

BY-LAWS

OF

CROWNPOINT PROPERTY OWNERS' ASSOCIATION, INC.

A Nonprofit Corporation

ARTICLE I

NAME AND LOCATION OF CORPORATION

The name of this Corporation is Crownpoint Property Owners' Association, Inc. Its principal office is located at Ocean Sands, Currituck County, North Carolina.

ARTICLE II

MEMBERSHIP

Section 1. Classes of Members. The authorized membership of the Corporation shall consist of the following classes of members.

(1) Owner Member, being any person other than the Developer Member who owns one or more lots in the Crownpoint Subdivision and who has complied with the requirements of Section 2(1) of this Article. For purposes of these By-laws, "lot" shall mean a single family dwelling lot.

(2) Developer Member, being Coastland Corporation, the owner and developer of the Subdivision.

Section 2. Qualification for Membership.

(1) Owner Members. A person may become an Owner Member of the Corporation in the following ways:

(a) A person shall automatically become an Owner Member of the Corporation by the acquisition of equitable title to one lot within Crownpoint Subdivision, after the Corporation is chartered or by the ownership of equitable title to one lot within any Section of Crownpoint Subdivision, at such time as the Corporation is chartered. Provided, however, that the Developer Member shall not be or become an Owner Member as to any lot until the Developer Member has once leased, sold, or otherwise conveyed the lot to an Owner Member and had thereafter reacquired the lot.

(b) An Owner Member shall hold a number of Owner Memberships equal to the total number of lots owned within Crownpoint Subdivision for which Owner Membership is accorded pursuant to Subsection "a" of this Section 2 of Article II.

(2) Developer Member. Coastland Corporation, its successors and assigns in the development of Crownpoint Subdivision shall be the Developer Member of the Corporation.

The Developer Member may at any time after the expiration of three (3) years from the date the Corporation is chartered, withdraw from Developer Membership in the Corporation.

Section 3. Application for Membership. Application for membership as an Owner Member is not required and such membership shall automatically vest in a person or entity upon their acquisition or ownership of equitable title to a lot within the Subdivision.

Section 4. Assessments and Privileges. Each Owner Member is obligated to pay to the Corporation an annual maintenance assessment of the following amounts for each such lot owned:

~~\$250.00~~
400.00, annually, per lot.

Annual dues of Owner Members in addition to the aforementioned annual maintenance assessments may and shall be established and revised from time to time at the discretion of the Board of Directors.

Each Owner Member shall have the privilege to use the recreational facilities, private access roads, and all other private roads under the control of Crownpoint Property Owners' Association. Such privilege is also accorded to Owner Member's tenants, guests, and invitees subject to any rules and regulations established by the Corporation.

Section 5. Special Assessments for Capital Improvements. In addition to the annual maintenance assessments and annual dues as authorized by the Board of Directors by the preceding section, the Corporation may levy against each Owner Member for each lot owned, in any assessment year, a special assessment, applicable to that year only, for the purposes of defraying, in whole or in part, the costs of any construction or reconstruction, unexpected repair or replacement of any property in the recreational facilities, the surrounding open space, the private access roads and guardhouses, and private roads within the Subdivision designated as such. Provided; any such assessment shall only be effective after the affirmative vote of two-thirds (2/3) of all voting Owner Members in person or by proxy, voting at a meeting duly called for the specific purpose, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 6. Developer Member Not Liable For Assessments. The Developer Member shall not be liable for any assessment or annual dues for any lot owned by the Developer Member until such lot has been once leased, sold, or otherwise conveyed by the Developer Member to an Owner Member and subsequently reacquired by the Developer Member.

Section 7. Priority of Assessment Fund Expenditures.

In the event that funds on hand from assessments are inadequate to provide for all the purposes for which such funds are needed, the funds shall be utilized according to the following priority:

- (1) Private access roads, security and appurtenances thereto.
- (2) Private roads within the Subdivision.
- (3) Recreational areas.
- (4) Such other maintenance, operation and improvements of other common facilities as from time to time the Board of Directors shall determine.

Section 8. Date of Commencement of Annual Maintenance Assessment; Due Date. The annual maintenance assessments provided for in the restrictive covenants and in these By-laws shall be payable beginning on the 2nd day of January, 1990 and on the 2nd day of each succeeding January thereafter. No adjustments or prorations of assessments shall be made by the Corporation. For purposes of levying, the assessment shall be considered payable in advance and shall be levied against any property which is subject to the restrictive covenants. The due date of any annual dues or special assessments under Section 4 and 5 of this Article shall be fixed in the resolution authorizing such annual dues or special assessments.

Section 9. Effect of Nonpayment of Assessment; the Personal Obligation of the Owner; the Lien; Remedies of Association. If assessments are not paid on the date when due (being the date specified in the preceding section of this Article), then such assessments shall be considered delinquent and shall, together with interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then owner, his heirs, devisees, personal representatives and assigns. Provided, however, that any such lien is extinguished by the bona fide purchase of the lot. The personal obligation of the owner to pay such assessment, however, shall remain his personal obligation for the statutory period but shall not be an obligation on the person or entity acquiring the title to the property by bona fide purchase.

If the assessment is not paid within thirty (30) days after the due date, a penalty fee not to exceed \$25.00 shall be added thereto and from that date interest at the rate of twelve percent (12%) per annum may be added to the delinquent balance and penalty and the Corporation may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property if the property remains subject to the lien. There shall be added to such assessment, delinquent fees and interest, the cost of preparing and filing complaint in such action and in the event that the judgment is obtained, such judgment shall include interest on the total amount as above provided and reasonable attorneys' fees to be fixed by the Court, together with the costs of the action.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Place of Meeting. Meetings of the membership shall be held at the principal office or place of business of the Corporation or such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. Annual meetings of the Corporation shall be held on the second Tuesday in May of each year. At such meetings the members shall elect a Board of Directors and transact such other business of the Corporation as may properly come before the meeting.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors, or upon a petition signed by thirty percent (30%) of the Owner Members and submitted to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting stating the purpose thereof as well as the time and place where it is to be held to each member of record, at his address as it appears on the membership book of the Corporation, or if no such address appears, his last known place of address, at least fifteen (15) but not more than forty-five (45) days prior to such meeting. The mailing of a notice in the manner provided in this section shall be considered due service of the notice.

Section 5. Voting. In the election of the Board of Directors the several classifications of members shall each elect the number of Directors stated below:

Owner Members	2 Directors
Developer Member	3 Directors

With the exception of Coastland Corporation, each classification of members must elect Directors who are members in their classification.

On all other matters, each lot shall be entitled to one vote on each question.

Before any lot shall be entitled to vote on any matter, there shall be submitted to the Secretary of the Corporation a document signed by all the owners of the lot signifying the person(s) entitled to cast the vote or a percentage thereof of the lot. Such document shall be deemed effective as a designation of the person(s) entitled to cast that lot's vote until superseded by subsequent designation.

Section 6. Nominating Committee. The Board of Directors shall be elected from nominees presented by a nominating committee appointed by the President and from nominations made from the floor, if any.

Section 7. Quorum. A quorum of the members of the Corporation shall consist of the simultaneous presence of the Developer Member and any ten (10) Owner Members.

ARTICLE IV

DIRECTORS

Section 1. Number and Qualifications. The affairs of the Corporation shall be governed by a Board of Directors composed of five (5) persons, elected as shown in Article III, Section 5.

Section 2. Election and Term of Office. The term of the Directors named in the Articles of Incorporation shall expire when their successors have been elected. At the first annual meeting after incorporation, and annually thereafter, a Board of Directors shall be elected by the members and such Directors shall serve until their successors have been elected and have qualified.

Section 3. Vacancies. Vacancies in the Board of Directors shall be filled by vote of the majority of the remaining Directors elected by the same classification of members as was the vacating Director and a person so elected shall be a Director until a successor is elected by the members at the next annual meeting.

Section 4. Compensation. No compensation shall be paid to Directors for their services as Directors, provided, however, that the Corporation shall reimburse the Directors for all amounts expended in attending meetings of the Board or expended in performing all other duties and discretions required by these Articles.

Section 5. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and such place as shall be determined from time to time, by a majority of Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given by the Secretary to each Director personally or by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-half (1/2) of the Directors.

Section 7. Quorum. At all meetings of the Board of Directors, the presence of four (4) Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary and such other officers as in their judgment may be necessary, who need not be members.

Section 2. Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors or any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a Corporation, including, but not limited to the power to appoint committees from among the members from time to time as he may, at his discretion, decide is appropriate to assist in the conduct of the affairs of the Corporation.

Section 5. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors. In the event the Board of Directors shall elect more than one Vice-President, the manner of the division of the duties of the Vice-President as between the Vice-Presidents so elected shall be so determined by the Directors and set forth in the minutes of the meeting at which they are elected.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Corporation; he shall have the custody of the seal of the Corporation; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have the responsibility for Corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in book belonging to the Corporation.

ARTICLE VI

CORPORATE SEAL

The Board of Directors shall provide a suitable Corporate seal containing the name of the Corporation, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by the Treasurer or any Assistant Secretary or Assistant Treasurer.

ARTICLE VII

FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January of each year. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

Section 2. Books and Accounts. Books and accounts of the Corporation shall be kept under the direction of the Treasurer.

Section 3. Reports to Members. At the end of each fiscal year and at such other times as the Board of Directors may determine, the Board shall make available for inspection by members reports of the fiscal affairs of the Corporation for the preceding year. Such reports shall be available for distribution at each 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 Corporation by either the President or Vice-President. All checks shall be executed on behalf of the Corporation by either the President or the Vice-President.

ARTICLE VIII

MANAGEMENT

The ultimate responsibility for the management of the affairs of the Corporation shall be in the Board of Directors. Recognizing, however, that the Directors are unlikely to be professionals in the management of a project of this scope, it is hereby provided that the Board of Directors may delegate all or part of their duties and discretions to a manager or management service to serve at the pleasure of the Board of Directors and to be paid such compensation as the Board of Directors may from time to time determine.

ARTICLE IX

DISPENSATION OF FUNDS

The amounts collected by the Corporation from its members either as assessments or as dues may be expended at any time for the purposes enumerated in the Articles and in these By-laws upon the majority vote of the Board of Directors. Provided, however, that all the purposes of such expenditure(s) must be for the benefit of at least some of the persons who are Owner Members of the Corporation at the time such expenditures are voted upon. Provided further, that the expenditures are not improper or unauthorized merely because they might also benefit some persons who are not Owner Members of the Corporation.

ARTICLE X

INFORMAL ACTION OF DIRECTORS

Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting, if the consent, in writing, setting forth the action so taken, is signed by all the Directors and filed with the Secretary of the Corporation to be kept in the corporate minute book, whether such consent is obtained before or after the action so taken.

ARTICLE XI

MEMBERSHIP CERTIFICATES

The Corporation shall not issue certificates representing membership in the Corporation but the Secretary of the Corporation shall maintain a membership list for the Corporation which shall be open for inspection by all members.

ARTICLE XII

POWERS OF DIRECTORS

The Board of Directors shall have the authority to:

(1) Exercise for the Corporation, all powers, duties, and authority vested in or delegated to the Corporation by the Articles or these By-laws.

(2) Purchase, lease, sell, or convey any and all real estate or rights of use therein deemed expedient by the Board.

(3) Employ professional management services, managers, independent contractors, attorneys, accountants, bookkeepers, auditors, appraisers, janitors, and other personnel deemed necessary to administer the Corporation, and to prescribe their duties and agree on their compensation;

(4) Establish such Owner Member committees as they deem expedient and prescribe the duties and method of selection of the members of each such committee;

(5) Do any other lawful act necessary for the operation, management, and administration of the Corporation according to the Articles and these By-laws.

ARTICLE XIII

ARCHITECTURAL CONTROL COMMITTEE

Section 1. There is hereby established an Architectural Control Committee. The Committee shall be composed of three (3) members which members shall be either Directors of the Corporation or Members of the Corporation. The Board of Directors shall have the right to appoint and remove members of the Committee at any time and without cause. The address of the Committee is Architectural Control Committee, c/o Crownpoint Property Owners' Association, Inc., P.O. Box 545, Corolla, North Carolina and any change of such address shall be evidenced by an amendment to these By-laws and notice mailed to the members of the Corporation at their addresses as depicted on the corporate records.

Section 2. As to lots belonging to Owner Members of the Corporation:

(1) No landscaping which alters the natural appearance of the lot on which the landscaping is undertaken shall be made or permitted, nor shall any vegetation not indigenous to the Currituck County area be introduced or planted on any lot except with Committee approval.

(2) All plans and specifications for any structure, landscaping, or other improvement whatsoever to be erected or placed upon any lot or lots, and the proposed location thereof on any lot or lots, the construction materials, exterior color schemes, any changes or additions to the residences as constructed and any remodeling, reconstruction, alterations or additions thereto on any lot or lots shall be subject to and shall require the approval in writing of the Committee in the form of a building certificate before any such construction or improvement is commenced.

(3) There shall be submitted to the Committee two (2) complete sets of the final plans and specification for any and

all proposed improvements the erection or alteration of which is desired, together with such other information as the Committee may require, and no structures, landscaping, or improvements of any kind shall be erected, altered, placed or maintained upon any lot unless and until the final plans, elevations and specifications therefore have received written approval as herein provided. Such plans shall include plot plans showing the location upon the lot or lots of any structure proposed to be constructed, altered, placed or maintained, together with the proposed construction materials, color schemes and exteriors thereof and proposed landscape planting.

(4) The Committee shall have the absolute and exclusive right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with any of the provisions of the Restrictive Covenants; if the design, color scheme or location upon the lot or lots of the proposed improvements are not in harmony with the general surroundings or adjacent structures; if the plans and specifications submitted are incomplete; or in the event the Committee deems the plans, specifications or details, or any part thereof, to be contrary to the best interests, welfare or rights of all or any part of the real property subject hereto, or the owners thereof. Additionally, the Committee shall have the absolute and exclusive right to refuse to approve any plans, specifications and details which are not suitable or desirable in its option for any reason, including purely aesthetic reasons and reasons connected with future development plans for Crownpoint Subdivision.

(5) The Committee shall approve or disapprove plans, specifications and details within thirty (30) days from the receipt thereof and the decisions of the Committee shall be final and not subject to appeal or review. Provided, however, that plans, specifications and details revised in accordance with Committee recommendations may be resubmitted for determination by the Committee. In the event that the Committee fails to approve or disapprove plans, specifications and details within thirty (30) days after submission of same to the Committee, or in any event, if no lawsuit to enjoin the erection or placement of the improvements has been commenced prior to thirty (30) days following the completion thereof, approval will not be required and, for the purposes of this Article, shall be deemed to have been given by the Committee.

(6) The Committee or its agent shall have the right to inspect all construction to insure that the structure of improvements are in strict accordance with the approved plans, specifications and details.

(7) The exterior of all buildings and other structures erected on lots within the Subdivision shall be completed within nine (9) months after construction on such building of structure was begun unless for good cause shown, the Committee shall have granted an extension of time in which to complete said structure or building.

(8) Neither the Corporation nor the Committee nor any architect or agent thereof shall be responsible in any way for

any defects in any plans, specifications or details submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications.

Section 3. The provisions of this Article are not binding upon the Developer Member and the Developer Member may undertake landscaping, construction, alterations, or improvements upon any lots owned by it without construction of, or approval of, its plans by the Committee.

Section 4. The members of the Committee until such time as they are replaced by the Board are:

ARTICLE XIV

DISSOLUTION

Upon dissolution of the Corporation the assets thereof shall, after all of its liabilities and obligations have been discharged or adequate provision made therefor, be distributed to any association or associations organized for purposes similar to those set forth in Article III of the Articles of Incorporation.

ARTICLE XV

AMENDMENTS

These By-laws may be mended as follows:

(1) Article I; Article II, Sections 3, 7, 8, 9, 10, 11, 12, 13, and 14; Article III, Section 1, 2, 3, 4, 5, and 6; Article IV; Article VIII; Article IX, Article XII, Article XIII; Article XIV; and Article XV by the affirmative vote of a majority of the Owner Members and the affirmative vote of the Developer Member at any regular or special meeting at which a quorum is present.

(2) Article II, Sections 1, 2, and 6 by the affirmative vote of the Developer Member at any regular or special meeting at which a quorum is present.

(3) Article II, Section 5 by the affirmative vote of two-thirds (2/3) of the Owner Members at any regular or special meeting at which a quorum is present.

(4) All other Articles or Sections, by the affirmative vote of the majority of the Board of Directors at any regular or special meeting of the Board at which a quorum is present.

(5) A statement of any proposed amendment shall accompany the notice of any regular or special meeting of the

members or the Board at which such proposed amendment shall be voted upon.

(6) Paragraph (1) of this Article is subject to the proviso that the Board of Directors, by the affirmative vote of a majority thereof, at any regular or special meeting of the Board at which a quorum is present, may amend the Articles of these By-laws specified in that paragraph; and any such amendment shall be effective until the next annual or special meeting of the members at which time the amendment shall be ratified or rejected by the members as provided in paragraph (1) hereof.