

BY-LAWS
of
Sycamore Grove HOA of Wilmington, Inc.

ARTICLE I
NAME

The name of the corporation is **Sycamore Grove HOA of Wilmington, Inc.**, hereinafter referred to as the "Association". The initial principal office of the corporation shall be located as stated in the Articles of Incorporation, but meetings of Members and Directors may be held at such places within the State of North Carolina, as may be designated by the Board of Directors. The principal office of the Association and its registered agent may be changed by the Board of Directors as specified in the latest annual report filed with the Office of the Secretary of State, Raleigh, North Carolina.

ARTICLE II
DEFINITIONS

SECTION 1. Additional Property shall mean and refer to any lands which are now owned or may be hereafter acquired or developed by Declarant, in addition to the three phases of Sycamore Grove subdivision, and annexed to and made a part of the Planned Community (as defined in the recorded Covenants, Conditions and Restrictions for Sycamore Grove).

SECTION 2. Allocated Interest shall mean the Common Expense Liability and votes in the Association allocated to each Lot.

SECTION 3. Association shall mean and refer to Sycamore Grove HOA of Wilmington, Inc. a North Carolina non-profit corporation, its successors and assigns, the owners association organized pursuant to Section 47F-3-101 of the Act for the purposes set forth herein.

SECTION 4. Association Maintenance Area shall mean any land areas or facilities which the Association is obligated to operate or maintain which are not Common Elements, as more particularly set forth in the recorded Declaration of Covenants, Conditions and Restrictions for Sycamore Grove.

SECTION 5. Common Elements or Common Area shall mean and refer to all lands and easements within or appurtenant to the Planned Community which are owned by the Association, other than a Lot, and intended for the common use and enjoyment of the Owners, including, without limitation, passive open space, common amenities, and storm water system and retention ponds within the Planned Community.

SECTION 6. Common Expenses means expenditures made by or financial liabilities of the Association together with any allocations to reserves.

SECTION 7. Common Expense Liability means the liability for Common Expenses allocated to each Lot as permitted by the Act, this Declaration or otherwise by law.

SECTION 8. Declarant shall be used interchangeably with Developer (which designations shall include singular, plural, masculine and neuter as required by the context) and shall mean and refer to Schroeder Builders, LLC., its successors and assigns, if such successors or assigns should acquire undeveloped property from the Declarant or a Lot not previously disposed of for the purpose of development and reserves or succeeds to any Special Declarant Right.

SECTION 9. Declaration shall mean the recorded instrument which creates the Planned Community, as may be from time to time amended or supplemented.

SECTION 10. Executive Board shall be used interchangeably with the Board of Directors and means the body, regardless of name, designated in this Declaration to act on behalf of the Association.

SECTION 11. Limited Common Elements shall mean areas and facilities, if any, within any Lot which are for the exclusive use of the Lot owner but which the Association is obligated to maintain pursuant to the terms of this Declaration.

SECTION 12. Lot(s) shall mean and refer to any numbered portion of the Planned Community designated by recorded plat for separate ownership by a Lot Owner.

SECTION 13. Owner(s) shall mean the Declarant or other Person who owns a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. Owner(s) also means Member(s) of the Association.

SECTION 14. Person means a natural person, corporation, limited liability company, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, or agency or other legal or commercial entity.

SECTION 15. Planned Community shall mean and refer to the Property plus any Additional Property made a part of Planned Community by the exercise of any Special Declaration Right.

SECTION 16. Purchaser means any Person, other than a Declarant or a Person in the business of selling real estate for the purchaser's own account, who by means of a voluntary transfer acquires a legal or equitable interest in a Lot, other than (i) a leasehold interest (including renewal options) of less than 20 years, or (ii) as security for an obligation.

SECTION 17. Special Declarant Rights means rights reserved for the benefit of a Declarant including without limitation the right (i) to complete improvements indicated on plats and plans filed with or referred to in this Declaration; (ii) to exercise any development right

reserved to the Declarant by this Declaration or otherwise; (iii) to maintain sales offices, management offices; signs advertising the Planned Community, and models; (iv) to use easements through the common elements for the purpose of making improvements within the Planned Community or within real estate which may be added to the Planned Community; (v) to make the Planned Community part of a larger planned community or group of planned communities; (vi) to appoint or remove any officer or Executive Board member of the Association or any Master Association during the Declarant Control Period.

ARTICLE III MEETINGS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within eighteen months after the date of filing of the Articles of Incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter, on the day and at the hour specified in the notice to Members of the meeting, or as soon thereafter as practical.

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 of 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 ten (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.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-half (1/2th) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, or the Declaration, or these By-Laws. 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 represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing for each meeting and filed for each meeting with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV BOARD OF DIRECTORS; SERVICE; TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of at

least three (3) Directors, subject to Declarant rights as herein stated, who may but need not be Members of the Association. The first or initial Board of Directors shall be as stated in the Articles of Incorporation. The first Board shall serve until such time as Class B membership is converted to Class A membership or Declarant control is earlier relinquished to the Association.

Section 2. Term of Office. At an annual meeting or at a special meeting called by the President for such purpose, following the term of office of the first or initial Board of Directors, the Members shall elect three (3) Directors for staggered terms to wit: The first Director so elected shall serve for three years, the second Director so elected shall serve for two years, and the third Director so elected shall serve for one year; and, at the appropriate annual or special meeting(s) thereafter called for such purpose, the Members shall elect a Director for any term expiring in a given year for a term of three (3) years. Unless otherwise stated herein, the term of office for a Director shall be a three year period.

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 for the unexpired term of his predecessor.

Section 4. 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, as long as the same is not inconsistent with rules for maintaining tax-exempt status non-profit corporations.

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 V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors after the first board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. (Such nominations may be made from among members.)

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, 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 VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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 VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) establish reasonable rules and regulations governing the use and maintenance of the Properties, Limited Common Area and the facilities, improvements or signage located thereon;

(b) make or contract for the making of capital improvements upon the Common Area and Limited Common Area, including making of contracts for the maintenance, repair and upkeep of the storm water facilities in accordance with local and state government requirements; make or contract for the maintenance, repair and upkeep of the exterior of each dwelling located upon the Lots, including replacement of siding and roofs.

(c) enforce the provisions of the Declaration, these Bylaws, and the Rules and Regulations adopted by the Board and bring any proceedings which may be instituted on behalf of or against the owners concerning the Association;

(d) suspend the voting rights of a member during any period in which such Member shall be in default in the payment of any assessment levied by the Association;

(e) exercise for the Association all powers, duties and authority in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration, which include the power to make and levy assessments.

(f) 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;

(g) employ a manager, management company, an independent contractor, or such other employees as they deem necessary, and to delegate thereto the authority to carry out their duties; and

(h) take such action as may be necessary to protect the tax exempt status of the Association.

Section 2. Duties. It shall be the right and 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 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: fix the amount of any annual assessment against each Lot; send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and foreclose the lien against any property for which assessments are not paid in like manner as foreclosure of a mortgage or deed of trust, and/or to bring an action at law against the owner personally obligated to pay the same;

(d) issue, or to cause an appropriate officer or management agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain fidelity bond coverage, and liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded;

(g) cause the Common Area and amenities thereon to be maintained and in good repair, including the storm water facilities/ponds located thereon in compliance with the rules, regulations and guidelines established by the State of North Carolina for storm water facilities, and to maintain the entrance way/signage easement; and,

(h) file such documents with the Department of Revenue for the State of North Carolina and with the Internal Revenue Service so as to apply for and protect the Association's tax exempt status.

ARTICLE VIII OFFICERS

Section 1. Enumeration of offices. The officers of this Association shall be a president and secretary/treasurer, and such other officers as the Board may from time to time by resolution create.

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. The officers of this Association shall be elected by the Board and each shall hold office at the pleasure of the Board until such time as he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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. Any officer may resign upon written notice to the Board. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors and the Association; shall see that orders and resolutions of the Board are carried out; shall sign all contracts, leases, mortgages, deeds and promissory notes.

(b) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; 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 shall perform such other duties as required by the Board. Duties of the Secretary administrative in nature may be delegated to the Association's management agent.

(c) Treasurer. The treasurer, or the bonded management agent for the

Association 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 of the Association; keep proper books of account; upon request of the Directors cause an annual audit or review of the Association books to be made by an independent public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members requesting the same.

ARTICLE IX INDEMNIFICATION OF DIRECTORS AND OFFICERS

To the fullest extent as allowed by law, the corporation shall indemnify any Director or officer against liabilities and reasonable litigation expenses, including attorney's fees, incurred by him/her in connection with any action, suit, or proceeding in which he/she is made or is threatened to be made a party by reason of being or having been such Director or officer, except in relation to matters as to which he/she shall be adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of duty.

ARTICLE X COMMITTEES

The Board of Directors may appoint a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors, shall appoint other committees as deemed appropriate in carrying out its purpose, particularly in regard to collecting, receiving or obtaining information/correspondence from the State or County which may be helpful in proper maintenance of the storm water facilities.

ARTICLE XI BOOKS AND RECORDS

The books, records, financial statements and papers of the Association shall during reasonable business hours be subject to inspection by any Member, having first made appointment for such purpose. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be reproduced at reasonable cost.

ARTICLE XII ASSESSMENTS

Section 1: The Board of Directors may levy such annual assessments as are necessary to care for and maintain the Common Area and Association Maintenance Area, to pay insurance premiums, operating expenses and to provide for the best interest and welfare of the Association, including but not limited to: Operating, maintaining, mowing, landscaping and repairing the Common Area, amenities, and improvements thereon. Specifically annual assessments may be levied to care

for and maintain the storm water systems and ponds, as shown on the recorded map in compliance with the Stormwater Management Permit issued by the State of North Carolina, a copy of which may be obtained from the Declarant or the North Carolina Department of Environment and Natural Resources (NCDENR) located at 127 Cardinal Drive Extension, Wilmington, North Carolina 28405; and (b) Assuming the duties set forth above from the Declarant/Developer, after the Declarant has completed construction of the storm water system and ponds in accordance with the terms and conditions of the State storm water runoff permit. The Board of Directors may direct that annual assessments be collected in advance and with such frequency as may be determined appropriate by the Board of Directors. Each Member is obligated to pay to the Association such annual assessments as are adopted by the Board of Directors. The provisions concerning Assessments, contained in the Declarations of Covenants, Conditions and Restrictions for Sycamore Grove recorded in the New Hanover County Registry, are incorporated herein by reference as if fully set forth.

Section 2: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessment(s) applicable to that year only for the purpose of defraying, in whole or in part the costs of any reconstruction, repair or replacement of storm water facilities or capital improvement upon the Common Area, including signage, fixtures and personal property related thereto; or for the purpose of protecting property values and drainage. In addition, special assessments may be levied for capital improvements, roof replacements, siding replacement, pond dredging and repaving of any private streets.

ARTICLE XIII CORPORATE SEAL

The Association may, but need not have a seal in circular form having within its circumference the words: Sycamore Grove HOA of Wilmington, Inc.

ARTICLE XIV AMENDMENTS AND CONFLICTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of Members.

Section 2. In the case of a 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.

Section 3. These By-Laws may be amended by unanimous vote of the Board of Directors so that the Association may qualify for exemption from franchise tax and corporate income tax as determined by the North Carolina Department of Revenue.

ARTICLE XV MISCELLANEOUS

Section 1. The fiscal year shall be the calendar year.

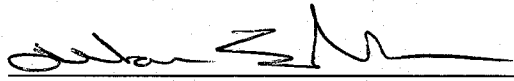
Section 2. Management of the affairs of the Association shall be the right and responsibility of its Board of Directors, provided however, that all of the powers and duties of the Board of Directors may be exercised by the Declarant as permitted by and in accordance with the Declaration of Covenants, Conditions and Restrictions for Sycamore Grove subdivision as recorded in the New Hanover County Registry, and Articles of Incorporation.

ARTICLE XVI DISSOLUTION

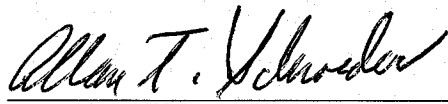
Section 1. The Association may be dissolved with the assent given in writing and signed by not less than eighty percent (80%) of each class of Members. Upon dissolution of the Association, other than incident to a merger or consolidation, there shall be an approved Plan of Dissolution in accordance with NCGS 55A-14-03 to wit: All liabilities and obligations of the corporation must be paid and discharged, or adequate provisions be made thereof, and the remainder of the corporation's assets shall be distributed as follows:

Section 2. Any dissolution shall be carried out consistent with the North Carolina Planned Community Act as contained in Chapter 47F-2-118 of the North Carolina General Statutes, as well as NCGS 55A-14-03. Upon dissolution, assets held by the Association upon condition requiring return, transfer, or conveyance, which condition occurs by reason of dissolution, shall be returned, transferred, or conveyed in accordance with such requirements. Any agreement to terminate the planned community shall be evidenced by the execution of a termination agreement, or ratifications thereof, in the same manner as a deed by not less 80% of the votes in the association. Such termination agreement may provide for the sale of the common elements, but may not require that the Lots be sold. The Association, on behalf of the Lot Owners, may contract for the sale of real estate in the planned unit development pursuant to and in strict compliance with NCGS 47F2-2-118(d). If the real estate is not to be sold, title to the common elements vests in the Lot Owners as tenants in common in proportion to their respective interests as may be provided in the termination agreement. Following termination, the proceeds of any sale of real estate, together with the assets of the corporation are held by the association as trustee for the Lot Owners. If the termination agreement does not provide for the distribution of sales proceeds or the vesting of title, sales proceeds shall be distributed and title shall vest in accordance with each Lot Owner's allocated share of common expense liability. If there be any conflict between these dissolution/distribution provisions and those like provisions required by North Carolina Statutes, then North Carolina Statutes shall control.

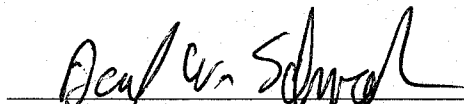
Section 3. Remaining assets, if any, shall be disposed in such manner, or to such organizations organized and operated exclusively for charitable, educational, religious, or scientific purpose, qualified pursuant to the Internal Revenue Code of 1954 or Section 501(c)(3); or may be dedicated to a similar appropriate public agency to be used for purposes similar to those for which this Association was created, as the Board of Directors then shall determine. Any asset not so disposed of shall be disposed of by the Superior Court of the County of New Hanover, exclusively for such purposes or to such organizations, as the said Court shall determine, which are organized and operated for such purpose.

 (SEAL)

Allan F. Schroeder, Director

 (SEAL)

Allan F. Schroeder, Director

 (SEAL)

David W. Schroeder, Director

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Sycamore Grove HOA, Inc., a North Carolina not for profit corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 25th day of July, 2007.

IN WITNESS WHEREOF, I have hereunto subscribed my name as Secretary on behalf of the said Association this 25th day of July, 2007.



Secretary