

AMENDED & RESTATED BYLAWS

BYLAWS
OF
FAIRFIELD HARBOUR PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I
DEFINITIONS

The following terms as used in these Bylaws are defined as follows:

- A. "Association" means Fairfield Harbour Property Owners Association, Inc., a North Carolina non-profit corporation.
- B. "Board" means the Board of Directors of the Association.
- C. "Bylaws" means the Bylaws of the Association.
- D. "Declaration" means the Declaration of Restrictions for Fairfield Harbour, as the same may be supplemented or amended from time to time.
- E. "Developer" means Treasure Lake of North Carolina, Inc. and its successors and assigns.
- F. "Development" means Fairfield Harbour, as the same may be shown on the maps thereof recorded from time to time.
- G. "Lot" means any single family residential lot in the Development included from time to time in the recorded plats of the Development.
- H. "Owner" means any person or legal entity including Developer who holds title to any lot or Unit, whether legal or equitable, including any person or legal entity who has contracted to purchase fee simple title to a Lot or Unit pursuant to a written agreement, in which case the seller under said agreement shall cease to be the Owner while said agreement is in effect.
- I. "Unit" means any housing unit as defined in Paragraph 7 of the Charter of the Association.

ARTICLE II
Association Membership

Section 1. Class of Members. There shall be only one class of members and one membership for each Lot and each Unit. Each owner shall, by reason of such ownership, become a member of the Association.

*Change October 17, 2005

Section 2. Privileges

- A. Privilege of Membership Generally. Each member in good standing shall be entitled to use Association property upon the terms and conditions established by the Board. Each member in good standing from and after September 1, 1976, shall be entitled to vote on all questions presented to the members at any meeting of the Association or presented by absentee ballots. However, there shall be only one vote and one voting member for each Lot or Unit regardless of the number of persons who may have an ownership interest in such Lot or Unit and regardless of the form of such ownership or the manner in which title to said Lot or Unit is held.
- B. Family Privileges. If not otherwise a member, the spouse and children (under 26 years) of a member who have the same principal residence as the member, shall, upon terms and conditions established by the Board, have the right to use Association property. Such persons shall have no vote or right to notice of any meeting of the Association. The privileges and duties of such persons need not be the same as those of Members.

Section 3. Suspension of Privileges of Membership. The Board, by vote taken pursuant to Article V, Section 7 of these Bylaws, may suspend the membership privileges of any member for:

- A. Any period during which any Association charge or fee payable by such member remains unpaid.
- B. The period of any continuing violation by such member of the Bylaws or the rules and regulations of the Association, after the existence of such violation shall have been declared by the Board.
- C. Any period determined by the Board, for repeated violations of the Bylaws or the rules and regulations of the Association.

ARTICLE III

Evidence of Membership and Transfer

Section 1. Membership Certificates. Certificates of membership in the Association may be issued to members. Such certificates shall be in such form as the Board shall from time to time designate and shall be issued over the signature of the president or other officer of the Association. Such certificate shall identify the Lot or Unit, the ownership of which gives rise to membership. Such certificate shall also clearly state on its face that the Association is a non-profit corporation. Adequate records showing the names of the members of the Association, the type of membership and the date of the membership shall be kept by the Association.

Section 2. Transfer. When a member ceases to be an Owner, such person's membership and the privileges existing through relationships to such person shall terminate; however, he shall remain liable for all Association charges incurred prior to the giving of written notice to the Association that he is no longer an Owner.

ARTICLE IV
Meeting of Members

Section 1. Place of Meeting. Any meeting of the members of the Association shall be held in the State of North Carolina at such place therein as may be stated in the notice of such meeting.

Section 2. The Annual Meeting. The annual meeting of the Association should be held in May of each calendar year on a day established each year by resolution of the Board.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

*Section 4. Special Meetings of the Association. Special meetings of the Association may be called by the Board at any time in the manner herein provided. A special meeting may also be called upon the written petition of ten percent (10%) of the members of the Association who would have the right to vote at such meeting. Such petitions shall set forth the purpose of the special meeting.

Section 5. Notice of Meeting of the Association. Written notice of the place, date and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than twenty (20) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, to each member entitled to vote at such meeting; provided, however, that with respect to each member by virtue of ownership of a Unit committed to interval or timesharing ownership, such notice shall be so given to an officer of the condominium owners association existing with respect to such Unit or to such other person as may be designated by the board of directors of the condominium owners association (it being the responsibility of each board of directors of condominium owners association to give such notice to its association members as it deems appropriate). If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail, addressed to the members at their address as it appears on the records of the Association, with postage prepaid or such notice may be published in any newspaper or publication printed under the auspices of the Association and distributed generally among members of the Association. At a special meeting, no business shall be conducted except that stated in the notice of said meeting.

Section 6. Quorum. A quorum at any meeting, including a special meeting or annual meeting, of the Association shall be seven percent (7%) of the members entitled to vote at such meeting, in person, by proxy or by absentee ballot allowed pursuant to Section 7 of this Article IV. Notwithstanding anything to the contrary contained in the immediately preceding sentence, the vote of each member by virtue of ownership of a Unit committed to interval or timesharing ownership shall be cast by the designee of the Board of Directors (or its designee) of the condominium owners association existing with respect to such Unit, voting in accordance with the procedures set forth in Section 7 of Article IV. The vote of a majority

of the votes entitled to be cast at any meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the members, unless a greater vote is required by these Bylaws or by the Charter of the Association. The members present at a duly organized meeting at which a quorum has been established may continue to do any and all business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 7. Voting. The Board of Directors shall determine how members will be allowed to vote whether in person, by proxy, by absentee ballot or to designate in any manner any person, or any attorney-in-fact to vote or act for them at any meeting of members, except as expressly set forth as follows:

- A. The vote on behalf of members who are members by virtue of ownership of an interest in a Unit committed to interval or timesharing ownership shall be cast only in accordance with the following procedures:
1. At elections of directors for the Board of Directors of the Association, the Board of Directors of each condominium owners association existing with respect to such Units (the "Condo Board") shall have the responsibility to designate an interval owner from each Unit who shall cast said Unit vote, by absentee ballot.
 - (a) At least sixty (60) days in advance of Association meetings at which a director or directors of the Association shall be elected, the Condo Board shall confirm in writing to the Board of Directors of the Association the designee for each Unit.
 - (b) The Condo Board shall provide each such designee with written confirmation of his/her appointment and such other information deemed required to define and emphasize the responsibility of Unit representation.
 - (c) The Association shall mail to each such designee its Notices of Annual Meeting and information regarding candidates for director(s) who shall have been duly nominated. The Association will establish procedures from time to time for absentee balloting by said designees and shall be responsible for dissemination of pertinent information related thereto.
 2. For matters other than election of directors for the Board of Directors of the Association, each Condo Board shall designate in writing to the Board of Directors of the Association a representative to cast the votes for all Units in such condominium owners association. Such representative shall attend in person the Association meeting at which the votes for such Units are to be cast in order to be able to cast the ballots. Such representative must possess at any such meeting written proof of such designation.
- B. Any member of the Association (other than members entitled to vote by virtue of ownership of a Unit committed to interval or timesharing ownership) shall be entitled to vote in person at a meeting of the members of the Association; however, a member may only vote by absentee ballot

for the election of Directors for the Board of Directors of the Association even if they will be present for the meeting for which such absentee ballots are collected.

1. The absentee ballot shall be executed on a form as may be from time to time approved and prepared by the Association by resolution of the Board.
 2. Each absentee ballot shall be valid only with respect to a specific meeting for election of Directors of the Association, including adjournments thereof, which meeting shall be designated in the ballot, and such ballot shall be provided with notice of such meeting in accordance with the Bylaws.
 3. Whether or not a member is in good standing with respect to the ability to cast a vote or votes by absentee ballot shall be determined as of 4:30 p.m. on May 1 or if May 1 falls on a Saturday or Sunday shall be determined as of 4:30 on the first work day after May 1. If a member votes via absentee ballot and is not in good standing as of the aforementioned date, then the member's vote(s) shall not be counted for that particular election.
 4. Deadlines for receipt of Absentee Ballots, the manner for securing Absentee Ballots until counted, and the procedure for counting Absentee Ballots shall be as established from time to time by the Board of Directors of the Association.
 5. Absentee Ballots shall specifically list those candidates for whom the member may vote (who shall have been duly nominated) and shall not allow discretion to anyone counting or receiving votes to change and/or insert a vote or candidate designation.
- C. The results of the election will be published indicating the number of ballots cast for each candidate.

ARTICLE V Powers

Section 1. Powers. The Board shall:

- A. Manage and control the affairs of the Association.
- B. Adopt a corporate seal as the seal of the Corporation.
- C. Designate a banking institution or institutions as depository for the Association's funds; and the officer or officers authorized to make withdrawals therefrom and to execute obligations on behalf of the Association.
- D. Perform other acts the authority for which has been granted herein or by law.
- E. Acquire and accept title to any and all amenities within the Development, including but not limited to the roads, parks and recreational facilities.

- F. Establish and levy reasonable fees for the issuance of permits for erecting or placing improvements on any lot and for the use of Association property.
- G. Cause the Association to employ sufficient personnel to adequately perform the responsibilities of the Association.
- H. Adopt reasonable rules of order for the conduct of the meetings of the Association, and with reference thereto, on procedural questions upon which no rules have been adopted, the ruling of the Chairperson of the meeting shall be final.
- I. Select the officers of the Association. It may establish committees of the Association and appoint the members thereof. It may assign to such committees such responsibilities and duties not inconsistent with the provisions of these Bylaws or with law as it may deem appropriate.
- J. Shall, prior to the beginning of each fiscal year, adopt a budget of the Association and create a five year plan for capital expenditures. The Board then shall, taking into consideration other sources of income that the Association may have, levy an annual assessment for each Lot and Unit for the following year; however, such charge shall in no event be less than Sixty Dollars (\$60.00) a year. The Board shall, by resolution, fix the time for payment of the annual assessment. Each member shall be advised, in writing, of the amount of such charge.
 - 1. By request, members may obtain a copy of the proposed annual budget and capital expenditures plan. It shall be available by January 10 of each year prior to its final approval by the Board in February.
 - 2. During any fiscal year, excluding approved capital expenditures set forth in the fiscal year budget, the Board may authorize additional capital expenditures not to exceed 15 percent of the projected revenues for that fiscal year. Capital expenditures exceeding the 15 percent limit requires approval by the membership at a special meeting. A capital expenditure for purposes of this paragraph J and its subparagraphs, is an expenditure of funds for acquisition of an asset with a useful life of more than one year, and a purchase price of \$1,000.00 or more.
 - (a) Expenditures that would otherwise be classified as a capital asset, but which have a purchase price of less than one thousand dollars (\$1,000.00), will be excluded from the requirements set forth in Article V, Section I J1, J2.
 - (b) In an emergency caused by "acts of God" (such as hurricanes, floods, fire, tornadoes, etc.), the Board may make available emergency funds not stipulated in the fiscal year budget without membership approval. Such expenditures are to be solely for the relief and benefit of the membership due to the effects of the emergency.
- K. Adopt reasonable rules and procedures to implement the provisions of Article II, Section 2 of these Bylaws, including but not restricted to, procedures for determining when a member is not a

member in good standing, and the sanction which shall be imposed upon members not in good standing, which procedures and sanctions shall be reasonable and just, and shall be applied uniformly.

- L. Fix reasonable compensation for employees and officers of the Association.
- M. Provide for reimbursement to Directors for actual expenses incurred as a result of serving as Director; provided however, that such reimbursement shall only be made or paid to the extent that it does not jeopardize any tax exemption of the Association provided by the Internal Revenue Code and the regulations issued thereunder, as the same may be from time to time amended.
- N. Obtain approval of a simple majority of the membership before making any loan(s) of POA funds.

Section 2 Number and Term. The number of Directors of the Association shall be seven (7).

Section 3 Election and Appointment of Directors.

- *A. Seven (7) Directors of the Association shall be elected by a plurality vote of the members of the Association at the annual meeting or substitute annual meeting of the Association by the highest number of votes in the following manner. Commencing in 2005 and every third year thereafter three (3) Directors will be elected. During each of the other two years of this three year cycle, the members will elect two (2) Directors. All elected Directors shall serve three (3) year terms. Once elected, the names of the Directors and their addresses shall be published within 30 days.
- B. No person shall serve as a Director for more than two (2) successive elected terms, it being understood that the unexpired term served by any Director pursuant to Part A of Section 8 of this Article V shall not be counted with respect to this limitation.
- C. Nominations for any Director position to be voted upon by the members may be made in any of the following manners:
 - 1. By a Nominations Committee elected and constituted by the Board of Directors of the Association, which committee shall tender its list of nominations to the Board of Directors sixty (60) days prior to the then next succeeding annual meeting of the members, or at such other time as the Board of Directors may direct.
 - 2. By any member of the Association in good standing to the Nominations Committee 60 days prior to the next succeeding annual meeting of the members, or at such other time as the Board of Directors may direct. Members may submit their own name to the Nominations Committee.
 - 3. No member in good standing and meeting the qualifications in Section 4 of this article shall be denied having his/her name placed on the ballot for election of Directors if nominated pursuant to the procedures established herein.

*Change October 17, 2005

D. The Board of Directors of the Association shall by resolution establish the procedural details for the conduct of the election of Directors.

Section 4. Qualifications of Directors. Directors shall be at least 21 years of age but need not be residents of the State of North Carolina. Directors elected pursuant to Article V, Section 3, Paragraph A or Article V, Section 8, Paragraph A hereof shall be members in good standing of the Association.

Section 5. Meetings of the Board of Directors. The Board shall meet at least quarterly. Special meetings of the Board may be called by a majority of the Board and shall be held at such place as the call or notice of meeting shall designate. Notice of a special meeting may be given in writing or orally at least twenty-four (24) hours prior to the date of said meeting, or notice thereof may be waived by the Directors in writing. After adoption of a resolution setting forth the times of regular meetings, no notice of such meetings of the Board shall be given.

Section 6. Action Without Meeting. Unless prohibited by law, any action which may be taken at a meeting of the Board may be taken without a meeting if authorized in writing, signed by all of the Directors who would be entitled to vote upon said action at a meeting, published in a publication or newsletter of general circulation to the members of the association and entered in the minute book of the Association at the next official meeting of the Board of Directors.

Section 7. Quorum. A majority of the Directors shall constitute a quorum to transact business of the Board, and the act of the majority of the Directors present at any meeting shall be deemed to be the act of the Board, except where a larger vote shall be required by law, by these Bylaws or by the Charter of the Association.

Section 8. Vacancies. If any vacancy exists on the Board, such vacancy shall be filled in accordance with the following: If such vacancy exists with respect to a Director elected by the membership (or elected to fill a vacancy of such a Director), such vacancy shall be filled by the majority vote of the Board of Directors. Any person so elected a Director shall serve the unexpired term of the Director replaced.

Section 9. Removal of Directors. Directors may at any time be removed from office with or without cause in accordance with the following: Directors elected by the members of the Association may be removed by the vote of the members of the Association at a duly constituted meeting of the Association.

ARTICLE VI The Officers

Section 1. Officers. The officers of the Association shall be the President, one or more Vice-Presidents, the Secretary, the Treasurer and such other officers and assistant officers as the Board may from time to time elect. Officers shall serve at the will of the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Officers must be members of the Association in good standing.

Section 2. President. The President shall be the general managerial officer of the Association, except as otherwise determined by the Board, and shall be vested with the powers and duties generally incident to the office of President of a non-profit corporation, except as otherwise determined by the Board, or as may otherwise set forth in these Bylaws. The President must be an elected director and a member of the Association in good standing. The President shall, when present, preside at all meetings of members. The President shall sign, with any other proper officer, certificates for membership in the corporation and any deeds, leases, mortgages, bonds, contracts or other instruments which may be lawfully executed on behalf of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent: and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 3. Vice-President. In the absence of the President, or in the event of his inability or refusal to act, the Vice-President is empowered to act and shall thereupon be vested with the powers and duties of the President. In the event that there is more than ONE Vice-President, the Board shall establish the order in which they shall so serve.

Section 4. Secretary. The Secretary of the Association shall keep the minutes of the business and other matters transacted at the meetings of the members and the Board. The Secretary shall mail, or cause to be mailed, all notices required under the Bylaws. The Secretary shall have the custody of the corporate seal and records and maintain a list of the members and their addresses and perform all other duties incident to the office of Secretary.

Section 5. Treasurer. The Treasurer shall have custody of the funds of the Association, collect monies due, pay the obligations of the Association out of its funds, and perform such other duties as are incident to the office of Treasurer. The Board may require that the Treasurer be bonded for such amount and under such conditions as the Board may require.

Section 6. Removal of Officers. Any officers may be removed when, in the judgment of the Board, the best interests of the Association will be served by such removal.

ARTICLE VII Duties of Members

Section 1. Payment of Charges and Assessments

A. Time of Payment. The charges of assessments, except fees for usage and charges for individuals' services or goods received by members through the facilities of the Association, shall be paid to the Association on or before the 1st day of May of each year, or on such date as may be established by the Board, for the ensuing year. Usage and service charges as aforesaid shall be

paid monthly or more often as may be required.

- B. Lien of Assessment. If any annual charge or assessment shall not be paid when due, it shall bear interest from the date of delinquency at the rate of six percent (6%) per annum. If unpaid within thirty (30) days of its due date, it shall become a lien or encumbrance upon the land and acceptance of each deed, not including acceptance by a mortgage, shall be construed to be a covenant to pay the charge. Every such lien may be foreclosed at any time, and any Lot or Unit acquired is taken subject to the lien for any unpaid prior charges, and every person who shall become the owner of any Lot or Unit, except as hereinafter specified, shall be held conclusively to have covenanted to pay all such charges or assessments. The Association may publish the names of delinquent members. In addition, and as an alternative to the remedy of lien foreclosure, the Association shall have the right and option to sue for any and all unpaid charges, interest costs and reasonable attorney's fees in any Court of competent jurisdiction as for a debt owed by any delinquent member.
- C. Proof of Payment. Upon request, the Association shall furnish a statement certifying that all assessments then due have been paid or indicating the amount then due.

Section 2. Further Duties of Members. In addition, each member shall comply with all rules and regulations of the Association including but not restricted to those for use of specific Association property.

Section 3. Exceptions. No sanctions for non-payments of assessments or charges shall ever be imposed upon the Developer, the Association itself, or any corporation that may be created to acquire title to or operate any water or sewer utilities serving the area, or any dams, beaches, water access tracts, marinas, golf courses, tennis courts, swimming pools, clubhouse grounds, camp grounds, or other like recreational facilities, regardless of whether such facilities are used by persons other than members. The Developer and such other person and corporations as aforesaid shall be exempt from payment of annual charges or assessments to the Association.

Section 4. Sanctions. The Board of Directors of the Association shall have the right to suspend the privilege of use of the recreational facilities of the Association.

- A. For any period during which any Association charge of any kind whatsoever owed by the member remains unpaid.
- B. During the period of any continuing violation of the restrictive covenants of the Subdivision by the member, after the existence of the violation shall have been declared by the Board of Directors of the Association.

ARTICLE VIII
Indemnification

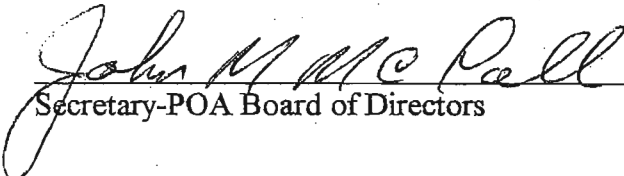
Section 1. Personnel. Any person who at any time serves or has served as a Director, officer, employee or agent of the Association, or in such capacity at the request of the Association for any other corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Association to the fullest extent permitted by law against:

- A. Reasonable expenses, including attorneys' fees, actually and necessarily incurred by that person in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold that person liable by reason of the fact that that person was acting in such capacity, and
- B. Reasonable payments made by that person in satisfaction of any judgment, money decree, fine, penalty or settlement for which that person may become liable in any such action, suit or proceedings.

Section 2. Payment. The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this Bylaw, including without limitation to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the members of the Association. Any person who at any time after the adoption of the Bylaws serves or has served in any of the aforesaid capacities for or on behalf of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.

These Bylaws may be amended by the affirmative vote of two-thirds (2/3) of the entire membership of the Board.

The foregoing is certified to be a true and correct copy of the Bylaws of the Corporation, this the 28 day of JULY, 2004.


Secretary-POA Board of Directors