

BY-LAWS

WALNUT ISLAND

PROPERTY OWNERS ASSOCIATION, INC.

Grandy, North Carolina

Ratified March 13, 1982

Revised May 14, 1983

Revised September 13, 1986

Revised September 12, 1987

BY-LAWS
WALNUT ISLAND PROPERTY OWNERS ASSOCIATION, INC.
A Non-Profit Corporation

ARTICLE I. NAME AND LOCATION OF CORPORATION

The name of this Corporation is the Walnut Island Property Owners Association, Inc., hereafter referred to as 'The Corporation'. Its principle office is located at Walnut Island, Route 158, Grandy, North Carolina.

ARTICLE II. PURPOSE

The purpose of this Corporation is to advance the welfare of property owners and residents and to protect the value and usefulness of the properties known as Walnut Island in Currituck County, North Carolina, and to engage in such activities as may be to the mutual benefit of the owners of property in Walnut Island.

ARTICLE III. MEMBERSHIP

Section 1. AUTHORIZED MEMBERSHIP.

The authorized membership of the Corporation shall consist of individuals, groups, corporations, organizations and/or other entities having an interest in the land by valid contract or deed land units located in Walnut Island, North Carolina.

Section 2. MEMBER IN GOOD STANDING

A member in good standing shall consist of any person, partnership or corporation owning property in Walnut Island who shall be currently paid to date of the annual assessments and dues and as such shall be entitled to all rights and privileges herein contained. All members shall be issued membership cards to evidence their being in good standing, and shall produce same upon request by any member of the Board of Directors or their duly appointed agents.

Section 3. CLASSES OF MEMBERS

Those owning lots in the camper section (Blocks AA, BB, CC, DD, EE, FF, GG, HH, II, JJ, JJ-A, KK, PP and D (Section 1) shall be camper section owners and those owning property in all other blocks shall be mobile home section owners.

Section 4. ASSESSMENTS

Upon purchasing one or more lots in the subdivision, owner members become obligated to pay to the Corporation, the following sums annually: such sums as recorded in the Declaration of Restrictive Covenants of record in the Currituck County Public Registry, together with such sums for dues as may be revised from time to time as determined by the membership, anything to the contrary hereinafter notwithstanding.

Such assessments and dues being for:

1. The repair, improvements and maintenance of the central water system located in the subdivision consisting of but not limited to five (5) deep wells, five (5) pumps, a ten thousand (10,000) gallon hydro-pneumatic storage tank, chlorination system and the pump house, located on the following described property: Bounded on the North by Walnut Island Blvd., on the East by Block F, Section 2, of the Register of Deeds of Currituck County, on the South by the Evans property, now or formerly and on the West by the lands of Walnut Associates, Fowler and Harding, together with the approximately thirty-one thousand (31,000) lineal feet of distribution lines along with the rights of way, easements and other property interest related to said central water system.

2. The establishment of a fund for the eventual purchase of property for recreational facilities and parks.

3. For the purchase of stationary, supplies, postage, printing, rentals and other items pertinent to the Secretary and Treasurer's offices.

4. For the payment of utility bills and regular monitoring and testing fees involved in the operation of the water system, for paying legal fees and/or legal notices or advertisements published in the news media, for paying annual property and personal taxes levied by Currituck County, to purchase and maintain insurance programs to protect the rights and interests of the Walnut Island Property Owners Association.

The owners of lots in the camper section in blocks AA, BB, CC, DD, EE, FF, GG, HH, II, JJ, JJ-A, KK, and PP (note: block D, Section 1 is excluded because these camper section lots are on State maintained roads) shall also pay an additional annual assessment and dues for the repair, improvement and maintenance of the roads consisting of Mallard Lane, Seaward Court, Coral lane, Reef Lane, Shell Drive, Base Hit Drive, Sea Horse Lane, Mote Drive, Inlet Lane and Dolphin Lane consisting of approximately nine thousand two hundred and seventy-two (9,272) lineal feet, such assessment and dues being determined as set forth in this section.

Section 5. TRANSFER OF MEMBERSHIP

Except as provided herein, membership shall not be transferable. Owner-memberships shall follow the legal title of the lot or lots within the subdivision transferred either by will or interstate succession, or by deed recorded, in the office of the Registry of Deeds, Currituck County, North Carolina.

Section 6. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS

In addition to the annual assessments as authorized by the membership hereof, the Corporation may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of a described facility including but not limited to the necessary fixtures and personal property related thereto, provided that any such assessment shall have the affirmative vote of two-thirds (2/3) of all voting members in good standing who are voting in person at a meeting duly called for this purpose, written notice of which shall be sent in advance to all members at least thirty (30) days prior to and setting forth the purpose of such meeting.

Section 7. DUE DATE OF ANNUAL MAINTENANCE ASSESSMENTS AND DUES

The annual assessments and dues provided for in ARTICLE III, Section 3, are due on the first day of May each year. No adjustments, or pro-rata of assessments or dues shall be made by the Corporation. For purpose of levying the assessment, assessments shall be considered as payable in advance and shall be levied against any and all property which is subject to the assessments or dues. The due date of any special assessment under Section 6 shall be fixed in the resolution authorizing such assessments and dues.

Section 8. SUFFRAGE

Each owner member shall be entitled to one vote in each of the two sections in which lots are owned and fees paid (mobile home and camper) on all matters considered at all membership meetings regardless of the number of lots owned in each section.

Section 9. EFFECT OF NON-PAYMENT OF ASSESSMENT: THE PERSONAL OBLIGATION OF THE OWNER; REMEDIES OF THE CORPORATION

If assessments are not paid on the first day of the month following the date due, (being the date specified in Section 6 thereof) then such assessments shall become delinquent and shall, together with such cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then owner to pay such assessments, however, shall not pass to his successors in title unless expressly assumed by them. If the assessment is not paid within thirty (30) days after the due date, the Corporation may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property. There shall be added to such assessment, delinquent fee and interest, the cost of preparing and filing complaint in such action and in the event that judgment is obtained such judgment shall include interest on the total amount as above provided and reasonable attorney's fees to be fixed by the Court together with the cost of this action.

The lien of the assessment provided for herein shall be subordinate to the lien of any deed of trust or mortgage now or hereinafter placed upon the properties subject to the assessment: provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not release such property from liability for any assessment thereafter becoming due, nor from the lien of any subsequent assessment.

ARTICLE IV. MEETING OF MEMBERS

Section 1. PLACE OF MEETING

Meetings of the membership shall take place at the principle office of the Corporation or such other place convenient to the membership, as may be designated by the Board of Directors.

Section 2. SEMI-ANNUAL MEETINGS

Semi-annual meetings of the Corporation shall be held in the months of May and September of each year, date and time to be determined by the Board of Directors. At the May meeting, the membership shall elect new directors and at both meetings transact such other business of the Corporation as may properly come before them.

Section 3. NOMINATING COMMITTEE

The Board of Directors shall be elected from owner-member nominees, presented by a nominating committee appointed by the President, and from nominations made from the floor, if any.

Section 4. SPECIAL MEETINGS

It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors, or upon a petition signed by ten (10) percent of the lots represented in said sub-division and submitted to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. ELECTION OF DIRECTORS

In addition to regular business at the May meeting of each year, nomination and election of directors shall be transacted for the succeeding year. In addition to the slate presented by the nominating committee, nominations may be made from the floor. Voting on all nominations will be by ballot. Newly elected directors shall take office at the regular board meeting in June.

In the election of directors, the membership shall elect directors as below:

- Camper section members shall elect 8 directors, four each year.
- Mobile Home section members shall elect 8 directors, four each year.

Section 6. QUORUM

In the semi-annual and at any special meeting of the membership, a quorum shall consist of those owner-members present provided that the number present shall represent not less than seventy-five (75) lots. Voting on all matters shall be in person. Voting by proxy is prohibited.

ARTICLE V. BOARD OF DIRECTORS

Section 1. POWERS OF THE BOARD

The affairs of the Corporation shall be governed by a Board of Directors.

Section 2. ELECTION AND TERM OF OFFICE

The terms of directors shall expire at the regular meeting of the Board of Directors following the election of new directors. An elected director shall serve for a term of two (2) years with the terms of eight (8) directors expiring each year.

Section 3. VACANCIES

Vacancies in the Board of Directors shall be filled by vote of the majority of the remaining directors from the same classification of members and a person so elected shall be a director to fill the unexpired term.

Section 4. BOARD OF DIRECTORS: COMPENSATION

No compensation shall be paid to directors for their services as directors. However, directors may be reimbursed for out of pocket expenses occurring in their service to the Corporation, subject to approval of the Board of Directors.

Section 5. QUORUM AND MANNER OF ACTION

Except as otherwise provided by statute or by these By-Laws, one half (1/2) of the whole Board of Directors shall be required to constitute a quorum for the transaction of business at any meeting, and the act of the majority of the directors present and voting at any meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum be had. Notice of an adjourned meeting need not be given. The directors shall act only as a board and individual directors shall have no powers as such.

Section 6. REGULAR MEETINGS

Regular meetings of the Board of Directors shall be held at such times and places as the board shall direct. No notice shall be required for any regular meeting of the board but all members shall be notified of any change in time or place of regular meetings at least three (3) days before the first meeting held in pursuance thereof.

Section 7. SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the President on three (3) days notice to each director, either given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or the Secretary in like manner and on like notice on the written request of a majority of the directors.

Section 8. ABSENCE

Any board member absent two (2) or more consecutive regular board meetings or for six (6) regular board meetings in any fiscal year without prior notification to the board, his position shall be vacated.

ARTICLE VI. OFFICERS

Section 1. DESIGNATION

The principle officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors and from the members of the board at the regular board meeting in June. Officers shall be elected annually. The President may appoint an assistant Secretary and Treasurer as in his judgment are deemed necessary. They need not be members of the board and if not, they shall have no voice or vote at meetings. The immediate past president will be an ex-officio member of the board. He will not be considered a member in determining a quorum nor shall he have a vote in any board actions.

Section 2. REMOVAL OF OFFICERS

Upon an affirmative vote of a majority of the Board of Directors, any officer may be removed and his successor elected at any regular meeting of the Board of Directors or any special meeting of the board called for such purpose.

Section 3. PRESIDENT

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

Section 4. VICE-PRESIDENT

The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If either the President or Vice-President is unable to act the Board of Directors shall appoint some other member of the board to act on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 5. SECRETARY

The Secretary shall keep the minutes of all meetings of the Board of Directors and all meetings of the membership. He (or she) shall have custody of the seal of the Corporation. He (or she) shall have charge of the membership lists and of such other books and papers as the Board shall direct.

Section 6. TREASURER

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

Section 7. BONDING OF OFFICERS

All officers designated to sign checks for the Corporation shall be bonded in the amount as deemed adequate by the Board of Directors.

ARTICLE VII. RESTRICTIVE COVENANTS

Section 1. BUILDINGS

No building shall be erected or maintained on any lot other than a private residence and a private garage for the sole purpose and use of the owner or occupant and no business, trade or enterprises of any kind or nature whatsoever shall be conducted or carried on any lot or lots in said sub-division except as approved by the Currituck County Zoning Office and in conformance with applicable building codes. Nor shall any animals, birds, snakes, fowl or poultry, except for common household pets such as cats and dogs, be kept at any time thereon, and then, no more than three (3).

Section 2. BUILDING CODES

No residential building shall be erected on any lot except as meets State and County building codes. All mobile homes shall have approved skirting around the bottom within sixty (60) days of being set in place.

Section 3. SANITARY SYSTEMS

No outside toilets or privy shall be erected or maintained. It shall be mandatory that all camper trailers on camper lots be connected to the sanitary sewer.

Section 4. PREMISES

Owners of all occupied and unoccupied lots in the sub-division shall at all times keep and maintain their respective properties in an orderly manner and prevent accumulation of rubbish and debris on the premises. The Corporation reserves the right to remove the debris and rubbish and mow the grass and weeds at the owners expense. The portion of the Currituck County zoning pertaining to junk yards shall be applicable in extreme cases.

Section 5. EASEMENTS

Easements are reserved along and within six (6) feet of the rear lines, front lines and side lines of all lots in the sub-division for the construction and maintenance of poles, wires and fixtures for the electric lights, telephones, drainage and other public utilities.

ARTICLE VIII. CORPORATE SEAL

Section 1.

The Board of Directors shall provide a suitable Corporate seal containing the name of the Corporation, which seal shall be in the charge of the Secretary.

ARTICLE IX. FISCAL MANAGEMENT

Section 1. FISCAL YEAR

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

Section 2. BOOKS AND ACCOUNTS

Books and accounts of the Corporation shall be the responsibility of and kept under the direction of the Treasurer.

Section 3. REPORTS TO MEMBERS

At the end of the fiscal year and at such times as the Board of Directors may deem necessary, reports of the fiscal affairs of the Corporation shall be made available for inspection by the membership.

Section 4. EXECUTIVE OF THE CORPORATE DOCUMENTS

With the prior authorization of the Board of Directors, all instruments and documents shall be executed on behalf of the Corporation by either the President or the Vice-president and counter-signed by either the Secretary or Treasurer.

ARTICLE X. DISSOLUTION

Upon dissolution of the Corporation, the assets thereof, if any, shall, after all of its liabilities and obligations have been discharged or adequate provisions made therefore, be distributed to any organization for the purpose similar to those set forth in ARTICLE II herein.

ARTICLE XI. AMENDMENTS

These By-Laws may be amended by a two-thirds (2/3) vote of the lots represented by the owner members in good standing, present at any regular or special meeting called with due notice. A statement of any proposed amendments shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted on.

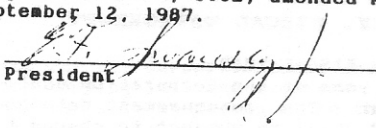
ARTICLE XII. ROBERT'S RULES OF ORDER

The rules contained in Robert's Rules of Order shall govern this Corporation in all cases to which they are applicable, and in which they are not inconsistent with the By-Laws or the special rules of order of this Corporation.

ARTICLE XIII. NON-PROFIT CORPORATION

This Corporation professes to be a non-profit corporation. In the event of dissolution of the Corporation, no profit or financial benefit would incur to any member or person of the Corporation.

I certify that the above is the true copy of the Walnut Island Property Owners Association By-Laws that were ratified by the membership at the special meeting of March 13, 1982, amended May 14, 1983, September 13, 1986 and September 12, 1987.



President

Vice-President

Vice-President

Secretary