

BY-LAWS
OF
BLUEWATER BANKS OWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND PURPOSES OF THE CORPORATION

Section 1. Name:

This corporation shall be known as BLUEWATER BANKS OWNERS ASSOCIATION, INC.

Section 2. Purposes:

The corporation has been organized for the following purposes:

- A. To promote the health, safety and welfare of the owners and residents of the Properties.
- B. To provide for the preservation of the values and amenities of the Properties.
- C. To own, acquire lease, build, operate and maintain on the Properties open spaces and other common area and facilities for the benefit of the residents of the Properties.
- D. To Promote fellowship and friendship among its members and to provide an area to hold meetings and social gatherings for the better realization of such purposes.
- E. To provide a forum for the expression of ideas and provide plans with regard to the improvement of social, recreational and general living conditions in the Properties and to take steps toward the fulfillment of said ideas and plans.

ARTICLE II

DEFINITIONS

Section 1.

"Association" shall mean and refer to BLUEWATER BANKS OWNERS ASSOCIATION, INC., a nonprofit corporation organized and existing under the laws of the State of North Carolina.

Section 2.

"The Properties" shall mean and refer to that property encompassed within the parcel or tract of land described on that certain map or plat recorded in Map Book 27, page 41, Carteret County Registry and designated as Bluewater Banks Subdivision excepting and excluding the property shown as "Future Development" and lying north of NC State Road 1123, together with such additional properties as may hereafter be brought within the jurisdiction of this corporation by annexation as provided in Article VII, Sections 1 and 2 herein, or pursuant to Paragraph 9 of the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS relating to Bluewater Banks Subdivision.

Section 3.

"Common Properties" shall mean and refer to those areas of land now or hereafter so designated on any recorded subdivision plat of a portion of the Properties or hereinafter deeded to the Association and intended to be devoted to the common use and enjoyment of the owners of the Properties, and more particularly shall mean and refer to commons, streets, paths and shall include equipment and personal properties incident thereto, and any other properties owned and maintained by the Association for the common benefit and enjoyment of the owners and residents of the Properties.

Section 4.

"Lot" shall mean and refer to any numbered plot of land shown upon any subdivision map of the Properties with the exception of the Common Properties heretofore defined and the "Future Development" tract south of NC State Road 1123, which Future Development tract Developer specifically reserves the right to further subdivide into lots by a subsequently recorded subdivision map at which time those lots shall become subject to the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS and the owners thereof members of the Association. The Developer shall designate the lots by the recording of a subdivision map and SUPPLEMENTAL DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS.

Section 5.

"Living Unit" shall mean and refer to any portion of a building situated upon the Properties designed and intended for use and occupancy as a residence by a single family whether as owners or tenants.

Section 6.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Living Unit situated upon the Properties but, notwithstanding any applicable theory of the deed of trust, shall not mean or refer to the Trustee or cestui que trust unless and until there has been a transfer of title pursuant to foreclosure or any proceeding in lieu of foreclosure.

Section 7.

"Member" shall mean and refer to all those owners who are members of the Association as provided in Article IV, Section 1, hereof.

Section 8.

"Developer" shall mean Bluewater Associates of Emerald Isle, Inc.

ARTICLE III

LOCATION

Section 1.

The principal office of the Association shall be located at 200 Mangrove Drive, Emerald Isle, North Carolina 28594, c/o Bluewater Associates of Emerald Isle, Inc.

ARTICLE IV

MEMBERSHIP

Section 1.

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot or Living Unit or undeveloped and undesignated land which is subject by covenants of record to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

Section 2.

The rights of membership are subject to the payment of annual and special assessments levied by the Corporation, the obligation of which assessments is imposed against each owner of and becomes a lien upon the property against which such assessments are made as provided by Paragraph 8 of the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS or any Supplemental Declaration or Amendments to which the Properties are subject.

Section 3.

The rights and privileges of any person to use the recreational facilities and amenities of the Association, which person's interest in the Properties is subject to assessments under Article IV, Section 2, whether or not he be personally obligated to pay such assessments, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the common properties and facilities and the personal conduct of any person thereon, as provided in Article X, Section 1, they may, in their discretion, suspend the rights and privileges of any such person to use the recreational facilities and amenities of the Association for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE V

VOTING RIGHTS

Section 1.

The Association shall have only one class of voting membership.

Members shall be all those owners as defined in Article IV, Section 1. Members shall be entitled to one vote for each Lot or Living Unit in which they hold the interests required for membership. When more than one person holds such interest or interests in any Lot or Living Unit all such persons shall be members, and the vote for such Lot or Living Unit shall be exercised as they among themselves determine but in no event shall more than one vote be cast with respect to any such Lot or Living Unit.

Section 2. Designation of Voting Representatives.

If a Lot or Living Unit is owned by one person his right to vote shall be established by the record title to his property. If a Lot or Living Unit is owned by more than one person, or is under lease, the person entitled to cast the vote for said property shall be designated by a certificate signed by all of the record owners of said property and filed with the secretary of the Association. If a Lot or Living Unit is owned by a corporation, the person entitled to cast the vote for said property shall be designated by a certificate of appointment signed by the president, vice-president or secretary of the corporation and filed with the secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Lot or Living Unit.

ARTICLE VI

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT
OF COMMON PROPERTYSection 1.

Each member shall be entitled to the use and enjoyment of the common properties and facilities as provided in Paragraph 8 of the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS.

Section 2.

Any member may delegate his rights of enjoyment in the Common Properties and facilities to the members of his family who reside upon the properties or to any of his tenants who reside thereon under a leasehold interest for a term of three months or more. Such member shall notify the Secretary in writing of the name of any such person and of the relationship of the member to such person. The rights and privileges of such person are subject to suspension under Article IV, Section 3, to the same extent as those of the member.

ARTICLE VII

POWERS OF THE ASSOCIATION

Section 1. Additions to Properties and Membership.

Additions to the Properties referred to in Article II, Section 2, may be made only in accordance with the provisions of the recorded Covenants and Restrictions applicable to the Properties. Such additions, when properly made under the applicable Covenants, shall extend the jurisdiction, functions, duties and membership of this corporation to such properties.

Section 2. Mergers and Consolidations.

Subject to the provisions of the recorded DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS referred to in Article II, Section 2, and to the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance, and shall set forth the purpose of the meeting.

Section 3. Mortgages: Other Indebtedness.

The Association shall have the power to mortgage its Properties only to the extent authorized under its Articles of Incorporation.

The total debts of the corporation, including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of five years assessments current at that time, provided, that authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds (2/3) of the vote of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 4. Dedication.

The Association shall have the power to dispose of its real properties only as authorized under the recorded ARTICLES OF INCORPORATION.

ARTICLE VIII

BOARD OF DIRECTORS

Section 1. Generally.

The affairs of the Association shall be managed by a board of three (3) directors. The initial board of directors shall consist of four (4) directors who shall hold office until the first meeting of the members of the Association or until their successors are elected and qualified. At the first membership meeting the members shall elect three (3) directors who shall hold office until the first annual meeting. At the first annual meeting the members shall elect one (1) director for a term of three (3) years, one (1) director for a term of two (2) years, and one (1) director for a term of one (1) year. At each succeeding annual meeting, the members shall elect one (1) director for a term of three (3) years to fill the expired terms.

Section 2. Vacancies.

Vacancies on the Board of Directors shall be filled by the majority of the remaining directors, and any such appointed directors shall hold office during the unexpired term of their predecessors.

Section 3. Removal.

Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation.

No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expense incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting.

The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining a written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE IX

ELECTION OF DIRECTORS; NOMINATING COMMITTEE;
ELECTION COMMITTEE

Section 1.

Election of the Board of Directors shall be by written ballot as hereinafter provided. At such election the members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the recorded Declaration applicable to the Properties. The names receiving the largest number of votes shall be elected. Votes may not be cast cumulatively.

Section 2.

Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the Standing Committees of the Association.

Section 3.

The Nominating Committee shall consist of a Chairman who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors immediately following each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced and notification of such appointment given to the members.

Section 4.

The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members, as the committee in its discretion shall determine. Additional nominations from the floor may be made at the time of the elections.

Section 5.

All elections to the Board of Directors at and after the first annual meeting shall be made on written ballot which shall clearly list the names of the persons for whom the vote is being cast, and the term of office if necessary. The Chairman of the meeting shall appoint one or more persons to count the ballots and report the results.

ARTICLE X

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1.

The Board of Directors shall have power:

- A. To call special meetings of the members whenever it deems necessary, and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership, as provided in Article XIV, Section 2.
- B. To generally govern the Association in accord with the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS and the Charter and By-Laws of this corporation including, without limitation, to appoint and remove at pleasure all officers, agents and employees of the corporation, prescribe their duties, fix their compensation, and shall require of them such security or fidelity bond as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit

the employment of any Member, Officer or Director of the Association in any capacity whatsoever.

- C. To establish, levy and assess, and collect the assessments or charges referred to in the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS.
- D. To adopt and publish rules and regulations governing the use of the common properties and facilities and the personal conduct of the members and their guests thereon.
- E. To exercise for the Association all powers, duties and authority vested in or delegated to this organization, except those reserved to the members in the covenants.
- F. In the event that any member of the Board of Directors of this corporation shall be absent from three (3) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent Director to be vacant.
- G. To prepare and enforce, directly or indirectly, the rules and regulations governing activities within the boundaries of the properties. For purposes of enforcement of these rules, regulations and By-Laws against all persons not members, each member of the BLUEWATER BANKS OWNERS ASSOCIATION, INC. is hereby delegated sufficient authority from the officers and Directors as will legally entitle that member to act on behalf of the Association.

Section 2.

It shall be the duty of the Board of Directors:

- A. To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such is requested in writing by one-fourth (1/4) of the voting membership, as provided in Article XIV, Section 2.
- B. To supervise all officers, agents and employees of this organization, and to see that their duties are properly performed.

- C. To employ and discharge such management as the Directors deem necessary.
- D. To adopt a budget and authorize expenditures.
- E. As more fully provided in Paragraph 8 of the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS.
 - 1. To fix the amount of the assessment against each lot or living unit for each assessment period at least thirty (30) days in advance of such date or period and, at the same time;
 - 2. To prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member and, at the same time:
 - 3. To send written notice of each assessment to every owner subject thereto.
- F. To issue, or cause an appropriate officer to issue upon demand by any person a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

ARTICLE XI

DIRECTOR'S MEETINGS

Section 1.

A regular meeting of the Board of Directors shall be held at least quarterly at a day and hour to be established by resolution.

Section 2.

Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday and no notice thereof need be given.

Section 3.

Special meetings of the Board of Directors shall be held when called by any officer of the corporation or by any two Directors after not less than three (3) days' notice to each Director.

Section 4.

The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approval shall be filed with the corporate records and made part of the minutes of the meeting.

Section 5.

The majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XII

OFFICERS

Section 1.

The officers shall be a president, a vice-president, a secretary and a treasurer. All shall be members of the Association.

Section 2.

The officers shall be chosen by majority vote of the Directors.

Section 3.

All officers shall hold office during the pleasure of the Board of Directors.

Section 4.

The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and shall sign all notes, leases, mortgages, deeds and all other written instruments.

Section 5.

The vice-president shall perform all the duties of the president in his absence.

Section 6.

The secretary shall be ex-officio the secretary of the Board of Directors and shall record the votes and keep the minutes of all proceedings in book to be kept for that purpose. He shall sign all certificates of membership, He shall keep the records of the corporation. He shall record in a book kept for that purpose the names of all members of the Association together with their addresses as registered by such members.

Section 7.

The treasurer shall receive and deposit in appropriate bank accounts all monies of the corporation and shall disburse such funds as directed by resolution of the Board of Directors, provided however, that a resolution of the Board of Directors shall not be necessary for disbursement made in the ordinary course of business conducted within the limits of a budget adopted by the Board. Two officers of the corporation shall co-sign all checks.

Section 8.

The treasurer shall keep proper books of account and cause an annual audit of the corporation books to be made by a certified public accountant, or by audit committee appointed by the Board of Directors, at the completion of each fiscal year. He shall prepare an annual budget and an annual balance sheet statement, and the budget and balance sheet statement shall be presented to the membership at its regular annual meeting. He shall be responsible for the preparation of such tax returns as may be required.

Section 9. Special Appointments.

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 10. Resignation and Removal.

Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 11. Vacancies.

A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 12. Multiple Offices.

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

ARTICLE XIII

COMMITTEES

Section 1.

The Standing Committees of the Association shall be:

The Nominating Committee
The Maintenance Committee
The Aesthetics Committee

Unless otherwise provided herein, each committee shall consist of a Chairman and two or more members and shall include a member of the Board of Directors for board contact. The committees shall be appointed by the Board of Directors prior to each annual meeting to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The Board of Directors may appoint such other committees as it deems desirable.

Section 2.

The Nominating Committee shall have the duties and functions described in Article IX.

Section 3.

The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvements of the Common Properties and facilities of the Association, and shall perform such other functions as the Board, in its discretion, determines.

Section 4.

The Aesthetics Committee shall have the duty and function of assuring compliance with the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS in particular, Paragraphs 4, 5 and 6. It shall watch for any proposals, programs, or activities which may adversely affect the residential value of the Properties and shall advise the Board of Directors regarding organization action on such matters.

Section 5.

With the exception of the Nominating Committee, each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

Section 6.

It shall be the duty of each committee to receive complaints from members on any matter involving corporate functions, duties, and activities within its field or responsibility. It shall dispose of such complaints as it deems appropriate.

ARTICLE XIV

MEETINGS OF MEMBERS

Section 1.

The first annual meeting of the members shall be held on the 9th day of November, 1991 at the hour of 10:00 o'clock A.M. at the place specified in the notice of the meeting; and regular annual meetings will be held on the 2nd Saturday in November in succeeding years. If the day for the annual meeting of the members shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

Section 2.

Special meetings of the members for any purpose may be called at any time by the president, the vice-president, the secretary or treasurer, or by any two or more members of the Board of Directors or upon written request of members who have a right to vote one-fourth (1/4) of the votes of the membership.

Section 3.

Notice of any meetings shall be given to the members by the secretary. Notice may be given to the member either personally, by delivery to his mailbox, or by sending a copy of the notice through the mail, postage thereon fully prepaid, to his address appearing on the books of the corporation. Each member shall register his address with the secretary and notices of meeting regular or special shall be sent at least twelve (12) days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided, however, that if the business of any meeting shall involve an election governed by Article IX or any action governed by the Articles of Incorporation or by the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS, notice of such meeting shall be given or sent as therein provided.

Section 4.

The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-fourth (1/4) of the votes of the membership shall constitute a quorum for any action governed by these By-Laws. Any action governed by the Articles of Incorporation or by the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS shall require a quorum as therein provided.

Section 5.

The president, or in his absence the vice-president, shall preside at the meeting and the secretary shall be responsible for recording minutes of the proceedings.

ARTICLE XV

PROXIES

Section 1.

At all corporate meetings of members, each member may vote in person or by proxy.

Section 2.

All proxies shall be in writing and filed with the secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his home or other interest in the Properties.

ARTICLE XVI

BOOKS AND RECORDS

Section 1.

The books, records and papers of the corporation shall at all times, during reasonable business hours, be subject to the inspection of any members.

ARTICLE XVII

CORPORATE SEAL

Section 1.

The corporate seal of the Association shall consist of two concentric circles between which re the words BLUEWATER BANKS OWNERS ASSOCIATION, INC., Carteret County,

N.C., and in the center of which is inscribed SEAL; and such seal as impressed on the margin hereof, is hereby adopted as the corporate seal of the Association.

ARTICLE XVIII

AMENDMENTS

Section 1.

These By-Laws may be amended at a regular or special meeting of the members, by a vote of a two-thirds of the members present in person or by proxy, provided that those provisions of these By-Laws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS may not be amended except as provided in such DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS.

Section 2.

In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS referred to in Section 1 and these By-Laws, the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS shall control.

ARTICLE XIX

ASSESSMENTS

Section 1.

As more fully provided in the DECLARATION OF PROTECTIVE COVENANTS, EASEMENTS AND RESTRICTIONS, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ~~10~~ percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amounts of such assessment. No owner may waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot. Interest shall not being to accrue on unpaid 1990 Assessments until November 9, 1991.