

# KELLOGG AND EVANS

ATTORNEYS AT LAW

CHARLES D. EVANS  
SUSAN HARMAN-SCOTT\*  
MATTHEW J. SPENCER

MARTIN KELLOGG, JR.  
1908-2001

\*Certified Family Financial Mediator

**PHYSICAL ADDRESS:**  
201 ANANIAS DARE STREET  
MANTEO, N.C. 27954

**MAILING ADDRESS:**  
P.O. BOX 189  
MANTEO, NC 27954

TELEPHONE: (252) 473-2171  
FACSIMILE: (252) 473-1214  
FACSIMILE: (252) 473-2157

EMAIL ADDRESS:  
kelloggandevans@coastinet.com

September 17, 2001

Candy George  
Nags Head Pond Property Owners' Association  
156 Waterside Lane  
Nags Head, NC 27959

Re: Nags Head Pond Property Owner Association, Inc.

Dear Ms. George:

I have received your phone calls and understand that you have been elected Chairman of the committee to work towards the transition of the control of the Association from WorldWide Golf, LP as the original developer to the property owners themselves. As you know Evelyn Munden of WorldWide Golf, LP has requested that I work with the property owners to bring about this transition.

One of the problems that we are dealing with is the fact it appears that the original corporate records have been misplaced. I have asked Ms. Munden and her office assistant Pat to please check thoroughly to find out if they have the original book. The attorney who set up the original corporation has provided me copies of some of the corporate documents but insist that he does not have the book and that it was turned over to Ms. Munden or her office some years ago. I believe that we need to order a new corporate book or possibly set up a homemade corporate minute book in which the corporate records can be placed.

There is one issue that needs to be thoroughly investigated by you and/or other members of the committee and that is whether or not the Association should attempt to qualify as a tax exempt organization under the IRS laws. I would suggest that you might want to consult with a CPA of your choice. I will be happy to discuss that with you if you would like.

The other item I need to know is when you would like to meet to further discuss this transition. In the meantime, I am enclosing copies of the corporate records that I have been able to obtain for review by you and the committee. These items include the following:

KELLOGG AND EVANS

ATTORNEYS AT LAW

Candy George  
September 18, 2001  
Page Two

1. By-Laws of Nags Head Pond Property Owners' Association
2. Articles of Incorporation

Should you have any questions in the meantime, please do not hesitate to let me know.

Thank you and my best regards.

Very truly yours,

*Charles D. Evans*  
(Signed in Writer's Absence)

Charles D. Evans

CDE: jdu  
Enclosures  
cc: Evelyn Munden, WorldWide Golf Associates, LP

**BY-LAWS**  
**OF**  
**NAGS HEAD POND PROPERTY OWNERS' ASSOCIATION**

**Article I**  
**Names and Offices**

Section 1. Name. The name of the Corporation shall be Nags Head Pond Property Owners' Association.

Section 2. Offices. The principal office of said Association shall be in Nags Head, Nags Head Township, Dare County, North Carolina. The Association may also have offices at such other places as the Board of Directors may from time to time appoint or the purposes of the Association may require.

**Article II**  
**Definition**

The following words when used in these By-Laws (unless the context shall otherwise require), shall have the following meanings:

(a) The "Association" shall mean Nags Head Pond Property Owners' Association, its successors and assigns.

(b) The "Development" shall mean the real property described in the Declaration of Restrictive Covenants recorded in Book 708, Page 764, Dare County Registry.

(c) The "Common Property" shall mean those areas of land, owned by the Association and described in the Declaration of Restrictive Covenants recorded in Book 708, Page 764, Dare County Registry.

(d) "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any lot, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(e) "Subsequent Owner" shall mean each "Owner" [as defined in (d) above] after Declarant.

(f) The "Declarant" shall mean WorldWide Golf, Inc. its successors and assigns.

(g) "Member" shall mean and refer to every person or entity who holds membership in the Association.

(h) "Lot" shall mean and refer to Lots 1-20 inclusive and Lots 22-39 inclusive, within delineated boundary lines, as shown on the plat of Nags Head Pond Subdivision recorded in Plat

Cabinet C, Slides 106D, 106E, 106F and 106G.

(i) The "Declarations" shall mean the Declaration of Restrictive Covenants recorded in Book 708, Page 764, Dare County Registry and any amendments thereto recorded in the Office of the Register of Deeds of Dare County, North Carolina.

### Article III Objectives

The objectives of the Association shall be (a) to acquire, construct, maintain and operate the Common Property, if any, in the Development, (b) to enforce any and all covenants, restrictions and agreements applicable to the Common Property and the Lots in the Development and particularly the Declarations or similar Declarations as may be made with respect to the Development, and which hereafter may be recorded in the Office of the Register of Deeds of Dare County, North Carolina and (c) to make and perform any contracts and do any acts or things, and exercise any powers suitable, convenient, proper or incidental for the accomplishment of any of the objectives enumerated herein.

### Article IV Membership and Voting Rights in the Association

Section 1. Membership. Every person or entity who is an "Owner" of any lot which is subject to the Declaration of Restrictive Covenants shall be a member of the Association.

Section 2. Voting Rights. The Association shall have one class of voting members. Voting in the Association shall be by lot with each lot being entitled to only one vote even though there may be several owners thereof.

Section 3. Suspension of Membership. The obligation for payment of assessments is imposed upon each "Subsequent Owner". The obligation for payment of assessments of all "Subsequent Owners" subject to the Declaration's assessments, (or the assessment of any supplement thereto) becomes a lien upon the Lot against which such assessments are made as provided by the Declarations. If a member fails to make payment of any annual or special assessment levied by the Association within thirty days after same shall become due and payable, the voting rights of such member and such member's right to use of the Association's facilities may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended after notice and hearing, for violation of any rules and regulations established by the Board of Directors governing the use of common property. No "Subsequent Owner" may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property or abandonment of his lot.

**Article V**  
**Assessments**

The obligations with respect to Assessments are governed by Article I of the Declaration, as the same may be amended from time to time.

**Article VI**  
**Meetings**

Section 1. Annual Meetings. The annual meeting of the members for the election of directors, the presentation of the annual financial report of the Association and for the transaction of such other business as the Board of Directors may determine, shall be held at the principal office of the Association on the first Tuesday in December, or at such other time and place as may be fixed by the Board of Directors, but in no event later than December 31.

Section 2. Special Meetings. Special meetings of members for any purpose may be called at any time by (i) the President of the Association, or (ii) any three (3) directors of the Association, and (iii) shall be called by the Secretary of the Association forthwith upon receipt of the written request of members of the Association entitled to cast one-third of all votes of the entire Membership. Special meetings shall be held solely for such purpose or purposes as are set forth in the notice or waiver of notice of the meeting.

Section 3. Special Meetings for the Election of Directors.

(a) If for a period of one (1) month after the date fixed herein for the annual meeting of members, there is a failure to elect a sufficient number of directors to conduct the business of the Association, the Board of Directors shall call a special meeting for the election of directors. If such special meeting is not called by the Board within two (2) weeks after the expiration of such period or if it is called but there is a failure to elect such directors for a period of two months after the expiration of such period, members entitled to cast ten (10) votes or ten percent (10%) of the total number of votes entitled to be cast in an election of directors, whichever is less, may, in writing, demand the call of a special meeting for the election of directors specifying the date and month thereof, which shall not be less than two (2) nor more than three (3) months from the date of such written demand. The Secretary of the Association upon receiving the written demand shall promptly give notice of such meeting, or, if he fails to do so within five (5) business days thereafter, any member signing such demand may give such notice. The meeting shall be held at the principal office of the Association or at such other place as may be fixed in the notice of meeting.

(b) At any such special meeting called on the

demand of members, notwithstanding the provisions of these By-Laws, members attending, in person or by proxy, and entitled to vote in an election of directors shall constitute a quorum for the purpose of electing directors, but not for the transaction of any business.

Section 4. Notice and Waiver of Notice of Annual and Special Meetings. Notice of the time, place and purpose or purposes of every meeting of the members shall be served (except as provided in Section 3, Article VI of these By-Laws), either personally or by mail, not less than ten (10) nor more than fifty (50) days before the meeting, upon each person who appears upon the books of the Association as a member and if mailed, such notice shall be directed to the member at his address as it appears on the books of the Association, unless he shall have filed with the Secretary of the Association a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. The notice provided for herein is not indispensable and any meeting of members shall be deemed validly called for all purposes if all members are represented thereat in person or by proxy, or if a quorum is present and waivers of notice of the time, place and purpose of such meeting shall be duly executed in writing either before or after said meeting by those members not so represented or not given such notice. The attendance of any member at a meeting in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

Section 5. Quorum. At any meeting of members the presence in person or by proxy of ten percent (10%) of members entitled to vote thereat shall be necessary to constitute a quorum for the transaction of business, except as otherwise expressly provided by law, by the Articles of Incorporation of the Association, the Declaration, or elsewhere in these By-Laws. In the absence of a quorum, or when a quorum is present, a meeting may be adjourned from time to time by a vote of a majority of members entitled to vote present in person or by proxy, without notice other than by announcement at the meeting and without further notice to any absent member. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might be transacted at the meeting as originally scheduled.

Section 6. Voting. If a quorum is present the affirmative vote of a majority of members represented at the meeting shall be the act of all members, unless the act of a greater number is expressly required by law or by the Articles of Incorporation of the Association, the Declaration, or elsewhere in these By-Laws. Any member may vote either in person or by proxy appointed by an instrument executed in writing by such member or his duly authorized attorney-in-fact and delivered to the secretary of the meeting. No proxy shall be valid after the expiration of eleven months from the date of its execution unless

---

the member executing it shall have specified therein its duration. Every proxy shall be revocable at the pleasure of the person executing it, or his personal representatives or assigns. Upon direction of the presiding officer or upon demand of a member, the vote upon any business before a meeting shall be by ballot, but otherwise any such vote need not be by ballot.

Section 7. Action Without a Meeting. Whenever members are required or permitted to take any action by vote, such action may be taken without a meeting on written consent setting forth the action so taken, signed by all members entitled to vote thereon.

Section 8. Inspectors of Election. The Board of Directors in advance of any meeting of members may appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a members' meeting may, and on the request of any member entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability, and the oath so taken shall be signed by the inspector before the person presiding at the meeting and shall be filed with the Secretary of the Association. No director, or candidate for director at a meeting, one of the purposes of which is to elect directors, shall act as inspector thereat.

## Article VII Board of Directors

Section 1. Management of the Affairs of the Association. The management of the affairs of the Association shall be vested in a Board of Directors which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute or by the Articles of Incorporation of the Association, or by the Declaration, or by these By-Laws directed or required to be exercised or done by the members.

Section 2. Election of Directors. The Board of Directors shall consist of not less than three (3) nor more than nine (9) directors, the number of persons constituting the whole Board of Directors to be fixed from time to time by resolution of the Board of Directors. Directors shall be at least twenty-one years of age and need not be members of the Association. Except as otherwise provided by law, the Articles of Incorporation or in these By-Laws, the directors shall be elected at each annual meeting of members by a plurality of votes cast.

Section 3. Vacancies. Vacancies in the Board of

Directors resulting from death, resignation or removal may be filled without notice to any members by a vote of a majority of the remaining directors present at the meeting at which such election is held, even though a quorum is not present, which election may be held at any regular meeting of the Board of Directors of any special meeting thereof called for such purpose. A director elected to fill a newly created directorship shall serve in office during the unexpired portion of the term of his predecessor and until his successor is elected and qualified.

Section 4. Nomination of Directors. Not later than four (4) weeks prior to the date set for each annual meeting of members, the President of the Association shall appoint a committee of members to nominate candidates for election as directors at the annual meeting. The recommendations of the nominating committee, together with a brief description of each candidate, shall be transmitted to the membership at the same time the notice of annual meeting of members is distributed. Additional nominations may be made from the floor by any member at the annual meeting.

Section 5. Meetings. Meetings of the Board of Directors, regular or special, shall be held in the State of North Carolina. The first meeting of the Board of Directors following the annual meeting of members shall be held not later than one (1) week after the annual meeting of members. Thereafter, regular meetings of the Board of Directors shall be held not less than annually. Meetings may be held upon such notice, or without notice, and at such time and place, as shall be determined by the Board. Special meetings of the Board of Directors may be called by the President, at such time and place as he shall determine, on five (5) days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice of the written request of three (3) directors. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, except where otherwise required by law or by these By-Laws. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business except as otherwise expressly provided by law or by the Articles of Incorporation of the Association, or by the Declaration or elsewhere in these By-Laws. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by the Certificate of Incorporation of the Association, or by the Declaration or elsewhere in these By-Laws. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement





at the meeting, until a quorum shall be present. At all meetings of the Board of Directors, each director shall be entitled to one vote.

Section 6. Resignation and Removal. Any director may resign at any time by written notice delivered or sent by certified or registered mail, return receipt requested to the President or Secretary of the Association. Such resignation shall take effect at the time specified therein and unless specifically requested acceptance of such resignation shall not be necessary to make it effective.

Except as provided in the Articles of Incorporation, any director may be removed from office with or without cause by members of the Association at a meeting duly called for that purpose or with cause by the Board.

Section 7. Compensation. No salary or other compensation for services shall be paid to any director of the Association for services rendered as such director, but this shall not preclude any director from performing any other service for the Association and receiving compensation therefor.

Section 8. Executive Committee. The Board of Directors may, by resolution adopted by a majority of the entire Board, appoint from among its members an executive Committee consisting of three (3) or more persons, which shall have and may exercise during the intervals between the meetings of the Board all powers vested in the Board, with the exceptions of those forbidden by law. The Board may at any time change the members of and fill vacancies in the Executive Committee. The Executive Committee shall keep regular minutes of its proceedings and shall report same to the Board of Directors when required. The Executive Committee may make rules for the conduct of its business and may appoint any sub-committees and assistants it considers necessary. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business.

Section 9. Other Committees. From time to time the Board of Directors may appoint, from among the directors, members, and other persons, other committees for any purpose or purposes with such powers as are conferred by the resolution of appointment and as are permitted by law. The President of the Association shall be an ex-officio member of all committees so appointed.

Section 10. Annual Report. The Board of Directors shall present at the Annual Meeting of Members a report of the financial and other affairs of the Association during the preceding year.

## Article VIII Officers

Section 1. Election. The Board of Directors, at its first meeting after the Annual Meeting of Members, shall elect from their number a President and Vice President, and shall elect a Secretary and Treasurer, each officer to hold office until the meeting of the Board of Directors following the next Annual Meeting of Members and until their successors are elected and qualified. The Board may from time to time appoint such other officers as it considers desirable to hold office at the pleasure of the Board. Any two of such offices, except those of President and Secretary, maybe held by the same person.

Section 2. Assistants. The Board of Directors may at any time or from time to time appoint one or more Assistant Secretaries and one or more Assistant Treasurers to hold office at the pleasure of the Board. Such assistants, if any, in order of their seniority or in any other order determined by the Board of Directors shall, in the absence or disability of the Secretary or Treasurer, as the case may be, perform the duties and exercise the powers of the Secretary or Treasurer, as the case may be, and shall perform such other duties as the Board of Directors or the Secretary or Treasurer, as the case may be, shall prescribe.

Section 3. Qualifications; Removal and Vacancies. Officers need not be members of the Association. Any officer elected or appointed by the Board of Directors pursuant to the provisions of Sections 1 and 2 of this Article VIII may be removed by the Board of Directors at any time, with or without cause. Vacancies occurring in any office may be filled by the Board of Directors at any time.

Section 4. Duties of President and Vice President. The President shall be the chief executive and operating officer of the Association and shall preside at all meetings of the members and of the Board of Directors. The President or the Vice President may sign the name of the Association on all certificates and contracts and other instruments which are authorized from time to time by the Board of Directors. The President, subject to the control of the Board of Directors, shall have general management of the affairs of the Association and perform all the duties incidental to the office. If the President is absent from the State of North Carolina or is unable to act, the Vice President shall have the powers and perform the duties of the President.

Section 5. Duties of Treasurer. Subject to the control of the Board of Directors, the Treasurer shall have the care and custody of all funds and securities of the Association, and all books and records relating thereto and shall deposit such funds in the name of the Association in such bank or trust companies as the Board of Directors may determine, and he shall perform all

other duties incidental to this office. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the Association a bond with a surety company as surety, in such form and amount as the Board of Directors from time to time shall determine. The premium upon such bond shall be paid by the Association.

Section 6. Duties of Secretary. The Secretary shall keep the minutes of the meeting of the Board of Directors and of the meetings of the members. He shall attend to the giving and serving of all notices of the Association, and shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors or these By-Laws. He shall also perform all other duties incidental to his office. He shall cause to be kept a record book containing the names, alphabetically arranged, and addresses, of all members and the date they became such. The Secretary shall also act as Inspector of Election as provided by Article VI, Section 8.

Section 7. Compensation. No salary or other compensation for services shall be paid to any officer of the Association for services rendered as such officer, but this shall not preclude an officer of the Association from performing any other service for the Association and receiving compensation therefor.

## Article IX Financial Matters

Section 1. Depositories. The Board of Directors shall select such depositories as it considers proper for the funds of the Association. All checks and drafts against such deposited funds shall be signed and countersigned by persons specified by the Board.

Section 2. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, in addition to those specified in these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or render it liable for any purpose or to any amount.

Section 3. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors of the Association.

## Article X Indemnification of Directors, Officers and Employees

Section 1. Right to Indemnification. Any person made a

party to any action, suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a director or officer of the Association, shall be indemnified by this Association, to the extent permitted and in the manner provided by law, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the Association under the laws of the State of North Carolina, but such indemnification shall in no case include:

(1) Amounts paid in settling or otherwise disposing of a threatened action, suit or proceeding, or a pending action, suit or proceeding, with or without court approval; or

(2) Expenses incurred in defending a threatened action, suit or proceeding, or a pending action, suit or proceeding, which is settled or otherwise disposed of without court approval.

Any person, made, or threatened to be made, a party to an action, suit or proceeding other than one by or in the right of the Association to procure a judgment in its favor, whether civil or criminal, including an action, suit or proceeding by or in the right of any other corporation of any type or kind, domestic or foreign, which any director or officer of the Association served in any capacity at the request of the Association, or served such other corporation in any capacity, shall be indemnified by this Association against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action, suit or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in the best interests of the Association and in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such director or officer did not act in good faith, for a purpose which he reasonably believed to be in the best interest of the Association, or that he had reasonable cause to believe that his conduct was unlawful.

Section 2. Other Rights; Payment. Any such right of indemnification as set forth in Section 1 of Article X of these By-Laws shall not be deemed exclusive of any other rights to which any such director or officer may be lawfully entitled apart from the provisions of Laws of the State of North Carolina. Any amount payable by reason of indemnity under this Article shall be determined and paid in accordance with the Laws of the State of North Carolina or in any other lawful manner.

## **Article XI Dissolution**

In the event the Association is dissolved in accordance with the provisions of the Association's Articles of Incorporation and the assets, both real and personal, of the Association are dedicated to a governmental authority, the covenants and restrictions contained in the Declaration, other than those applying to assessments, shall remain in full force and effect. It shall be a requirement of the Association, prior to its dissolution, to establish an appropriate authority or corporation for enforcing said covenants and restrictions.

In the event that such dedication to a governmental authority is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In such event the covenants and restrictions contained in the Declaration, including those applying to assessments, shall remain in full force and effect. No such disposition of the Corporation's properties shall be effective to divest or diminish any right or title of any member vested in him under the Declaration and deed applicable to his property unless made in accordance with the provisions of the declaration and deed.

## **Article XII Construction**

In the case of any conflict between the Articles of Incorporation of the Association and these By-Laws, the Articles of Incorporation of the Association shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

## **Article XIII Amendments**

These By-Laws may be amended or repealed in conformity with the Articles of Incorporation of the Association and the Declaration by the affirmative vote of two thirds of the directors present at the meeting of the Board of Directors or by the affirmative vote of a majority of the membership entitled to vote for the election of directors, provided, however, that no such amendment or repeal adopted by the Board of Directors shall become effective until thirty (30) days after notice thereof shall have been transmitted to the Members of the Association. The notice of any meeting of Members and the Board of Directors at which such action shall be considered shall contain a notice of the proposed amendment, or repeal. Any by-law adopted by the Board of Directors may be amended or repealed by the Members, and unless otherwise provided in the Article of Incorporation of

the Association, the Declaration or these By-Laws, any By-law adopted by the Members, may be amended or repealed by the Board.

Adopted this 23rd day of May, 1990.



---

Cameron Munden, Chairman and President

FILED

'90 MAR 1 AM 11 33

# STATE OF NORTH CAROLINA



Department of The  
Secretary of State

DOUGLAS A. FRY  
REGISTRAR OF DEEDS  
DARE COUNTY, N.C.

To all whom these presents shall come, Greeting:

I, Rufus L. Edmisten, *Secretary of State of the State of North Carolina*, do hereby certify the following and hereto attached ( 7 sheets) to be a true copy of

ARTICLES OF INCORPORATION

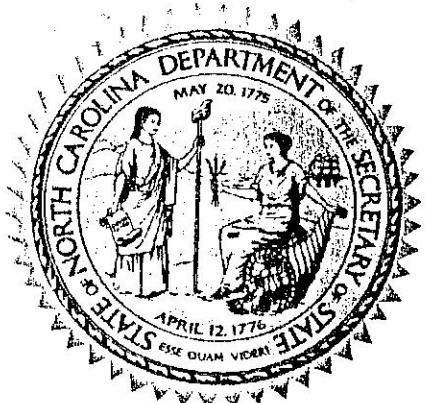
OF

NAGS HEAD POND PROPERTY OWNERS' ASSOCIATION

and the probates thereon, the original of which was filed in this office on the 16th day of February, 1990 after having been found to conform to law.

In Witness Whereof, I have hereunto 'set my hand and affixed my official seal.

Done in Office, at Raleigh, this 16th day of February in the year of our Lord 1990.



*Rufus L. Edmisten*

Secretary of State



(1) To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of Nags Head Pond Development in accordance with the terms, provisions, conditions and authorizations contained in these Articles and in the Declaration of Restrictive Covenants which covenants are or will be recorded in the Public Records of Dare County, North Carolina, at such time as the real property and the improvements thereon are submitted to said Declaration;

(2) To make, establish and enforce reasonable rules and regulations governing the use of subdivision development, common elements, land and other real and personal property which may be owned by the Association itself;

(3) To make, levy and collect assessments against lot owners; to provide the funds to pay for common expenses of the Association as provided in the aforementioned Declaration of Restrictive Covenants and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association; said assessments being used exclusively to promote the recreation, acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common areas, including but not limited to the cost of repair, replacement and additions thereof, the cost of labor, equipment, materials, management, and supervision thereof, the maintenance of insurance in accordance with the By-Laws, including the employment of attorneys to represent the Association when necessary and for such other needs

as may arise;

(4) To maintain, repair, replace and operate any properties for which the Association is responsible;

(5) To enforce by any legal means, the provisions of the aforementioned Declaration of Restrictive Covenants, as same may be amended from time to time, the By-Laws of the Association and any rules and regulations for the use of the Association property;

(6) To contract for the management of the recreational property and to delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required to have approval of the Board of Directors or the membership of the Association.

B. The Association shall have all of the common law and statutory powers of a non-profit corporation and also those powers as set out in the Declaration of Restrictive Covenants of Nags Head Pond and all powers reasonably necessary to implement the purposes of the Association.

#### IV. MEMBERSHIP

A. The membership of Nags Head Pond Property Owners' Association shall consist of the owners of lots in Nags Head Pond Subdivision and any other lands which may be added thereto by the Declarant. Membership shall be established by acquisition of fee title to a lot in Nags Head Pond Subdivision, whether by conveyance, devise, or judicial decree. A new owner designated