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Declaration of Protective Covenants and Conditions

**Kitty Hawk Land Company, Inc.
Chicahauk Subdivision in Southern Shores Community
Atlantic Township, Dare County, North Carolina**

APPLICABILITY

These declarations shall be applicable to the Chicahauk Subdivision described on the maps and plats prepared for Kitty Hawk Land Company, Inc., hereinafter called KHL, by Precise Control, Inc., said maps being recorded at Map Book 7, Page 6, Dare County Registry, and to such other maps and plats which shall expressly note on their face the applicability hereof.

ARTICLE I

PURPOSES

It is the purpose of these declarations to insure the best use and the most appropriate development and improvement of each building site thereof; to protect the owners of building sites against such improper use of surrounding building sites as will depreciate the value of their property; to preserve, so far as practicable, the natural beauty of said property; to guard against the erection thereon of poorly designed or proportioned structures and structures built of improper or unsuitable materials; to insure the highest and best development of said property; to encourage and secure the erection of attractive homes thereon, with appropriate locations thereof on building sites; to prevent haphazard and inharmonious improvement of building sites; to secure and maintain proper setbacks from property lines and adequate free spaces between structures; and in general, to provide adequately for a high type and quality of improvement of said property, both enhancing the values of investments made by purchasers of building sites therein and preserving, as fully as possible, the natural beauty of both the common areas and individual building sites.

ARTICLE II

RESIDENTIAL AREA COVENANTS

Section 1. Residential Use. No lot shall be used except for residential purposes. No building shall be erected, altered, placed, or

permitted to remain on any lot other than one single-family residence—expressly excluding duplexes, double or multiple unit houses—and any accessory buildings approved in accordance with the terms of Section 3 of this Article. Only one family shall occupy the same main dwelling and its accessory buildings, provided, however, that servants' quarters or a guest suite, approved in accordance with the terms of Section 3 of this Article, may be erected, but such facilities may not be rented, leased or sold separately from the main premises. No business or business activity may be carried on upon the property at any time, provided however, that nothing herein shall preclude KHL, its subsidiaries, affiliates, and employees from using all or part of the dwellings owned by them for the purpose of carrying on business directly related to the development and/or management of Southern Shores.

Section 2. Subdivision of Lots. No lot shall be subdivided, or its boundary lines changed, except with the prior written consent of KHL.

Section 3. Approval of Plans. No building or other structure, site work or clearing preparatory to construction shall be begun, altered, added to, maintained or reconstructed on any lot until the plans and specifications for such work have been reviewed and approved by KHL. Before commencing such review, a lot owner shall submit to KHL three (3) complete sets of plans and specifications, including but not limited to: a site plan, a foundation plan, a floor plan or plans, the four directional elevations, and a schedule of proposed exterior colors and materials. No change shall be made from such approved plans and specifications, nor shall subsequent alterations be caused to the site or building, without the express approval of KHL. KHL may approve the plans, siting or specifications conditionally, or it may refuse approval upon any grounds, including purely aesthetic considerations, which in its sole discretion shall appear warranted to protect the beauty and harmony of Southern Shores' development. In no event shall KHL, in the exercise of its discretion, approve plans for any main residence with a total area of less than 1,700 square feet, excluding garages, guest houses and accessory buildings, and a living area, excluding porches, steps and other appurtenant parts of the main residence, of less than 1,200 square feet.

Where construction of any improvement required to be approved shall not have been begun before the expiration of 6 months following approval, said approval shall be void and of no effect; the plans for such improvement shall be resubmitted to KHL for reconsideration, and KHL may, in its discretion, either confirm its earlier approval of the plans or disapprove them.

Section 4. *Building Locations.* KHL reserves unto itself the right to determine the exact location of any building or other structure to be located on the lot. Such location shall be determined only after a reasonable time has been allowed for the lot owner to submit plans showing such location to KHL and for KHL to review said plans. In no event shall KHL, in the exercise of its discretion, approve the location of a residence, garage, or guest house within 25 feet of the front line of said lot, within 10 feet of the sidelines of said lot, and within 20 feet of the rear lines thereof; where Dare County subdivision ordinances prescribed more stringent set-back requirements, they shall govern.

Section 5. *Completion of Building.* Each building and structure erected upon said lot shall be completed within eighteen (18) months after commencing construction, except where completion is, in the opinion of KHL, impossible or would result in severe hardship to the lot owner or the builder due to causes not in his or their control.

Section 6. *Utilities.* All utilities shall be placed underground, and the erection of any exposed antennas shall be done only with the approval of KHL.

Section 7. *Screening.* Each lot owner shall provide screening from public view, approved in writing by KHL, for garbage stations, fuel tanks, service yards, air conditioning units, clothes lines, water tanks, rubbish storage receptacles, or for any other permanent facility which KHL, in its sole opinion, shall require to preserve the beauty and harmony of the development.

Section 8. *Temporary Structures.* No temporary structure, such as a trailer, tent or shack, shall be placed upon any lot before, during, or after completion of construction of such buildings and structures as have been approved by KHL, except for such shelters as are normally used by construction contractors during the period of construction. Such temporary structures shall be promptly removed after completion of construction, and may not be used as residences while on the property.

Section 9. *Vegetation.* No existing vegetation or sand dunes shall be disturbed during construction without the express written consent of KHL, which shall require proposals for the stabilization of any such disturbed area. Any vegetation disturbed during construction shall be repaired to the satisfaction of KHL. This shall not prevent KHL from engaging in such clearing, mowing, and pruning activities as are necessary to effect the overall plan of development.

Section 10. *Sewage Disposal.* Prior to commencing construction of any residence, applicable permits for sewage disposal shall be obtained, with the location and size of such proposed facility to be approved by KHL. Governmental approval of such systems shall be obtained after completion, with a copy of the approval being forwarded to KHL prior to occupancy of the residency.

Section 11. *Attachment of Utilities.* No permanent, public or private utilities may be connected to any residence until KHL has verified general compliance with these covenants and with the plans and specifications submitted and approved pursuant to Section 3 of this Article and has approved said utility connections in writing.

Section 12. *Water Distribution System.* If a water distribution system is in operation, or shall come into operation, in any area to which this declaration is applicable, water service to each lot to which the system is available shall be obtained only from the said water distribution system which shall make a reasonable charge for its service. The tap-on to the system shall be approved by KHL in accordance with the provisions of Section 11 of this Article.

If no such system is in operation at the time when approval of plans is obtained pursuant to the terms of Section 3 of this Article, then private wells conforming to all applicable governmental regulations may be constructed on the lots to supply water until tap-on to the water distribution system is possible. In addition, private wells may, with the approval of KHL, be located on the lots to supplement the water distribution system for such purposes as lawn and garden care.

KHL reserves the right to require its approval of the location of all such wells as part of the site plan approval requirement of Section 3 of this Article. KHL's approval shall be contingent on its corquisite approval of the location of the septic tank, grease trap, junction box and nitrification lines on the lot, and, in the interest of community health, KHL reserves the right to require standards more stringent than those required by governmental agencies, based solely on its evaluation of the property as it may relate to other properties.

Section 13. Occupancy. No single-family residence erected upon any lot shall be occupied in any manner prior to completion of construction and the connection of permanent utilities.

Section 14. Signs. No signs, including "For Sale" and "For Rent" signs, shall be erected on any lot except with the written permission of KHL, and KHL reserves the right to determine the location, size, material and color of such signs and to issue general guidelines to aid in the implementation of this provision. KHL shall not be prevented from erecting such signs as may be deemed necessary to the operation of the subdivision or the normal conduct of its business, provided that any signs so erected shall be within the acceptable limits as defined by the guidelines applicable to all other lot owners in the subdivision.

Section 15. Mail and Delivery Boxes. The Company shall determine the standards and issue guidelines for the implementation thereof for the location, material, color and design for all mail and newspaper boxes and the manner in which they shall be identified.

Section 16. Pets. No animals of any kind shall be kept, raised or bred on any lot, except a reasonable number of the usual domestic pets such as dogs or cats, provided that such domestic pets are not kept, raised or bred for commercial purposes and provided that they are under the control of their owner at all times.

Section 17. Vehicle Storage. On each lot shall be provided an improved surface for the parking of at least two (2) vehicles off the road. The storage of travel trailers, campers, trucks and self-propelled mobile homes shall be in such a manner so as not to constitute a visual nuisance. Campers, travel trailers, trucks, self-propelled mobile homes, and other vehicles of that nature shall not be lived in while parked on the lot.

Section 18. Nuisances. It shall be the responsibility of each lot owner to maintain the exterior of his residence and the surrounding grounds of his lot in a clean, tidy and safe manner. No lot shall be used in whole or in part for the storage of anything which might cause such lot to appear cluttered, unclean or obnoxious to the eye; nor shall any substance, thing or material be kept on any lot that might emit foul or obnoxious odors, noises or other conditions that will or may disturb the serenity, safety or comfort of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon tending to create a nuisance to the neighborhood.

Section 19. Entry. Each lot owner shall keep his lot cleared of unsightly underbrush, weeds or debris, and if said lot owner shall permit the same to exist on his property and fail to remove the same within 30 days after being requested to do so by KHL, KHL reserves for itself and its agents the right to enter upon the lot for the purpose of cleaning, clearing or cutting the grass, underbrush or debris which, in KHL's opinion, detracts from the overall beauty or natural character of the neighborhood or adversely affects the safety or health of the residents, and such entrance shall not be deemed a trespass. The expenses of entry and removal shall be the personal debt of the lot owner(s) and shall also constitute a lien upon the land until paid. The provisions of this Section shall not be construed as an obligation on the part of KHL to provide such services.

Section 20. Easements for Utilities and Drainage. KHL on behalf of itself and/or such utility companies that may service the subdivision from time to time, reserves a perpetual right, privilege and easement ten (10) feet wide on the front, rear and side lot lines to construct, maintain and operate in, upon, across and through said easement, in a proper and workmanlike manner, electric, telephone, gas, sewer, water, drainage and other conveniences and utilities and appurtenances necessary or convenient thereto, together with the right at all times to enter upon the said easement with men and equipment for the purpose of inspecting, altering and repairing the same. KHL reserves the right to maintain or otherwise keep clear any obstructions that may adversely affect the proper maintenance and operation of the various utility systems and further reserves a perpetual right to enter upon any lot for the purpose of constructing or maintaining emergency drainageways for the benefit, health and safety of the neighboring residents. These reservations, however, shall not be considered an obligation of KHL to provide or maintain any such utilities, services or easements.

ARTICLE III

COMMON ELEMENTS

Section 1. Alterations. KHL, in fulfilling its general plan for improvement of the subdivision, hereby reserves, with respect to those areas denoted as "Common Elements," roads, bridges, and canals, the right to change and alter roads and to install or alter utility and drainage facilities and such other facilities as are necessary or desirable for implementation of its plan of development and of this

reservation of common elements. The right to change or alter the use of such property is reserved exclusively for the benefit of KHL.

Section 2. Bridges. KHL expressly reserves to itself, its agents or assigns, the right to build bridges or walkways across any natural or man-made canal, lagoon, creek or physical barrier. Nothing in this section will be construed however as an obligation for KHL to provide or construct any such improvements, except as shall be shown on any recorded plat.

Section 3. Common Elements. To insure that land designated as Common Elements shall remain for the perpetual benefit of all members, their families and guests, of the Chicahauk Improvement Association, Inc., hereinafter described, an easement is hereby granted to each and every member of said Association, his family and guests, to pass over and enjoy the open spaces of the designated Common Elements shown on the maps and plats to which this Declaration is applicable. KHL, its successors or assigns, shall retain the right to establish reasonable rules and regulations for the use and enjoyment of all such space, provided, however, that such rules and regulations shall become effective only after the Board of Directors of the Association shall have had the opportunity to propose rules and regulations to KHL for its consideration.

Section 4. Use Restrictions. Pursuant to its general plan of conservation and environmental protection, KHL reserves the right to make trails or paths through the Common Elements, to restrict the use of certain vehicles therein, and to otherwise improve and enhance the said Common Elements, including but not limited to the protection of the Common Elements from erosion or other forms of degradation by planting, fencing or other expedient means and the implementation of adequate draining and circulation of canals, lakes and drainage ways.

Section 5. Club Facilities. KHL expressly reserves the right to approve and authorize the location and construction of recreational facilities on the Common Elements by the Chicahauk Recreational Club, Inc. The area(s) upon which such recreational facilities are located shall be subject to such rules and regulations as the Club shall promulgate and shall be for the exclusive use of and the sole responsibility of the Club and its members, their families and guests.

Section 6. Disclaimer. It is expressly understood and agreed that the reservation of the roads, bridges and other Common Elements for the uses established hereby in no way places a burden of

affirmative action on KHL, nor shall KHL be bound to make any such improvement or extend any such services as have been noted in this Article.

Section 7. Reservation for Private Uses. The reservation of roads, bridges, waterways and the other Common Elements is made for the use of the Association members, their families and guests, and not for the general public, except that Club members, their families and guests, shall have the right to use that portion of the Common Elements reserved and made available for location of the Club's recreational facilities together with the right of ingress and egress to the Club facilities over the roads, bridges and other road improvements.

ARTICLE IV PROPERTY OWNERS' ASSOCIATION

Section 1. Organization. For the purpose of providing maintenance and control of all Common Elements and other common community services of the kind and nature required or authorized by the charter of said organization for the benefit of all its members, each and every lot owner, in accepting a deed or contract for any lot in the areas to which this Declaration is applicable, agrees to and shall be a Class A member of and be subject to the obligations and duly-enacted By-laws and rules of the Chicahauk Improvement Association, Inc., a non-profit corporation.

Section 2. Fees and Assessments. An initiation fee of \$50.00 per lot shall be paid by Class A members at the time of accepting the deed or contract for his or their respective lot(s). The Association shall also by majority vote of its Board of Directors, in accordance with the provisions of the By-laws, establish reasonable assessment charges for the services provided by and supported by the Association, except that assessment charges for the Association fiscal year beginning in 1975 shall be \$25.00 per lot. No assessment shall be made upon the lot of any owner during the Association fiscal year in which he purchases his lot.

Each lot shall be subject to a continuing lien to secure the payment of each assessment when the same is made. Upon demand, the Association will furnish a lot owner(s) or mortgagee thereof a certificate showing the charges or assessments due on any given date. No assessment, however, shall be made upon the lots retained by KHL or its assigns involved in the development of the subdivision.

Section 3. Succession to Powers. Upon the sale of all lots covered by KHL's plan of development for the areas to which this Declaration is applicable, the powers of KHL reserved by this Declaration shall automatically pass to and be vested in the Association. KHL reserves the right to assign these powers, or any part thereof, to the Association at any earlier time it deems desirable. In addition, at such time when 75% of the lots in the area to which this Declaration has been made applicable shall have been sold, the Board of Directors of the Association, upon authorization by a majority of the voting members thereof, may render a formal, written application to KHL requesting KHL to assign the powers reserved to it by this Declaration to the Association, and KHL shall comply. The Association, following the assignment, may not, however, impair the right of KHL to the use of the Common Elements or to exercise the exclusive powers reserved unto it in Sections 1, 9 and 14 of Article II for the conduct of its business incidental to the development of Southern Shores.

ARTICLE V

RECREATIONAL CLUB

Section 1. Organization. For the purpose of providing, maintaining, and controlling recreational facilities to be located on the Common Elements, and at other places, for the benefit of its members, each and every lot owner, in accepting a deed or contract for any lot in the areas to which this Declaration is applicable, agrees to and shall be a Class A member of and subject to the obligations and duly-enacted By-laws and rules of the Chichahauk Recreational Club, Inc.

Section 2. Fees and Assessments. An initiation fee of \$100 per lot shall be paid by Class A members at the time of accepting the deed or contract for his or their respective lot(s). The Club shall also by majority vote of its Board of Directors, in accordance with the provisions of the By-laws, establish reasonable assessment charges for the services provided by and supported by the Club, except that assessment charges for the Club fiscal year beginning in 1975 shall be \$25.00 per lot. No assessment shall be made upon the lot of any owner during the Club fiscal year in which he purchases his lot.

Each lot shall be subject to a continuing lien to secure the payment of each assessment when the same is made. Upon demand, the Club will furnish a lot owner(s) or mortgagee thereof a certifi-

cate showing the charges or assessments due on any given date. No assessment, however, shall be made upon the lots retained by KHL or its assigns involved in the active development of the subdivision.

ARTICLE VI

LIENS

Section 1. Validity. All liens authorized and created hereby shall become effective only upon the recordation by the lienholder in the Deane County Registry of an instrument which sets forth the identity of the lienholder and the debtor(s), the lot(s) to which the lien is attached, the amount of the underlying obligation which the lien secures, and the date when the indebtedness became due. No lien, whether recorded or not, shall be valid for more than ten years from the date on which the underlying indebtedness it secures becomes due and payable.

Section 2. Interest. If any unpaid assessment or other charge constituted a lien on the property by this Declaration shall remain unpaid for 30 days after the date upon which it first becomes due and payable, interest shall begin to accrue at the rate of six percent (6%) per annum, and such interest shall be secured by the lien.

Section 3. Collection and Enforcement. The amount of any unpaid assessment or charge constituted a lien upon the property, together with any accrued interest and the costs of collection, including reasonable attorney's fees, shall remain the personal obligation of the owner of the property at the time such assessments and charges were made and continue to be a lien upon the property until paid; the lienholder may bring an action at law to collect the same or an action to foreclose the lien against the property in the manner provided by law.

Section 4. Subordination of Liens. The lien of the assessments and charges provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments or charges which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments or charges thereafter becoming due, nor from the lien of any such subsequent assessment or charge.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Term. These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of thirty years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of 10 years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part.

Section 2. Enforcement. In the event of a violation or breach of any of these restrictions by any properly owner, or agent of such owner, the owners of lots in the subdivision, or any of them jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, KHL shall have the right, whenever there shall have been built on any lot in the subdivision any structure which is in violation of these restrictions, to enter upon the property where such violation exists, and summarily abate or remove the same at the expense of the owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any right, reservation, restriction or condition contained in this deed, however long continued, shall not be deemed a waiver of the right to do so hereafter, as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement.

Section 3. Severability. Invalidation of any one of these covenants, or part thereof, by judgment or court order shall in no

wise affect any of the other provisions which shall remain in full force and effect.

Section 4. Successors and Assigns. All references to KHL shall include the successors and assigns thereof, except that the powers and rights reserve to KHL shall not, by the terms of this provision, inure to individual lot owners but only to the Association at such time when the powers are vested in it or to the successors of KHL to whom the powers are expressly assigned.

Section 5. Joinder of Trustee. J. MacN. Duff, Trustee upon the terms of that certain deed of trust upon the subject property securing the First Union National Bank of North Carolina and recorded in Book 197, page 762, Dare County Registry, joins in the execution hereof to express his consent hereto.

IN WITNESS WHEREOF, we have caused this instrument to be executed this 18th day of March, 1974.

KITTY HAWK LAND COMPANY, INC.

David Stuck
President

C. P. Giddens
Secretary

J. MacN. Duff
Trustee

Note: This Declaration of Protective Covenants and Conditions is recorded in Book 210, pages 99-115 of the Dare County Registry.

Articles of Incorporation of Chicahawk Improvement Association, Inc.

(A Nonprofit Corporation)

The undersigned natural person of the age of eighteen years or more, acting as incorporator for the purpose of creating a nonprofit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act," and the several amendments thereto, does hereby set forth:

ARTICLE I

The name of the corporation is Chicahawk Improvement Association, Inc.

ARTICLE II

The period of duration for the corporation shall be perpetual.

ARTICLE III

The purposes for which the corporation is organized are:

(a) To perpetually hold, maintain, regulate, improve and/or beautify, without profit to itself, such parks, roads, walkways, driveways, alleys, waterways, community buildings, and other "Common Elements," as shall be established, erected, or laid out by the Kitty Hawk Land Company, Inc., a corporation organized under the laws of the State of North Carolina, or by any other person, upon that certain property located in Southern Shores Community, Atlantic Township, Dare County, North Carolina, and to which the Declaration of Protective Covenants and Conditions recorded at Book 210, page 99, Dare County Registry, has been made applicable, for the perpetual use and benefit in common, for all purposes for which such common and community areas may be used, of each and all of the members of this corporation;

(b) To administer and enforce the real covenants for preserving the architecture, appearance, and community health and safety in the areas to which the Declaration of Protective Covenants and Conditions recorded at Book 210, page 99, Dare County Registry, has been made applicable; and

(c) To engage in such other activities as shall promote the social welfare of the members of the corporation, including, but not limited to, cooperation with other member associations within the Southern Shores Community in furtherance of civic betterment and social improvement for the community.

ARTICLE IV

The corporation is to have two classes of members. Class A members shall be comprised of the owners, but not the mortgagees except where they have ascended to full ownership following foreclosure, of all lots located within the areas to which the Declaration of Protective Covenants and Conditions recorded at Book 210, page 99, Dare County Registry, has been made applicable. Class B members shall be comprised of the owners of all other lots located within the Southern Shores Community who desire membership and who meet the membership requirements established by the By-laws.

The voting rights and other privileges and obligations of membership for both Class A and Class B members shall be determined by reference to the duly-enacted By-laws of the corporation.

Kitty Hawk Land Company, Inc. shall not be entitled to membership by virtue of its lot ownership.

ARTICLE V

The directors of the corporation shall be elected in accordance with the methods provided by the By-laws.

ARTICLE VI

The address of the initial registered office of the corporation is Kitty Hawk, Dare County, North Carolina, 27949; and the initial registered agent of the corporation at such address is John Brockett McMullan

ARTICLE VII

The number of directors constituting the initial Board of Directors shall be five and the names and addresses of the persons who are to serve as directors until the first meeting of the corporation or until their successors are elected and qualified are:

C. C. Aydlett	1001 Rivershore Road Elizabeth City, North Carolina
N. E. Aydlett	1216 West Church Street Elizabeth City, North Carolina
Richard E. House	131 North Church Street Rocky Mount, North Carolina
John Brockelt McMullan	Southern Shores Kitty Hawk, North Carolina
David Stick	Southern Shores Kitty Hawk, North Carolina

ARTICLE VIII

The name and address of the incorporator is:
Samuel W. Johnson 225 South Franklin Street
Rocky Mount, North Carolina

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal this 18th day of March, 1974.



By-Laws of Chicahawk Improvement Association, Inc.

PURPOSES

(a) To perpetually hold, maintain, regulate, improve and/or beautify, without profit, to itself, such parks, roads, walkways, drive-ways, alleys, waterways, community buildings, and other "Common Elements," as shall be established, erected, or laid out by the Kitty Hawk Land Company, Inc., a corporation organized under the laws of the State of North Carolina, or by any other person, upon that certain property located in Southern Shores Community, Atlantic Township, Dare County, North Carolina, and to which the Declaration of Protective Covenants and Conditions recorded at Book 210, Page 99, Dare County Registry, have been made applicable, for the perpetual use and benefit in common, for all purposes for which such common and community areas may be used, of each and all of the members of this corporation;

(b) To administer and enforce the real covenants for preserving the architecture, appearance, and community health and safety in the areas to which the Declaration of Protective Covenants and Conditions recorded at Book 210, Page 99, Dare County Registry, have been made applicable; and

(c) To engage in such other activities as shall promote the social welfare of the members of the corporation, including but not limited to, cooperation with other member associations in the Southern Shores Community in furtherance of civic betterment and social improvement for the community.

ARTICLE I

OFFICERS

Section 1. *Executive Officers.* The Executive Officers of the Corporation shall be a President, a Vice President, a Secretary, an Assistant Secretary, and a Treasurer. The first President shall hold office for 2 years, after which time the President shall be elected annually by the Board of Directors. All other officers shall be elected annually by the Board of Directors, hereafter sometimes referred to as the Board. They shall take office immediately after election. The officers of the Corporation for the first 2 years need not be members of the Corporation. Thereafter, they shall be members of the Board of Directors and members of the Corporation.

Section 2. *The President.* Subject to the direction of the Board of Directors, the President shall be the chief executive officer of the Corporation, and shall perform such other duties as from time to time may be assigned to him by the Board. The President shall be ex officio a member of all committees.

Section 3. *The Vice President.* The Vice President shall have such power and perform such duties as may be assigned to him by the Board of Directors or the President. In case of the absence or disability of the President, the duties of that officer shall be performed by the Vice President.

Section 4. *The Secretary.* The Secretary shall keep the minutes of all proceedings of the Board of Directors and of all committees and the minutes of the members' meetings in books provided for that purpose; he shall have custody of the corporate seal and such books and papers as the Board may direct, and he shall in general perform all the duties incident to the office of Secretary, subject to the control of the Board of Directors and the President; and he shall also perform such other duties as may be assigned to him by the President or by the Board.

Section 5. *The Treasurer.* The Treasurer shall have the custody of all the receipts, disbursements, funds, and securities of the corporation and shall perform all duties incident to the office of Treasurer, subject to the control of the Board of Directors and the President. He shall perform such other duties as may from time to time be assigned to him by the Board or the President. If required by the Board, he shall give a bond for the faithful discharge of his duties in such sum as the Board may require.

Section 6. *Subordinate Officers.* The President, with the approval of the Board of Directors, may appoint such other officers and agents as the Board may deem necessary, who shall hold office during the pleasure of the Board, and who shall have such authority and perform such duties as from time to time may be prescribed by the President or by the Board of Directors.

ARTICLE II

BOARD OF DIRECTORS

Section 1. *Number of Members.* The business and affairs of this Corporation shall be managed by a Board of Directors which

shall consist of not less than five nor more than 40 members. The first Board of Directors need not be members of the corporation. Thereafter, all of the Board shall consist of members of the Corporation. At the inception of the Corporation, the Board shall consist of five members named in the Articles of Incorporation, and thereafter the number of Directors shall be fixed by the Board.

Section 2. Executive Committee. The Board of Directors may elect from their number an Executive Committee consisting of not less than three members of the Board, which committee shall have all the powers of the Board of Directors between meetings, regular or special. The President of the corporation shall be a member of and shall be chairman of the Executive Committee.

Section 3. Regular Meetings. The Board shall meet for the transaction of business at such place as may be designated from time to time.

Section 4. Special Meetings. Special Meetings of the Board of Directors may be called by the President or by three members of the Board for any time and place, provided reasonable notice of such meetings shall be given to each member of the Board before the time appointed for such meetings.

Section 5. Quorum. The Directors shall act only as a Board, and the individual Directors shall have no power as such. A majority of the Directors for the time being in office shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting although less than a quorum, may adjourn the same from time to time without notice until a quorum be at hand. The act of a majority of Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors except as may be otherwise provided by law.

Section 6. Order of Business. The Board of Directors may from time to time determine the order of business at its meeting.

Section 7. Chairman. At all meetings of the Board of Directors, the President, or, in his absence, the Vice President, or in the absence of both, a Chairman, chosen by the Directors present, shall preside.

Section 8. Terms of Members of the Board. The first Board of Directors named in the Charter of the corporation shall serve for 2 years. Thereafter, they shall be elected by the members of the corporation.

Section 9. Annual Report. The Board of Directors after the close of the fiscal year, shall submit to the members of the Association a report as to the condition of the Association and its property and

shall submit also an account of the financial transactions of the past year.

Section 10. Vacancies in Board. Whenever a vacancy in the membership of the Board shall occur, the remaining members of the Board shall have the power, by a majority vote, to select a member of the Association to serve the unexpired term of the vacancy.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. There shall be an annual meeting of the members of the Corporation at such place as may be designated, on the first Tuesday in March of each year if not a legal holiday under the laws of the State of North Carolina, and if a legal holiday then on the next succeeding business day, at 7 p.m., for the transaction of such business as may come before the meeting. No notice shall be required for such meeting.

Section 2. Special Meetings. Special meetings of the members shall be held whenever called by the Board of Directors or by the holders of at least twenty-five memberships. Notice of each special meeting, stating the time, place, and in general terms the purpose or purposes thereof, shall be sent by mail to the last known address of all members at least ten days prior to the meeting, unless otherwise provided herein.

Section 3. Proxy. Every voting member may cast one vote, either in person or by proxy, in accordance with the by-law provisions herein determining the voting rights of the Class A members of the Corporation.

Section 4. Quorum. At any meeting of the members a quorum shall consist of a majority of the voting members, present either in person or by proxy, and a majority in amount of such quorum shall decide any question that may come before the meeting.

ARTICLE IV

MEMBERSHIPS

Section 1. Qualifications. Only persons owning real property in the Southern Shores Community or owning stock in a corporation owning real property in such Community shall be eligible to become a member.

Only members shall be entitled to vote.

Whenever a member shall cease to own real property in Southern Shores or shall cease to own stock in a corporation that owns real property in such Community, such member shall automatically be dropped from the membership roll of the Association.

Section 2. Classes. The membership shall be comprised of two classes, Class A and Class B. Class A members shall be those members who own lots within the Chichahauk Subdivision to which the Declaration of Protective Covenants and Conditions recorded at Book 210, Page 99, Dare County Registry, has been made applicable. Where two or more persons are the joint owners of real property, one, and only one, shall be entitled to cast the single vote allocated to each lot -- he shall be the voting member. Where two or more persons are stockholders in a corporation owning real property, one, and only one, shall be entitled to cast the single vote allocated to each lot -- he shall be the voting member.

Class B members shall be those Southern Shores lot owners, or shareholders owning stock in a corporation owning real property in Southern Shores, who voluntarily join the Association. Every Class B member shall be a voting member entitled to a single vote.

The rights and obligations, except as expressly provided herein, of Class A and Class B members shall be identical.

Section 3. Rights. A member shall have no vested right, interest, or privilege of, in, or to the assets, functions, affairs, or franchise of the corporation, or any right, interest, or privilege which may be transferable or which shall continue after his membership ceases, or while he is not in good standing. Provided, however, that the rights of Class A membership shall be inheritable by the person(s) to whom a Class A member's lot(s) devolve upon his death.

Section 4. Initiation Fee. An initiation fee of \$50.00 per lot shall be paid by Class A members at the time of accepting a deed or contract for his or their lot(s). Every Class B member shall be required to pay an initiation fee of \$50.00.

ARTICLE V

LOSS OF PROPERTY

Section 1. The Board of Directors shall not be liable or responsible for the destruction or the loss of or damage to the property of any member or the guest of any member, or visitor, or other person

ARTICLE VI

MAINTENANCE ASSESSMENT

Section 1. The Board of Directors shall have the right and power to subject the lots in the Chichahauk Subdivision of its Class A members to an annual maintenance assessment. Each Class B member shall be assessed an amount equal to the assessment made upon one lot in the Chichahauk Subdivision. Commencing July 1, 1974, and on the same day of each year thereafter, the maintenance charges assessed shall be paid to the Association and such payments shall be used by the Association to create and continue a Maintenance Fund to be used as hereinafter stated. The charge will be delinquent when not paid within 30 days after it becomes due.

Section 2. The assessments per lot in the Chichahauk Subdivision in any year shall not exceed \$25.00 per lot, unless 75% of the voting members present, in person or by proxy, and voting at any meeting at which said increase is proposed shall approve it. Every member shall receive written or printed notice of the proposed assessment increase no less than 30 days nor more than 60 days prior to the meeting at which it is to be considered.

The assessment for the Association fiscal year beginning in 1975 shall be \$25.00 per lot.

No assessment shall be due for the corporate fiscal year in which the member joins the Association.

Section 3. The Maintenance Fund may be used in furtherance of all or any of the Association's purposes set out in the preamble to these by-laws.

Section 4. The Association shall have a lien on the lot of all Class A members to secure the payment of maintenance charges due and to become due, and the record owners of such lots shall be personally liable for all maintenance charges.

Upon demand, the Association shall furnish to any owner or mortgagee or person interested a certificate showing the unpaid maintenance charges against any lot or lots.

Section 5. No lien to secure the payment of maintenance charges shall exist on the lot(s) of Class B members. Provided, that if the dues of any Class B member are not paid within 60 days after the time when they become delinquent, the membership of said Class B members shall terminate.

ARTICLE VII

BORROWINGS

No borrowing of money or issuance of notes, bonds or other such obligations shall be made on behalf of the Association, unless 75% of the voting members present, in person or by proxy, and voting at any meeting at which such action is proposed shall approve it. Every member shall receive written or printed notice of the proposed action no less than 30 days nor more than 60 days prior to the meeting at which it is to be considered.

ARTICLE VIII

VOTING REQUIREMENTS

No by-law requiring the express approval of members for any proposed action by the Association shall be altered, amended or revoked, except with the approval of the same number of voting members and with the same notice required for approval of any action by the said by-law to be altered, amended or revoked.

ARTICLE IX

NOTICE

Section 1. Notice. Whenever, according to these By-laws, a notice shall be required to be given to any member or Director, it shall not be construed to mean personal notice, but such notice may be given in writing by depositing the same in a post office in a prepaid sealed wrapper, addressed to such member or Director at his address as the same appears on the books of the corporation, and the time when such notice is mailed shall be deemed the time of the giving of such notice.

Section 2. Waiver of Notice. Any notice required to be given by these By-laws may be waived by the person entitled thereto.

ARTICLE X

CORPORATE SEAL

Section 1. Corporate Seal. The corporate seal shall be in the form adopted by the Board of Directors. It shall remain in the custody of the Secretary and shall be by him affixed to all certificates of membership of the Corporation and to all instruments in writing requiring the corporate seal for complete execution. An impression thereof is directed to be affixed to these By-laws.

ARTICLE XI

FISCAL YEAR

Section 1. The fiscal year of the Corporation shall be determined by the Board of Directors.

ARTICLE XII

NONPROFIT STATUS

The net earnings of this Corporation shall be used only in furtherance of its purposes stated in the Preamble to these By-laws, and no part of the Corporation's net earnings shall inure to the private benefit of any of its officers, directors, members, or any other private individual.

ARTICLE XIII

DISSOLUTION

The Corporation may dissolve and wind up its affairs upon a vote of its members taken pursuant to the General Statutes of North Carolina.

Upon the dissolution of the Corporation, the remaining net assets of the Corporation shall be distributed in accordance with a plan of dissolution adopted by the members, which shall not be inconsistent with the purpose and provisions of the North Carolina Nonprofit Corporation Act.

Articles of Incorporation of Chicahauk Recreational Club, Inc.

(A Nonprofit Corporation)

The undersigned natural person of the age of eighteen years or more, acting as incorporator for the purpose of creating a nonprofit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act," and the several amendments thereto, does hereby set forth:

ARTICLE I

The name of the corporation is Chicahauk Recreational Club, Inc.

ARTICLE II

The period of duration for the corporation, shall be perpetual.

ARTICLE III

The purposes for which the corporation is organized are:

(a) To provide, maintain and operate safe and easily-accessible recreational facilities for the pleasure, recreation and benefit of the club members at locations within the Southern Shores Community, Dare County, North Carolina;

(b) To stimulate interest in the use, regulation, maintenance and extension of recreational facilities; and

(c) To engage in other nonprofitable purposes.

ARTICLE IV

The corporation is to have two classes of members. Class A members shall be comprised of the owners, but not the mortgagees except where they have ascended to full ownership following foreclosure, of all lots located within the areas to which the Declaration of Protective Covenants and Conditions recorded at Book 210, page 99, Dare County Registry, has been made applicable. Class B members shall be comprised of the owners of all other lots located within the Southern Shores Community who desire membership and who meet the membership requirements established by the By-laws.

The voting rights and other privileges and obligations of membership for both Class A and Class B members shall be determined by reference to the duly-enacted By-laws of the corporation.

Kitty Hawk Land Company, Inc. shall not be entitled to membership by virtue of its lot ownership.

ARTICLE V

The directors of the corporation shall be elected in accordance with the methods provided by the By-laws.

ARTICLE VI

The address of the initial registered office of the corporation is Kitty Hawk, Dare County, North Carolina, 27949; and the initial registered agent of the corporation at such address is John Brockett McMullan.

ARTICLE VII

The number of directors constituting the initial Board of Directors shall be five and the names and addresses of the persons who are to serve as directors until the first meeting of the corporation or until their successors are elected and qualified are:

C. C. Aydtlett

Post Office Box 391

Elizabeth City, North Carolina

N. E. Aydtlett

Post Office Box 391

Elizabeth City, North Carolina

Richard E. House

131 North Church Street

Rocky Mount, North Carolina

John Brockett McMullan

Southern Shores

Kitty Hawk, North Carolina

David Stick

Southern Shores

Kitty Hawk, North Carolina

ARTICLE VIII

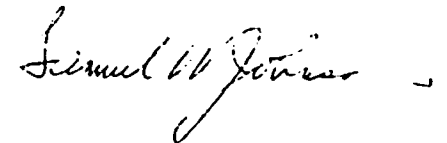
The name and address of the incorporator is:

Samuel W. Johnson

225 South Franklin Street

Rocky Mount, North Carolina

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal this 18th day of March, 1974



By-Laws of Chicahauk

Recreational Club, Inc.

PURPOSES

- (a) To provide, maintain and operate safe and easily-accessible recreational facilities for the pleasure, recreation and benefit of the club members at locations within the Southern Shores Community;
- (b) To stimulate interest in the use, regulation maintenance and extension of recreational facilities; and
- (c) To engage in other non-profitable purposes

ARTICLE I

OFFICERS

Section 1. *Executive Officers.* The Executive Officers of the Corporation shall be a President, a Vice President, a Secretary, an Assistant Secretary, and a Treasurer. The first President shall hold office for 2 years, after which time the President shall be elected annually by the Board of Directors. All other officers shall be elected annually by the Board of Directors, hereafter sometimes referred to as the Board. They shall take office immediately after election. The officers of the Corporation for the first 2 years need not be members of the Corporation. Thereafter, they shall be members of the Board of Directors and members of the Corporation.

Section 2. *The President.* Subject to the direction of the Board of Directors, the President shall be the chief executive officer of the Corporation, and shall perform such other duties as from time to time may be assigned to him by the Board. The President shall be ex officio a member of all committees.

Section 3. *The Vice President.* The Vice President shall have such power and perform such duties as may be assigned to him by the Board of Directors or the President. In case of the absence or disability of the President, the duties of that officer shall be performed by the Vice President.

Section 4. *The Secretary.* The Secretary shall keep the minutes of all proceedings of the Board of Directors and of all committees and the minutes of the members' meetings in books provided for that purpose. He shall have custody of the corporate seal and such books and papers as the Board may direct, and he shall in general perform all the duties incident to the office of Secretary, subject to the control of the Board of Directors and the President; and he shall also per-

form such other duties as may be assigned to him by the President or by the Board.

Section 5. *The Treasurer.* The Treasurer shall have the custody of all the receipts, disbursements, funds, and securities of the corporation and shall perform all duties incident to the office of Treasurer, subject to the control of the Board of Directors and the President. He shall perform such other duties as may from time to time be assigned to him by the Board or the President. If required by the Board, he shall give a bond for the faithful discharge of his duties in such sum as the Board may require.

Section 6. *Subordinate Officers.* The President, with the approval of the Board of Directors, may appoint such other officers and agents as the Board may deem necessary, who shall hold office during the pleasure of the Board, and who shall have such authority and perform such duties as from time to time may be prescribed by the President or by the Board of Directors.

ARTICLE II

BOARD OF DIRECTORS

Section 1. *Number of Members.* The business and affairs of this Corporation shall be managed by a Board of Directors which shall consist of not less than five nor more than 40 members. The first Board of Directors need not be members of the corporation. Thereafter, all of the Board shall consist of members of the Corporation. At the inception of the Corporation, the Board shall consist of five members named in the Articles of Incorporation, and thereafter the number of Directors shall be fixed by the Board.

Section 2. *Executive Committee.* The Board of Directors may elect from their number an Executive Committee consisting of not less than three members of the Board, which committee shall have all the powers of the Board of Directors between meetings, regular or special. The President of the corporation shall be a member of and shall be chairman of the Executive Committee.

Section 3. *Regular Meetings.* The Board shall meet for the transaction of business at such place as may be designated from time to time.

Section 4. *Special Meetings.* Special Meetings of the Board

of Directors may be called by the President or by three members of the Board for any time and place, provided reasonable notice of such meetings shall be given to each member of the Board before the time appointed for such meetings.

Section 5. Quorum. The Directors shall act only as a Board, and the individual Directors shall have no power as such. A majority of the Directors for the time being in office shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting although less than a quorum, may adjourn the same from time to time without notice until a quorum be at hand. The act of a majority of Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors except as may be otherwise provided by law.

Section 6. Order of Business. The Board of Directors may from time to time determine the order of business at its meeting.

Section 7. Chairman. At all meetings of the Board of Directors, the President, or, in his absence, the Vice President, or in the absence of both, a Chairman, chosen by the Directors present, shall preside.

Section 8. Terms of Members of the Board. The first Board of Directors named in the Charter of the corporation shall serve for 2 years. Thereafter, they shall be elected by the members of the corporation.

Section 9. Annual Report. The Board of Directors after the close of the fiscal year, shall submit to the members of the Club a report as to the condition of the Club and its property and shall submit also an account of the financial transactions of the past year.

Section 10. Vacancies in Board. Whenever a vacancy in the membership of the Board shall occur, the remaining members of the Board shall have the power, by a majority vote, to select a member of the Club to serve the unexpired term of the vacancy.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. There shall be an annual meeting of the members of the Corporation at such place as may be designated, on the first Tuesday in March of each year if not a legal holiday under the laws of the State of North Carolina, and if a legal holiday then on the next succeeding business day, at 7 p.m., for the

transaction of such business as may come before the meeting. No notice shall be required for such meeting.

Section 2. Special Meetings. Special meetings of the members shall be held whenever called by the Board of Directors or by the holders of at least twenty-five memberships. Notice of each special meeting, stating the time, place, and in general terms the purpose or purposes thereof, shall be sent by mail to the last known address of all members at least ten days prior to the meeting, unless otherwise provided herein.

Section 3. Proxy. Every voting member may cast one vote, either in person or by proxy, in accordance with the by-law provisions herein determining the respective voting rights of both Class A and Class B members of the Corporation.

Section 4. Quorum. At any meeting of the members a quorum shall consist of a majority of the voting members, present either in person or by proxy, and a majority in amount of such quorum shall decide any question that may come before the meeting.

ARTICLE IV

MEMBERSHIPS

Section 1. Qualifications. Only persons owning real property in the Southern Shores Community or owning stock in a corporation owning real property in such Community shall be eligible to become a member.

Only members shall be entitled to vote.

Whenever a member shall cease to own real property in Southern Shores or shall cease to own stock in a corporation that owns real property in such Community, such member shall automatically be dropped from the membership roll of the Club.

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The rights and obligations, except as expressly provided herein, of Class A and Class B members shall be identical.

Section 3. Rights. A member shall have no vested right, interest, or privilege of, in, or to the assets, functions, affairs, or franchise of the corporation, or any right, interest, or privilege which may be transferable or which shall continue after his membership ceases, or while he is not in good standing. Provided, however, that the rights of Class A membership shall be inheritable by the person(s) to whom a Class A member's lot(s) devolve upon his death.

Section 4. Initiation Fee. An initiation fee of \$100.00 per lot shall be paid by all Class A members at the time of accepting a deed or contract for his or their lot(s). Every Class B member shall be required to pay an initiation fee of \$50.00.

ARTICLE V

LOSS OF PROPERTY

Section 1. The Board of Directors shall not be liable or responsible for the destruction or the loss of or damage to the property of any member or the guest of any member, or visitor, or other person.

ARTICLE VI

MAINTENANCE ASSESSMENTS

Section 1. The Board of Directors shall have the right and power to subject the lots in the Chicahauk Subdivision of its Class A members to an annual maintenance assessment. Each Class B member shall be assessed an amount equal to the assessment made upon one lot in the Chicahauk Subdivision. Commencing July 1, 1974, and on the same day of each year thereafter, the maintenance charges assessed shall be paid to the Club and such payments shall be used by the Club to create and continue a Maintenance Fund to be used as hereinafter stated. The charge will be delinquent when not paid within 30 days after it becomes due.

Section 2. The assessments per lot in the Chicahauk Subdivision in any year shall not exceed \$25.00 per lot, unless 75% of the voting members present, in person or by proxy, and voting at any meeting at which said increase is proposed shall approve it. Every

member shall receive written or printed notice of the proposed assessment increase no less than 30 days nor more than 60 days prior to the meeting at which it is to be considered.

The assessment for the Club fiscal year beginning in 1975 shall be \$25.00 per lot.

No assessment shall be due for the corporate fiscal year in which the member joins the Club.

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Section 4. The Club shall have a lien on the lot of all Class A members to secure the payment of maintenance charges due and to become due, and the record owners of such lots shall be personally liable for all maintenance charges.

Upon demand, the Club shall furnish to any owner or mortgagee or person interested a certificate showing the unpaid maintenance charges against any lot or lots.

Section 5. No lien to secure the payment of maintenance charges shall exist on the lot(s) of Class B members. Provided, that if the dues of any Class B member are not paid within 60 days after the time when they become delinquent, the membership of said Class B member shall terminate.

ARTICLE VII

BORROWINGS

No borrowing of money or issuance of notes, bonds or other such obligations shall be made on behalf of the Club, unless 75% of the voting members present, in person or by proxy, and voting at any meeting at which such action is proposed shall approve it. Every member shall receive written or printed notice of the proposed action no less than 30 days nor more than 60 days prior to the meeting at which it is to be considered.

ARTICLE VIII

VOTING REQUIREMENTS

No by-law requiring the express approval of members for any proposed action by the Club shall be altered, amended or revoked, except with the approval of the same number of voting members and with the same notice required for approval of any action by the said by-law to be altered, amended or revoked.

ARTICLE IX

NOTICE

Section 1. Notice. Whenever, according to these By-laws, a notice shall be required to be given to any member or Director, it shall not be construed to mean personal notice, but such notice may be given in writing by depositing the same in a post office in a post-paid sealed wrapper, addressed to such member or Director at his address as the same appears on the books of the corporation, and the time when such notice is mailed shall be deemed the time of the giving of such notice.

Section 2. Waiver of Notice. Any notice required to be given by these By-laws may be waived by the person entitled thereto.

ARTICLE X

CORPORATE SEAL

Section 1. Corporate Seal. The corporate seal shall be in the form adopted by the Board of Directors. It shall remain in the custody of the Secretary and shall be by him affixed to all certificates of membership of the Corporation and to all instruments in writing requiring the corporate seal for complete execution. An impression thereof is directed to be affixed to these By-laws.

ARTICLE XI

FISCAL YEAR

Section 1. The fiscal year of the Corporation shall be determined by the Board of Directors.

ARTICLE XII

NONPROFIT STATUS

The net earnings of this Corporation shall be used only in furtherance of its purposes stated in the Preamble to these By-laws, and no part of the Corporation's net earnings shall inure to the private benefit of any of its officers, directors, members, or any other private individual.

ARTICLE XIII

DISSOLUTION

The Corporation may dissolve and wind up its affairs upon a vote of its members taken pursuant to the General Statutes of North Carolina.

Upon the dissolution of the Corporation, the remaining net assets of the Corporation shall be distributed in accordance with a plan of dissolution adopted by the members, which shall not be inconsistent with the purpose and provisions of the North Carolina Nonprofit Corporation Act.

Obtain the HUD Property Report from developer and read it before signing anything. HUD neither approves the merits of the offering nor the value, if any, of the property.

This offer void where prohibited by law.