

BYLAWS
of the
ISLAND PARK HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is ISLAND PARK HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the corporation shall be located at 11 Causeway Drive, Ocean Isle Beach, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Assessable Property" shall mean and refer to any lot, parcel, multi-family unit or site, or non-residential property which is subject by covenants of record to assessment by the Association or which shall hereafter become subject to such covenants.

Section 2. "Association" shall mean and refer to ISLAND PARK HOMEOWNERS ASSOCIATION, a North Carolina non-profit corporation, its successors and assigns.

Section 3. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the directors of the Association.

Section 4. "Bylaws" means the bylaws of the Association as they now or hereafter exist.

Section 5. "Declarant," when used in the singular, shall mean and refer to ISLAND PARK COTTAGES, INC., a North Carolina corporation and those of its successors and assigns, which party acquires through assignment, deed or otherwise, in whole or in part, and subject to such terms and conditions as the Declarant may impose.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Island Park Cottages, and amendments thereto, applicable to the property recorded in the office of the Register of Deeds for Brunswick County, in Book 799 at Page 320.

Section 7. "Common area" shall mean and refer to all land within the property owned by the Association for the common use and enjoyment of all members of the Association.

Section 8. "Member" shall mean and refer to every person, corporation or other entity who is a member of the Association.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot, unit or area which is a part of the property, including contract sellers, but excluding those who have such interests merely as security for the performance of an obligation.

Section 10. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 11. "Property" shall mean and refer to that certain real property located on Ocean Isle Beach, Brunswick County, and described in the Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held on or before May 25, 1990, on the date and at the time and place set forth by the Board of Directors in its rules and regulations, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 1:30 p.m., unless a different date and time is fixed by the Board of Directors.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of,

the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. All meetings may be held by telephone conference calls.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of seven (7) directors, who need not be members of the Association; the initial Board who shall serve until the first meeting shall consist of three (3) directors designated by the Declarant.

At the first annual meeting the Declarant shall be entitled to appoint four (4) directors, two of whom shall be appointed to serve for one-year terms and two of whom shall be appointed to serve for two-year terms. The successors to each of the appointed directors shall serve for three (3) years and the Declarant shall be entitled to appoint the successor to each appointed director whose term shall expire at or before the year 1999. Should any of the directors appointed at any time by the Declarant resign or be, for any reason, unable or unwilling to complete his term, his successor shall be appointed by the Declarant to serve the remainder of the term. Except as to those vacancies and positions on the Board which the Declarant is entitled to appoint, vacant positions on the board arising from expiration of the term of any director shall be filled by election as provided in the bylaws. The provisions dealing with selection of directors shall not be amended or changed in any manner until such time as the right of the Declarant to appoint directors shall have expired.

Section 2. Term of Office. At the first annual meeting the members shall elect one director for a term of one year and two directors for a term of two years. The successors of all elected directors shall serve for terms of two years.

Section 3. Removal. Any elected 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 an elected 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 expenses 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 the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting.

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 prior to 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 at each annual meeting. 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. The names of the Nominating Committee nominees shall be included with the notice of annual meeting or otherwise circulated to the membership not less than thirty (30) days in advance of the annual meeting.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly or as determined by the Board without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall

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upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than ten (10) days notice to each director.

Section 3. Emergency Meetings. Emergency meetings of the Board of Directors shall be held when called by either the president of the Association or by any two directors upon eight (8) hours notice to each director. Said notice may be by telephone, and a telephone conference call with the director present by voice communication will satisfy quorum requirements.

Section 4. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present, either in person or by telephone communication, at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the common area and facilities and the personal conduct

of the members and their guests thereon and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of any common area by a member or any person to whom he has delegated his right or enjoyment during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days, for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these bylaws, the Articles of Incorporation, or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(f) Contract with any person, including the Declarant, to maintain the common area; and

(g) Procure adequate insurance including hazard insurance on the common areas and facilities, directors liability insurance, and such other insurance as it shall deem necessary and

appropriate and include the cost of such insurance in the annual assessment of the members.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all of 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 statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each lot, unit or area at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every lot owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Enforce the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the owner personally obligated to pay the same;

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a

certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) Cause the common area to be maintained;

(h) Distribute common profits, if any, pro rata among the members, or in its discretion, to apply such profits pro rata as a credit against annual assessments for the ensuing year;

(i) Designate depositories for Association funds;

(j) Appoint such committees as are provided for in these bylaws and such other committees as shall be appropriate or necessary for the proper administration and performance of the association; and

(k) Exercise their powers in good faith and do and perform such other matters and things not expressly prohibited by law, the Declaration, or these bylaws as are necessary and appropriate to the proper administration, operation and maintenance of the Association and the property.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary, and

a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. 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 5. Resignation and Removal. Any officer may be removed from office without cause by the Board. Any officer may resign at any time upon 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 6. 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 7. 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.

Section 8. Duties. The duties of the officers are as follows:

President

The president shall preside at all meetings of the Board of Directors, shall see that orders and regulations of the Board are carried out, and perform such other duties as the Board shall determine.

Vice President

The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; and shall perform such other duties as required by the Board.

Treasurer

The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the members.

ARTICLE IX

MEMBERSHIP

The Declarant shall always be a member of the Association and shall be entitled to notice of all meetings. In addition to the Declarant, every person or entity who is a record owner of a fee or undivided fee interest in any lot, multi-family site, or nonresidential property (hereinafter "assessable property") which is subject by covenants of record to assessments by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of such assessable property shall be the sole qualification for membership, and no owner shall have more than one membership, except as expressly provided hereafter. Membership shall be appurtenant to and may not

be separated from ownership of any assessable property which is subject to assessment by the Association. The Board of Directors may make reasonable rules relating to the proof of ownership of an assessable property in this subdivision.

ARTICLE X

CLASSES OF MEMBERSHIP

The Association shall have one class of voting membership.

Members shall be entitled to one vote for each lot, unit or other assessable property in which they hold the interest required for membership by Article IX. The Declarant shall be allowed to vote its interest. When more than one person holds an interest in any lot, unit or other assessable property, all such persons shall be members. The vote for such lot, unit or other assessable property shall be exercised as the owners thereof determine, but in no event shall more than one vote be cast with respect to any lot, unit or other assessable property and no fractional vote may be cast with respect to any lot, unit or other assessable property.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of

Incorporation, and the bylaws of the Association shall be available for inspection by any member at the principal office of the Association where copies may be purchased at reasonable cost.

ARTICLE XII

CORPORATE SEAL

The Association shall have the seal in circular form having within its circumference the words: ISLAND PARK HOMEOWNERS ASSOCIATION.

ARTICLE XIII

AMENDMENTS

Section 1. These bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy. However, those provisions pertaining to the Board of Directors and the fact that the declarant may always be a member of the association (as provided in Article IX) may not be amended except with the approval of the Declarant.

Section 2. In the case of any conflict between the Articles of Incorporation and these bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these bylaws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of ISLAND PARK HOMEOWNERS ASSOCIATION, have hereunto set our hands and seals, this the 19 day of March, 1990.

Edward W. Bullington (SEAL)
Director

Paul W. Hanson (SEAL)
Director

Will J. Bullington (SEAL)
Director

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of ISLAND PARK HOMEOWNERS ASSOCIATION, a North Carolina non-profit corporation, and

That the foregoing bylaws constitute the original bylaws of said Association as duly adopted at a meeting of the Board of Directors thereof held on the 19 day of March, 1990.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this the 19 day of March, 1990.

Paul W. Hanson
Acting Secretary