

BYLAWS
OF
PEPPER RIDGE
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Pepper Ridge Homeowners Association, Inc. hereinafter referred to as the "Association."

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to Pepper Ridge 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 Pepper Ridge and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Lot" shall mean and refer to any separately numbered plot of land shown upon any recorded subdivision map of the Properties.

Section 4. "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 Properties, but excluding those having such interest as security for the performance of an obligation.

Section 5. "Declarant" shall collectively mean and refer to Ridgewood of Greensboro, LLC and its successors and assigns, if Declarant shall expressly convey its rights as developer under the Declaration to such successor or assign.

Section 6. "Declaration" shall mean and refer to any Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded in the Office of the Register of Deeds of Guilford County, North Carolina in Deed Book 6053 at Page 3038. Except as otherwise herein defined, the capitalized terms used herein shall have the meaning set forth in the Declaration.

Section 7. "Member" shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the Declaration and in Article III of these Bylaws.

ARTICLE III
MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. All Owners and Declarant shall be Members of the Association. The voting rights of the Members shall be as provided by the Declaration. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. The President of the association shall have the authority to require that such multiple Owners of a Lot file a certificate with the Secretary of the Association, signed by all of the Owners, designating the person entitled to cast the vote for such Lot. Such certificate shall be valid until revoked by a subsequent certificate. If such certificate is not filed when required, the vote of such Owners shall not be considered in determining the requirements for a quorum or for any other purpose.

ARTICLE IV
MEETINGS OF MEMBERS

Section 1. Annual Meetings . The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular 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 one-fourth (1/4) of all the votes of the Class A 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 fifteen (15) 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 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-fourth (1/4) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat 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.

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 Directors who need not be Members of the Association. During the Development Phase (as defined in Article VI, Section 1 below), the Board of Directors shall consist of two (2) persons. Following the Development Phase, each succeeding Board of Directors shall consist of five (5) persons.

Section 2. Term of Office. Each director designated by the Declarant during the Development Phase shall serve a term of two (2) years. At the first annual meeting following the Development Phase, the Members shall select three (3) directors for a term of two (2) years and two (2) directors for a term of one (1) year; and at each annual meeting thereafter the members shall elect directors for a term of two (2) years.

Section 3. Removal of Directors Designated by Declarant. The Declarant shall have the absolute right at any time, in the Declarant's sole discretion, to replace such person or persons that the Declarant has designated to the Board of Directors with another person or persons to serve on the Board of Directors. Replacement of any person or persons designated by the Declarant to serve on any Board of Directors of the Association shall be made by written instrument delivered to any officer of the

Association, which instrument shall specify the name or names of the person or persons to be replaced and the name or names of the person or persons designated as successor or successors to the persons so removed from the Board of Directors. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by the Declarant to any officer of the Association.

Section 4. Removal of Other Directors. Any director, other than those designated by the Declarant, may be removed from the Board, with or without cause, by a majority vote of the Members of the Association present at a meeting called for that purpose. In addition, the Board of Directors may 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. 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 5. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. 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. If permitted by law, a director's consent to action taken without meeting may be in electronic form and delivered by electronic means.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

Section 1. Designation of Directors During Development Phase. During the Development Phase, the Declarant shall have the right to designate the Board of Directors of the Association. For purposes of these Bylaws, the "Development Phase" shall mean the period beginning on the date of incorporation of the Association and continuing until the earlier of (a) December 31, 2007, (b) the date when the Declarant has conveyed each and every Lot within the Properties to a party other than a successor Declarant, and (c) the date when the Declarant notifies the Association in writing that the Declarant has waived its right to designate the Board of Directors. The designation of the Board of Directors shall be by a written instrument included in the minutes of the Association.

Section 2. Nomination and Election of Directors after Development Phase. Nomination and election of the Board of Directors after the Development Phase shall be conducted as provided in this Section.

(a) Nomination for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. If a Nominating Committee is established by the Board of Directors, the Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. 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.

(b) Election to the Board of Directors shall be by secret written ballot unless otherwise approved by a majority vote of those Members present in person and by proxy at such meeting. At such

election the Members or their proxies may cast, in respect to each vacancies as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII
MEETINGS OF DIRECTORS

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 Directors.

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 majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment, dues or charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

(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;

(c) contract for the benefit of the Property 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 (including contracts for the management of the Property) 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 this 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; and provided further that, any undertaking or contract entered into by the Association at a time before the Declarant has transferred control of the Association to Lot Owners shall contain a provision reserving the right of the Association to terminate such undertaking or contract upon not more than ninety (90) days written notice to the other parties) thereto.

(d) employ attorneys to represent the Association when deemed necessary.

(e) establish an initiation fee to be assessed against each new Owner who acquires title to a Lot in order to defray certain administrative costs, including for example only, providing copies of the bylaws, declaration, rules and regulations, budget, assessment schedule, and other pertinent information.

(f) establish rules and regulations governing the Property and the conduct of Owners and their guests, lessees and other agents on the Property, and to establish penalties for the infraction thereof.

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, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the class A Members who are entitled to vote;

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

(c) as more fully provided in 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;

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

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date 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 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 directors, officers, agents and employees and procure and maintain adequate hazard insurance on the real and personal property owned by the Association in such amounts and covering such risks as the Board of Directors determines in its reasonable discretion;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) perform such services as set out in the Declaration.

ARTICLE IX OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and one vice-president, who shall at all times be members of the board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create, including additional vice-presidents who need not be members of 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 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.

Section 4. Special Appointments. 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 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or secretary. Such resignation shall take effect on the date or 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. 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 are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President. 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.

(c) Secretary. 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 Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. 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; if ordered by the Board, 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 resented to the membership at its regular annual meeting, and deliver a copy of each to the Members. The Board of Directors may delegate responsibilities of the treasurer to a professional property manager selected by the Board of Directors.

ARTICLE X
COMMITTEES

The Board of Directors may 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 XI
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. 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.

ARTICLE XII
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. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and 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, late fees, costs and reasonable attorney's fees of any such action shall be added to the amount of the assessments. In addition, or as an alternative to the charging of interest, the Board of Directors may, in its reasonable discretion, assess a late fee for assessments not timely paid. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of facilities or services provided by the Association or abandonment of his or her Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

ARTICLE XIII
CORPORATE SEAL

The association shall have a seal in circular form having within its circumference the words: Pepper Ridge Homeowners Association, Inc.

ARTICLE XIV
AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by the vote of a majority of the quorum of Members present and entitled to vote in person or by proxy. Notwithstanding the above, during the Development Phase, the Members may amend Articles V and VI of these Bylaws only with the written consent of the Declarant.

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

ARTICLE XV
MISCELLANEOUS

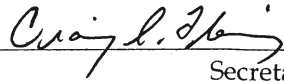
The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Pepper Ridge Homeowners Association, Inc., a North Carolina corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 19TH day of MARCH, 2004.



Secretary

(Corporate Seal)