

STATE OF NORTH CAROLINA
COUNTY OF CURRITUCK

BYLAWS OF THE CAROLINA CLUB OWNERS ASSOCIATION, INC.

ARTICLE I
NAME & OFFICE

1.1. The name of the corporation is THE CAROLINA CLUB OWNERS ASSOCIATION, INC., hereinafter referred to as the "Corporation".

1.2. The principal office of the corporation shall be located at 145 Carolina Club Drive, Grandy, Currituck County, North Carolina, 27939. The mailing address is P.O. Box 300, Grandy, North Carolina, 27939. The address of the corporation may change from time to time.

1.3. The Corporation is and shall be a Nonprofit Corporation existing under and by virtue of the "Nonprofit Corporation Act" of Chapter 55A, of the General Statutes of North Carolina.

ARTICLE II
PURPOSE AND OBJECTIVES

2. The purposes of the Corporations shall be:

2.1 Allowed Activities. To engage in any lawful activity authorized for nonprofit corporations in the State of North Carolina, especially including, but not limited to, the ownership and administration of properties and lands lying in and being "The Carolina Club" subdivision in Grandy, North Carolina, and the administration and enforcement of the Amended And Restated Declaration of Covenants, Conditions And Restrictions, and any subsequent amendments, hereinafter referred to as the "Declaration", recorded in the office of the Register of Deeds of Currituck County, North Carolina in Deed Book 566, Page 201 et seq., applicable to residential homesites within "The Carolina Club".

2.2 Prohibited Activities.

2.2.1. No part of the property, assets or net income of the Corporation shall inure to the benefit of any Director, Officer or member or private person, except the Corporation shall be permitted when necessary to hire and pay personnel reasonable compensation in order to carry out its objectives.

2.2.2. No activity shall be permitted which would disqualify the Corporation from acquiring and/or maintaining an exempt status from federal income taxation under Internal Revenue Code ("IRC") Section 501 (C) or similar State of North Carolina exemption.

ARTICLE III MEMBERSHIP

3.1 Qualifications. Membership in the Corporation shall be as defined in the Declaration, said Declaration being incorporated herein by reference.

3.2 Maintenance of Membership. To maintain voting membership and all privileges of enjoyment of the Common Properties and Recreational Facilities of the Corporation, a member shall:

3.2.1 pay on or before the due date thereof all dues, assessments and charges levied by the Corporation;

3.2.2 not violate any provisions of the Declaration or such rules and regulations that the Board shall promulgate from time to time;

3.2.3 not allow member's homesite to be in violation of the Declaration or Aesthetics Guidelines or such rules and regulations that the Board shall promulgate from time to time.

ARTICLE IV MEETING OF THE MEMBERSHIP

4.1 Annual Meeting. The first annual meeting of the members shall be held within one (1) year from the date of the Association's organizational meeting, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year hereafter, at the hour of _____ (____ o'clock), (A.M./P.M.), at the registered office of the Corporation or at a place designated by the Corporation. 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.

4.1.1. The purpose of the meeting shall be the election of Directors, the receiving of annual reports and the transaction of such other business as shall be properly presented. Notwithstanding any provision to the contrary, members shall only be eligible to elect Directors following the Turnover Meeting as outlined in the Declaration. Until such Turnover Meeting, the Declarant shall have sole responsibility for appointing the Board of Directors.

4.1.2. Notice of the annual meeting shall be mailed by the Secretary to all members no greater than thirty (30) days nor later than fifteen (15) days prior to the scheduled meeting date.

4.2 Regular Meetings. Regular business meetings of the membership may be established at the discretion of the Board of Directors. At such meeting any member may discuss any matter of relevance to the Corporation and make recommendations to the Board of Directors on those subjects for which the Board is responsible, but otherwise may make no motions nor vote on matters for which the Board of Directors is responsible.

4.3 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 cast ten percent (10%) of the votes.

4.4 Notice of Meetings. Unless otherwise specified in the Declaration, Articles of Incorporation or Bylaws, 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 Corporation, or supplied by such member to the Corporation 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.

4.5 Quorum. Unless otherwise specified in the Declaration, Articles of Incorporation or Bylaws, the presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the total votes of the Corporation 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.

4.6 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

5.1. General Powers. The Board of Directors shall exercise all of the powers of a Corporation given it by statute or vested in the Corporation by these Bylaws, and the general business of and affairs of the Corporation shall be conducted by the Board. Specifically, but not by way of limitation, the Board has the authority to impose assessments, charges and fees against the members and their homesites in The Carolina Club subdivision and to suspend the voting rights and right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Corporation, all as set forth in the Declaration, the Bylaws and rules and regulations as promulgated from time to time by the Board. The Board shall also have the power to employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

5.2. Number. The affairs of this Corporation shall be managed by an initial Board of three (3) Directors appointed by the Declarant, who need not be members of the Corporation. Said Directors shall remain in place until the Turnover Meeting as outlined in the Declaration.

5.3. Term of Office. Following the Turnover Meeting, the members shall elect two (3) directors for a term of two (2) years. Said directors shall remain in office until their successors have been duly elected and qualified.

5.4. Removal. With the exception of the Board appointed prior to the Turnover Meeting, any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Corporation. 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.

5.5. Compensation. No Director shall receive compensation for any service he may render to the Corporation. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

5.6. 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.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

6.1. Nomination. Following the Turnover Meeting, nominations for election to the Board of Directors 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 (2) or more members of the Corporation. 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 a number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

6.2. Election. Election to the Board of Directors shall be by secret written ballot. At such elections 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 VII MEETINGS OF DIRECTORS

7.1. Regular Meetings. Regular Meetings of the Board of Directors may be held, without notice, at such times and places, as the Board shall determine.

7.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President, the Board Chairman or by any two (2) directors, after not less than three (3) days' notice to each director.

7.3. 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.

7.4. Telephone Conferences. Meetings of the Board of Directors may be conducted by telephone conference upon agreement by all Directors.

ARTICLE VIII OFFICERS AND THEIR DUTIES

8.1. Enumeration of Officers. The officers of the Corporation shall be a President and a 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.

8.2. 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.

8.3. Term. The officers of this Corporation shall be elected annually by the Board and each shall hold office for two (2) years unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

8.4. 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.

8.5. Resignation and Removal. Any officer of the Corporation may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. 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.

8.6. 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 office he replaces.

8.7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. Except as herein provided, no person shall simultaneously hold more than one (1) of any of the other offices.

8.8. Duties. The duties of the officers are as follows:

President

8.8.1 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.

Vice-President

8.8.2 The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

8.8.3 The Secretary shall record the votes and keep minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Corporation and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Corporation together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

8.8.4 The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse the funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Corporation; keep proper books of account; cause an annual audit of the Corporation 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 presented to the membership at its regular annual meeting, and deliver a copy of each to the members. The Treasurer shall issue certificates indicating the payment or non-payment of assessments on specified lots.

ARTICLE IX COMMITTEES

The Corporation shall 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 X
CORPORATE SEAL

The Corporation shall have a seal in circular form having within its circumference the words:
THE CAROLINA CLUB OWNERS ASSOCIATION, INC.

ARTICLE XI
AMENDMENTS

11.1. Amendments. These Bylaws may be altered, amended or repealed and new Bylaws may be adopted only as provided in Article 10, Chapter 55A of the North Carolina General Statutes.

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

[SIGNATURE PAGE FOLLOWS]

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of the The Carolina Club Owners Association, Inc., a non-profit, North Carolina Corporation, and,

That the foregoing Bylaws constitute the original Bylaws of said Corporation, as duly adopted at a meeting of the Board of Directors thereof, held on the 13TH day of March, 2002.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this 13TH day of March, 2002.

Renee W. Ritchie

Secretary

