

BYLAWS
of
CAROLINA DUNES ASSOCIATION, INC.
A Non-Profit Corporation

ARTICLE I
NAME AND ADDRESS

The name of the Corporation is CAROLINA DUNES ASSOCIATION, INC., hereinafter referred to as "the Association". The principal office of the Association shall be located in Duck, Dare County, North Carolina, 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 mailing address shall be Box 8153, Duck, NC 27949.

ARTICLE II
PURPOSE

The purposes of the Association are those purposes defined in the Articles of Incorporation of the Association, and to engage in all other such activities authorized by the North Carolina Nonprofit Corporation Act as may be to the mutual benefit of the owners of lots in Carolina Dunes Subdivision (hereinafter the "Subdivision").

ARTICLE III
MEMBERSHIP

Section 1. REQUIREMENTS FOR MEMBERSHIP: Membership in the Association shall be open to all individuals, corporations, partnerships, and any other entities having record ownership of the fee simple title or contractual equitable title to any lot or lots located in the Subdivision. In no case shall the same owner or co-owners of record have more than one Membership regardless of how many lots to which the owner or co-owners of record might hold title. Membership shall not be open to beneficiaries or trustees of any deed of trust held on any property within the Subdivision.

Section 2. MEMBER IN GOOD STANDING: A Member in Good Standing shall consist of any Member who has paid current annual dues and any current special assessments.

Section 3. ANNUAL DUES: The "annual dues" for each year shall cover the period of time from January 1st through December 31st and shall be paid by the last day in February.

Section 4. TRANSFER OF MEMBERSHIP: Except as herein provided Membership shall not be transferable.

Section 5. VOTING:

- a. Only Members in Good Standing will be allowed to vote on any matters coming before the Membership or the Board.

- b. Voting shall be on the basis of one vote per Member in Good Standing. In the case when more than one person or entity owns a lot, one Membership and one vote is shared by all such co-owners regardless of the number of co-owners and regardless of the number of lots owned by them.

ARTICLE IV MEETINGS OF MEMBERS

Section 1. ANNUAL MEETING: The Annual Meeting of the Association shall normally be held on the Saturday before Easter. However, the Board may change the date of Annual Meeting in its discretion. The time of the meeting will be determined by the Board of Directors. Notice of the time and place (and change of the date, if applicable) of the Annual Meeting shall be communicated to the Membership at least fifteen (15) but no more than sixty (60) days before the meeting. The Membership shall elect new Directors at the Annual Meeting and may transact other business of the Association as may properly come before them at the meeting.

Section 2. SPECIAL MEETINGS: A Special Meeting of Members may be called at any time by the President of the Association upon a resolution by the Board of Directors, or upon a petition signed by ten percent (10%) of the Members in Good Standing and submitted to the Secretary. The notice of any Special Meeting shall state the time and place of such meeting and the purpose therefore. No business shall be transacted at a Special Meeting except as stated in the notice.

Section 3. NOTICE OF MEETINGS: Notices stating the time and place of all Regular and Special Meetings of Members shall be communicated at least fifteen (15) days but no more than sixty (60) days prior to such meetings, to each Member of record at the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of receiving such notice.

Section 4. QUORUM: The presence of five percent (5%) of the Members in Good Standing shall constitute a quorum at any meeting for authorization of any action, except as may otherwise be provided in these Bylaws. If a quorum is not present at any meeting, the Members present who are entitled to vote shall have the power to adjourn the meeting from time to time until a quorum is present, without notice other than announcement in the meeting.

Section 5. PROXIES: At all meetings of Members, each Member in Good Standing may vote in person or by Proxy. All Proxies shall be in writing and filed with the Secretary. Proxies shall be revocable, and the Proxy of any Member in Good Standing shall automatically terminate upon the termination of the Member's Membership.

Section 6. FORM OF PROXY: The following form of Proxy shall be deemed sufficient, but any other form may be used which is sufficient in law:

Carolina Dunes Association, Inc.

The undersigned Member of Carolina Dunes Association, Inc. hereby constitutes and appoints _____ the attorney and proxy of the undersigned to Annual and Special Meetings of the Members of Carolina Dunes Association, Inc., at which I am not present, until the Secretary of the Association receives from me a letter revoking this proxy and for and on behalf of the undersigned to vote as the undersigned would be entitled to vote if personally present, hereby ratifying and confirming all that said attorney and proxy shall do in the premises, and giving and granting unto said attorney and proxy full power of substitution and revocation. This proxy shall expire one year from the date hereof if not sooner terminated or revoked.

Dated: _____, 20____.

Member: _____

Carolina Dunes Lot Address: _____

Section 6. FORM OF WAIVER OF NOTICE: The following waiver of notice shall be deemed sufficient, but any other form may be used which is sufficient in law:

Carolina Dunes Association, Inc.

I, the undersigned Association Members of Carolina Dunes Association, Inc. do hereby severally waive notice of the time, place, and purpose of (the Annual or Special) Meeting of the Association Members of the said Association, and consent that same be held at _____ on the _____ day of _____, 20____ at _____ o'clock ____ M., and I do further consent to the transaction of any and all business of any nature that may come before the meeting.

Dated: _____, 20____.

Member: _____

Carolina Dunes Lot Address: _____

ARTICLE VI BOARD OF DIRECTORS

Section 1. POWERS OF THE BOARD: The affairs and business of the Association shall be managed by not less than five (5) Directors, duly elected by the Members of the Association as set forth herein. The number of Directors may, at the discretion of the Board, be greater than five (5) Directors.

Section 2. ELECTION OF DIRECTORS: At the Annual Meeting the Members of the Association shall nominate and elect a President, Vice President, Secretary and Treasurer of the Association. These officers will automatically become Members of the Board of Directors. The President shall also serve as chairman of the Board of Directors. At the same Annual Meeting the Members of the Association will nominate and elect one (or more) additional Members to the Board. Although a slate of officers and additional Director(s) may be presented by a nominating committee, additional nominations may be made from the floor. All nominees must be Members in Good Standing of the Association. Voting on all nominees may (at the discretion of the Board) be by secret ballot and each Director shall be elected by a plurality vote. Newly-elected Directors shall take office at the conclusion of the Annual Meeting during which they were elected. Officers and Directors may be re-elected and serve for multiple consecutive years.

Section 3. VACANCIES: Vacancies on the Board of Directors during a term year shall be filled by a vote of the majority of the remaining Directors. Any Director so elected shall fill the unexpired term.

Section 4. TERM OF OFFICE: Directors shall serve from the time of their general election, or Board election, until the end of the next Annual Meeting.

Section 5. COMPENSATION: No compensation shall be paid to Directors for their services as Directors. However, Directors may be reimbursed for out-of-pocket expenses occurring in their service to the Association, subject to approval by the Board of Directors. Unless the Board of Directors establishes a uniform compensation for mileage involved in the Association business, the applicable Federal IRS reimbursement rate will apply. Long distance charges by Directors may be reimbursed with presentation of proof of such charges.

Section 6. QUORUM: Except as otherwise provided herein, or by statute, a majority of Directors shall be required to constitute a quorum for transaction of business at any meeting, and the act of the majority of the Directors present and voting at any meeting when a quorum is present shall be the act of the Board. In the absence of a quorum, a majority of the Directors present may adjourn any meeting from time to time until a quorum is reached. Notice of an adjourned meeting need not be given. The Directors shall act only as a Board and individual Directors shall have no powers as individual Directors.

Section 7. REGULAR MEETINGS: Regular Meetings of the Board of Directors may be held semi-annually at a time and place selected by the President. Directors may attend Regular Meetings in person or by conference call.

Section 8. SPECIAL MEETINGS: Special Meetings of the Board of Directors may be called by the President upon five (5) days notice to each Director, which notice shall state the time, place, and purpose of the meeting. Upon a request of a majority of the Directors, Special Meetings shall be called by the President or the Secretary in a like manner after giving the same notice as provided in this Section. Directors may attend Special Meetings in person or by conference call.

Section 9. ACTION WITHOUT MEETING: The Board shall have the right to take any action in the absence of a meeting which they could take at a duly held meeting by obtaining the consent of all of the Board Members to the action. Any action so approved shall be filed in the corporate books and records and shall have the same effect as though taken at a meeting of the Board.

Section 10. POWERS: The Board of Directors shall have the power to do the following:

- (a) Exercise on behalf of the Association all powers, duties and authority vested in or delegated to the Association and not specifically reserved to the Membership by other provisions of these Bylaws.
- (b) Employ other agents as they may deem necessary, and to prescribe their duties.

Section 11. DUTIES: The Board of Directors shall have the following duties:

- (a) To supervise all officers and agents of the Association and see to it that their duties are properly performed;
- (b) To procure and maintain liability and hazard, if applicable, insurance on all property owned by the Association;
- (c) To cause any officer having fiscal responsibilities to be bonded, as the Board may deem appropriate;
- (d) To cause all property owned by the Association to be maintained;
- (e) To fix the amount of the annual dues assessment to be paid by each Member,
- (f) To send notices of each dues assessment to every Member;
and
- (g) To define 'interested party' rules and procedures and to fix the amount of any 'interested party' fee. An 'interested party' is defined to be any person who is not eligible for Association Membership but has a legitimate interest in the Association and agrees to fully support the Association;

ARTICLE VI OFFICERS

Section 1. DESIGNATION OF OFFICERS: The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. Each officer shall hold office for a term of one (1) year unless said officer shall sooner resign or shall be

removed or otherwise disqualified to serve. No person shall simultaneously hold more than one of the offices listed above.

Section 2. DUTIES OF OFFICERS: The duties of the officers are as follows:

- (a) President: The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Board of Directors and all meetings of the Membership; shall appoint committees from the Membership from time to time in the President's discretion to assist in the management of the affairs of the Association; shall see that all orders and resolutions of the Board are carried out; and shall sign all legal instruments of the Association. The President shall expressly not have the power to spend any sums of Association money without approval of the Board of Directors.
- (b) Vice President: The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If either the President or the Vice President is unable to act, the Board of Directors shall appoint some other Member of the Board to act on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors.
- (c) Secretary: The Secretary shall keep minutes of all meetings of the Board of Directors and all meetings of the Membership. The Secretary shall have custody of the corporate seal of the Association, and shall have custody of all Membership lists, all proxies and of all such other books and papers of the Association as the Board shall direct.
- (d) Treasurer: The Treasurer shall have the responsibility for all Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts of all of the Association's receipts and disbursements. The Treasurer shall sign all financial transactions. The Treasurer shall at all times have an up-to-date list of Members in Good Standing and Members in arrears. The Treasurer shall prepare a financial report for each Regular Board Meeting and for the Annual Meeting.

Section 3. BONDING OF OFFICERS: All officers designated to sign checks for the Association may, if desired by the Board, be bonded in such amounts as is deemed adequate by the Board of Directors. Only the Treasurer is required to sign checks.

ARTICLE VII
CORPORATE SEAL

The Association may have a seal and a circular form having within its circumference:
CAROLINA DUNES ASSOCIATION, INC.

ARTICLE VII FISCAL MANAGEMENT

Section 1. FISCAL YEAR: The fiscal year of the Association shall be from January 1 to December 31. The fiscal year shall be subject to change by the Board of Directors in its discretion.

Section 2. BOOKS AND ACCOUNTS: Books and accounts of the Association shall be the responsibility of the Treasurer and shall be kept under the direction of the Treasurer. All books and accounts of the Association may be subject to an annual audit by an independent certified public accountant according to generally accepted accounting principles, upon request by the Board of Directors. Any Member may inspect books and the Association's records with a minimum fifteen (15) days advance written notice to the Treasurer.

Section 3. ANNUAL REPORT TO MEMBERS: After the end of each fiscal year, and at such times as the Board of Directors may deem necessary, reports of the fiscal affairs of the Association shall be available for inspection by the Membership. A copy of the Annual Report shall be presented at the Annual Meeting.

Section 4. EXECUTION OF CORPORATE DOCUMENTS: With the prior authorization of the Board of Directors, all instruments and documents shall be executed on behalf of the Association by either the President or the Vice President and attested to by the Secretary.

Section 5. NET EARNINGS: No part of the net earnings of the Association shall inure to the benefit of its Members, Directors, officers, or other persons except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the Association.

ARTICLE IX DISSOLUTION

Upon dissolution of the Association pursuant to the General Statutes of North Carolina, any remaining assets shall be distributed pursuant to the provisions of the Articles of Incorporation of the Association. In the event of dissolution, no profit or financial benefit shall inure to the benefit of any Member or director of the Association

ARTICLE X AMENDMENTS

These Bylaws may be amended by a majority vote of the Members in Good Standing of the Association who are present (or have signed a proxy for a specific purpose of amending the Bylaws) at any Regular or Special Meeting called with due notice. The

text of any proposed amendments shall accompany the notice of any Regular or Special Meeting at which such proposed amendments shall be voted on.

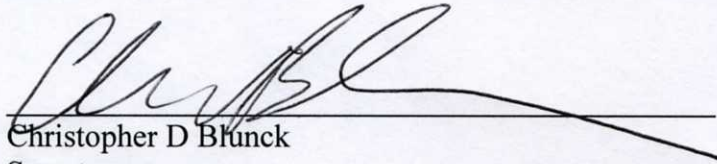
ARTICLE XI CONFLICTS

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

ARTICLE XII RULES OF ORDER

The President shall establish all rules of order. The Board of Directors may, with a majority vote, establish temporary rules of order. No rule of order established by the President shall be inconsistent with these Bylaws or any special rule of order established by the Board of Directors.

These Bylaws were ratified by the Membership on March 22, 2008.

A handwritten signature in black ink, appearing to read 'Chris Blunck', is written over a horizontal line.

Christopher D Blunck
Secretary

CAROLINA DUNES ASSOCIATION, INC.