

BY-LAWS of CAFFEY'S INLET HAMLET
OWNERS' ASSOCIATION, INC.

A Nonprofit Corporation

ARTICLE I
Offices

Section 1. Principal Office: The principal office of the Corporation shall be at such place as the Board of Directors may from time to time designate.

Section 2. Registered Office: The registered office of the Corporation is required by law to be maintained in the State of North Carolina, may be, but need not be, identical with the principal office.

Section 3. Other Offices: The Corporation may have offices at such other places, as the Board of Directors may from time to time determine, or as the affairs of the Corporation may require.

ARTICLE II
Meetings of Members

Section 1. Place of Meetings: All meetings of members shall be held at the principal office of the Corporation, or at such other places as shall be designated by the President, Secretary, or Board of Directors in the notice of the meeting.

Section 2. Annual Meetings: The annual meeting of the members shall be held on the first Saturday following Thanksgiving at such time as determined by the President, Secretary, or Board of Directors, for the purpose of electing directors of the Corporation and further transaction of such other business as may be properly brought before the meeting.

Section 3. Substitute Annual Meeting: If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings: Special meetings of the members may be called at any time by the President, Secretary, or Board of Directors of the Association. A special meeting may also be called as the result of a written petition bearing the signatures of one-fourth of the members of the Association who would have the right to vote at such special meeting. Such petition shall

set forth the purpose of the special meeting.

Section 5. Notice of Meetings: Written or printed notice stating the time and place of the meeting shall be delivered not less than ten nor more than fifty days before the date thereof, either personally, by email, or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member of record entitled to vote at such meeting. In the case of an annual or substitute annual meeting, the notices of meetings need not specifically state the business to be transacted thereat unless it is a matter, other than the election of directors, on which the vote of members is expressly required by the provisions of the North Carolina Business Corporation Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 6. Quorum: A quorum at either a special meeting or the annual meeting shall be the members entitled to cast at least ten percent of the votes at such meeting in person or by proxy. The vote of a majority of those present in person or by proxy and entitled to vote at any meeting at which a quorum is present shall be necessary for the adoption of any matter to be voted upon by the members, unless a greater proportion is required by law. If there is no quorum at the opening of a meeting of the members, such meeting shall be adjourned to a time certain, at which time if a quorum is present, any business may be transacted which might have been transacted at the original meeting. The members at a meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum.

ARTICLE III Membership

Section 1. Members: The members of the Association shall be the qualified owners of property in Caffey's Inlet Hamlet Subdivision. The Corporation shall have only one class of voting members. The qualified owners of property in Caffey's Inlet Hamlet Subdivision shall be those persons or entities who purchased an equitable interest or an undivided equitable interest in a lot in the Caffey's Inlet Hamlet Subdivision, either as a land contract vendee or a fee holder, who has agreed to be bound by the Articles of Incorporation and By-Laws of the Caffey's Inlet Hamlet Subdivision and who has agreed to subject themselves to the Supplemental Declaration of Restrictive Covenants to be filed at a

later date.

Section 2. Privileges of Members: Members, their families, and guests shall have the right to use the common areas and facilities subject to the provisions of the supplemental declaration of restrictive covenants and subject to such other rules, conditions, and fees as may be established from time to time by the Board.

Section 3. Lessees: Lessees of homes owned by members who have the right to use the common areas will also be offered the use of those same properties, subject to the rules, conditions and fees as may be established from time to time by the Board.

ARTICLE IV Directors

Section 1. General Powers: The business and affairs of the Association shall be managed by the Board of Directors or by such Executive Committees as the Board may establish pursuant to these By-Laws.

Section 2. Number, Term and Qualification: The number of Directors of the Association shall be three. Each Director shall hold office until his/her death, resignation, retirement, removal, disqualification, or his/her successor is elected and qualified. Directors need not be residents of the State of North Carolina but shall be members of the Association.

Section 3. Election of Directors: Except as provided in Section 6 of this Article, the Directors shall be elected at the annual meeting of members; and those persons who receive the highest number of votes shall be deemed to have been elected. If any member so demands, election of the directors shall be by ballot.

Section 4. Vacancies: A vacancy occurring in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by the sole remaining Director; but a vacancy created by an increase in the authorized number of Directors shall be filled only by election at an annual meeting or at a special meeting of members called for that purpose. The members may elect a Director at any time to fill any vacancy not filled by the Directors.

Section 5. Compensation: No compensation shall be paid to the Directors for their services as such. Directors and Officers may be compensated for reasonable expenses incurred while so acting.

Section 6. Executive Committee: The Board of Directors may, by resolution adopted by a majority of the number of Directors fixed by these By-Laws, designate two or more Directors to constitute an Executive Committee, which committee to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Association.

ARTICLE V
Meetings of Directors

Section 1. Regular Meetings: A regular meeting of the Board of Directors shall be held immediately after and at the same place as, the annual meeting of the members. In addition, the Board of Directors may provide, by resolution, the time and place, whether within or without the State of North Carolina, for the holding of additional regular meetings.

Section 2. Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the President or any three Directors. Such meetings may be held within or without the State of North Carolina.

Section 3. Notice of Meetings: Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 4. Quorum: A majority of the Directors fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 5. Manner of Acting: Except as otherwise provided in this Section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The vote of a majority of the number of Directors fixed by these By-Laws shall be required to adopt a resolution constituting an Executive Committee. The vote of a majority of the Directors then holding office shall be required to adopt, amend or repeal a By-Law. Vacancies in the Board of Directors may be filled as provided in Article IV, Section 4, of these By-Laws.

Section 6. Informal Action by Directors: Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action was taken.

ARTICLE VI Officers

Section 1. Number: The officers of the Association shall consist of a President, a Vice President, a Secretary, a Treasurer, and such Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, and anyone or more of the said offices may be combined, except any two offices, both of which are required as signatures on checks or other official documents.

Section 2. Election and Term: The officers of the Association shall be elected by the Board of Directors. Such elections may be held at any regular or special meeting of the Board. Each officer shall hold office until his/her death, resignation, retirement, removal, disqualification, or his/her successor is elected and qualifies.

Section 3. Compensation: The compensation of all officers of the Association shall be fixed by the Board of Directors.

Section 4. President: The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall supervise and control the management of the Association in accordance with these By-Laws. He/she shall, when present, preside at all meetings of members and directors. He/she shall sign, with any other proper officer, any deeds, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the Association, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent; and, in general, he/she shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. Vice President: The Vice Presidents in order or their election, unless otherwise determined by the Board of Directors, shall in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Board of Directors

shall prescribe.

Section 6. Secretary: The Secretary shall keep accurate records of the acts and proceedings of all meetings of members and directors. He/she shall give all notices required by law and these By-Laws. He/she shall have general charge of the corporate books and records and of the corporate seal, and he/she shall affix the corporate seal to any lawfully executed instrument requiring it. He/she shall keep at the register or principal office of the Association, a record of members showing the name and address of each member. He/she shall sign such instruments as may require his/her signature, and, in general, shall perform all duties incident to the office of Secretary, and such other duties as may be assigned to him/her from time to time by the President or Board of Directors.

Section 7. Treasurer: The Treasurer shall have custody of funds and securities belonging to the association and shall receive, deposit, or disburse the same under the direction of the Board of Directors. He/she shall keep full and accurate accounts of the finances of the Association in books especially provided for that purpose; and he/she shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the result of its operations and of changes in surplus for such fiscal year, all in reasonable detail, including particulars as to convertible securities then outstanding, to be made and filed at the registered or principal office of the association within four months after the end of such fiscal year. The statement so filed shall be kept available for inspection by any member upon written request therefor. The Treasurer, shall, in general, perform all duties incident to this office and such other duties as may be assigned to him/her from time to time by the President or by the Board of Directors.

Section 8. Assistant Secretaries and Treasurers: The Assistant Secretaries and Assistant Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the President or Board of Directors.

Section 9. Bonds: The Board of Directors may by resolution require any or all officers, agents and employees of the Association to give bond to the Association, with sufficient sureties, conditioned on the faithful performance of the duties of their respective offices or positions, and to comply with such other conditions as may from time to time be required by

the Board of Directors.

Section 10. Removal of Officers: Any officer may be removed when, in the judgment of the Board, the best interest of the Association will be served by such removal.

ARTICLE VII Contracts, Loans and Deposits

Section 1. Contracts: The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans: No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors.

Section 3. Checks and Drafts: All checks, drafts, or other orders for the payment of money issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits: All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association, in such depositories as the Board of Directors shall direct.

ARTICLE VIII General Provisions

Section 1. Seal: The corporate seal of the Association shall consist of two concentric circles between which is the name of the Corporation and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

Section 2. Waiver of Notice: Whenever any notice is required to be given to any member or director under the provisions of the North Carolina Business Association Act or under the provisions of the charter of By-Laws of this Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein shall be equivalent to the giving of such notice.

Section 3. Fiscal Year: Unless otherwise ordered by the Board

of Directors, the fiscal year of the Association shall be from January 1 through December 31 each and every calendar year.

Section 4. Amendments: Except as otherwise provided herein, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of a majority of the Directors then holding office at any regular or special meeting of the Board of Directors. The Board of Directors shall have no power to adopt a By-Law: (1) requiring more than a majority of the votes cast to constitute action by the members except where higher percentages are required by law; (2) provided for the management of the Association otherwise than by the Board of Directors or its Executive Committees; (3) increasing or decreasing the number of Directors; (4) classifying and staggering the election of Directors.

ARTICLE IX

Distribution of Assets after Termination

Section 1. Individual Interest: No member of this Association shall have as an individual, any interest in or title to the assets of Caffey's Inlet Hamlet Owners Association, Inc., and such assets shall be devoted exclusively to the purposes of this Association.

Section 2. Distribution of Assets after Termination: In the event of dissolution or other termination of this Association, all of the assets, if any then remaining, shall be disbursed on a prorata share to each of the prop-erty owners in the subdivision based on the share which they initially paid.

ARTICLE X

Obligation to Comply with Rules and By-Laws

Section 1. Members' Obligation: Each member of the Association shall abide by the provisions of these By-Laws as well as any regulation adopted by the Board, the Articles of Incorporation and the Supplemental Declaration of Restrictive Covenants. If a member fails to abide by the provisions of these By-Laws, any regulation adopted by the Board, Articles of Incorporation or Supplemental Declaration of Restrictive Covenants, the Board, after notice and opportunity for the member to be heard, may impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to lots) for a reasonable period for such violation.

ARTICLE XI
Assessments and Liens

Section 1. Notice of Levy of Assessment: The assessments levied by the Association as provided in the Supplemental Declaration of Restrictive Covenants shall be paid as provided in said Supplemental Declaration of Restrictive- Covenants. Written notice of the assessment and the date of payment shall be sent to each owner at the address last given by such owner to the Association. If any charge levied or assessed against any lots remains unpaid for a period of thirty days after the due date then such assessment shall, together with the costs of collection including reasonable attorney's fees, thereupon become a continuing lien on the property. Liens will be filed for record in the office of the Register of Deeds of Dare County or the Clerk of Superior Court of Dare County, as appropriate.

Section 2. Foreclosure of Lien: Provided the aforesaid lien is duly filed, such lien may be foreclosed by suit by the Association, the Board of Directors or any Directors thereof, acting on behalf of the Association, and the Caffey's Inlet Hamlet Subdivision lot owners, in like manner as a deed of trust on real property. The Board may, on behalf of the Association, institute such other procedures; either in law or in equity, either by way of foreclosure of such or otherwise, to collect the amount of said charge in any competent jurisdiction.

Section 3. Supplemental Declaration of Restrictive Covenants: All assessments shall be made in accord with the terms and conditions of the supplemental declaration of restrictive covenants to be filed in the office of the Register of Deeds in Dare County, North Carolina.