of secretary of a corporation organized under the North Carolina Nonprofit Corporation Act.

Section 8.8 Treasurer. The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse them under the direction of the Board. The Treasurer shall keep full and true accounts of all receipts and disbursements and shall make reports to the Board and President upon request. He shall perform all duties as may be assigned to him from time to time by the Board. The Treasurer shall prepare or cause to be prepared all required financial statements, tax returns and budgets. If the Association employs a property manager, accountant, attorney or other agent, the duties may be delegated to the agent. However, the Treasurer shall remain responsible for supervising the agent.

Section 8.9 General Board Members. The General Board Members shall, in general, perform any other duties assigned to them by the Board.

Section 8.10 Bonds. The Board may require any or all of the Officers, agents or employees of the Association to give bonds, at the Association's expense, to the Association, with sufficient surety, conditioned on the faithful performance of the duties of their respective Offices or positions.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Fiscal Year. The fiscal year of the Association shall begin on the first day of October and end on the thirtieth (30th) day of September of every year, except that the first year shall began on the date of incorporation of the Association.

Section 9.2 Seal. The corporate seal of the Association shall be in circular form having within its circumference the words: The Oaks II Homeowner's Association, Inc. - Corporate Seal.

Section 9.3 Inspection of Books and Records. All accounts, books and records of the Association shall be open to inspection by the Members during normal business hours subject to such reasonable rules as the Board may establish.

Section 9.4 Indemnification. Each Director or Officer shall be indemnified by the Association against those expenses which are allowed by the

laws of North Carolina and which are reasonably incurred in connection with any action, suit or proceeding, whether completed, pending or threatened, in which such person may be involved by reason of his being or having been a Director or Officer. Indemnification shall be made only in accordance with the laws of North Carolina. The Association may purchase and maintain insurance on behalf of any such Officers and Directors against any liabilities asserted against them whether or not the Association would have the power to indemnify the Officers and Directors against the liability under the laws of North Carolina. If any expense or other amounts are paid by way of indemnification, other than by court order, by action of Members or by an insurance carrier, the Association shall provide notice of such payment to the Members in accordance with the laws of North Carolina.

Section 9.5 Waiver of Notice. Whenever any notice is required to be given to any Member or Director, a waiver signed by the Director or Member entitled to such notice, whether before or after the meeting to which the waiver pertains, shall be deemed equivalent to proper notice. Attendance at a meeting, whether in person, by absentee ballot or by proxy, shall be a waiver of notice of the time and place unless specific objection to improper notice is made when the meeting is called to order. Attendance shall also be a waiver as to all business transacted unless specific objection is made before the objectionable business is put to vote.

Section 9.6 Amendment. These Bylaws may be amended at a regular or special meeting of the Members, by the Vote of at least two-thirds (2/3) of the quorum of Members present in person or by proxy.

Section 9.7 Self-Dealing. Each Director and Officer and any property manager shall disclose in the written minutes of the Board any contract or agreement of any kind between the Association and any person or entity to which is related by blood or marriage or in which he has an interest, whether direct or indirect.

Section 9.8 Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control.