

**COROLLA BAY HOMEOWNERS'
ASSOCIATION, INC.
BY-LAWS**

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BY-LAWS

COROLLA BAY HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I NAME, PURPOSE, APPLICABILITY, AND ASSENT

1.1 Name. The name of this non-profit, non-stock membership corporation shall be Corolla Bay Homeowners', Inc., hereinafter referred to as "the Association."

1.2 Purpose. The purpose of the Association shall be to administer and manage the affairs of those properties known as "Corolla Bay" (the "Property") established pursuant to the terms of the Declaration of Covenants, Conditions, and Restrictions for Corolla Bay filed in the Public Registry of Currituck County, North Carolina as amended, supplemented, or restated (the "Declaration") in accordance with the North Carolina Planned Community Act (the "Act") and the Governing Documents as defined in Section 1.20 of the Declaration, as may be amended from time to time. The Association shall not engage in any activities other than those directly related to administration of the Property and the Owners' responsibility with respect to the same.

1.3 Applicability. These By-Laws are applicable to the operation of Corolla Bay Homeowners' Association, Inc. and its operation of the development known as Corolla Bay, as such property is described in Exhibit "A" attached to the Declaration.

1.4 Assent. These By-Laws are binding on all present and future Owners, tenants, guests, residents, or other persons occupying or using the Common Elements of Corolla Bay. The Inere acquisition, rental, or act of occupancy of any part of Corolla Bay will signify that these By-Laws are accepted, ratified, and will be complied with by those Owners, tenants, guests, residents, or other persons occupying or using the Common Elements of Corolla Bay. The provisions of the Declaration regarding the governing and administration of the Association are incorporated herein by reference. The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of Lot or Dwelling Unit shall constitute an agreement that these Bylaws (and any Rules of Conduct made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II DEFINITIONS

2.1 Definitions The definition of words contained in the Declaration, Article I, shall apply to those words and terms as used in these By-Laws.

ARTICLE III
OFFICES, REGISTERED AGENT, FISCAL YEAR, POWERS

3.1 Principal Office, Registered Office. The principal office of the Association shall be located at the offices of BD&A Realty & Development, Inc. 821 Ocean Trail, Corolla, North Carolina, 27927, or such other places as the Board of Directors may designate from time to time.

3.2 Registered Agent. The initial Registered Agent for the Association is Daniel D. Khoury, whose address is Post Office Box 2, Kitty Hawk, North Carolina, 27949. The individual serving as Registered Agent may be removed from office and replaced at any time by vote of the Board of Directors of the Association.

3.3 Fiscal Year. The fiscal year of the Association shall be January 1 through December 31.

3.4 Powers. The Association shall have all the common law and statutory powers of non-profit corporations. The Association shall also have all the powers necessary to implement the purposes of the Association and to provide for the general health and welfare of its membership.

ARTICLE IV
MEMBERSHIP

4.1 Qualification. Membership in the Association shall be confined to and consist of the Owners of Corolla Bay. Membership shall be appurtenant to and inseparable from unit ownership. No Owners shall be required to pay any consideration whatsoever for his membership. Membership in the Association shall inure automatically to Owners upon acquisition of the fee simple title, whether encumbered or not, to any one or more Units. The date of registration of the conveyance in the Dare County Registry of the Unit in question shall govern the date of ownership of each particular Unit and will be the date that membership in the Association shall begin for the Owner. However, in the case of death, the transfer of ownership shall occur on the date of death in the case of intestacy, or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.

4.2 Annual Meeting. There shall be a regular annual meeting of the Owners held each year during the same month of each succeeding year, for the purpose of electing members of the Board and for the transaction of such other business as may be properly brought before the meeting. A meeting so called shall be designated and treated for all purposes as the annual meeting. The first meeting of the membership, whether a regular or Special Meeting, shall be held within ninety (90) days after the expiration of one year from the date of recordation of the

Declaration in the Public Registry of Currituck County, North Carolina and shall be set by the Declarant.

4.3 Place of Meetings. Meetings of the Association shall be held at a designated place within Corolla Bay, or such other place as determined by the Board.

4.4 Special Meetings. Special meetings of the Association may be called at any time by the President of the Association, or by a majority of the Board of Directors, by the Declarant during the Declarant Control Period, or upon written request of Members who are collectively entitled to vote at least 20% of all the votes in the Association. The Notice of any Special Meeting shall state the date, 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.

4.5 Notice of Meetings. Written notice stating the place, day, and hour of the meeting and the agenda for the meeting will be delivered not less than ten (10) days nor more than fifty (50) days before the date of the meeting, personally or by mail, or sent via electronic mail to those Owners and authorized recipients who have given consent for electronic transmission or otherwise as permitted by the Act, by or at the direction of the President, or the Secretary, or the persons calling the meeting as provided in these Bylaws, to the registered mailing address for notice of each Member entitled to vote at such meeting.

4.6 Quorum. A quorum is deemed present throughout any meeting of the Association if Members entitled to cast (or proxies entitled to cast) 20% of the votes of the Association are present at the beginning of the meeting. If, however, such quorum is not present or represented at the meeting, the Members entitled to vote at the meeting will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented by proxy.

4.7 Majority of Owners. As used in these Bylaws, the term "majority" will mean those votes, Owners, or other groups as the context may indicate totaling more than 50% of the total number.

4.8 Voting by Mail. Voting by mail is permitted for election of the Board of Directors, amendment of the Articles of Incorporation, adoption of a proposed plan of merger, consolidation, or dissolution pursuant to the provisions of the Act and the North Carolina Nonprofit Corporation Act, each as amended from time to time, or other questions that come before the Association. In the case of a vote by mail, the Secretary of the Association will give written notice to all Members, which notice will include a proposed written resolution setting forth a description of the proposed action, a statement that the Members are entitled to vote by mail for or against such proposal, a statement of a date not less than 20 days after the date such notice will have been given by which all votes must be received, and the specified address of the office to which all votes must be sent. Votes received after that date will not be effective.

Delivery of a vote in writing to the designated office will be equivalent to receipt of a vote by mail at such address for the purpose of this section.

4.9 Proxies. Any Member may cast such Member's vote in person or by proxy, but no proxy will be valid if it is not dated or if it purports to be revocable without notice. Further, no proxy will be valid after eleven months from the stated date of its execution unless otherwise provided in the proxy or unless voluntarily revoked upon notice, amended, or sooner terminated by operation of law. Finally, no proxy will be valid unless filed with the Secretary of the Association at or before the appointed time of the meeting at which the proxy will be voted.

4.10 Actions Binding on Members. A majority of votes intended to be cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles of Incorporation or these Bylaws.

4.11 Designation of Voting Representative by Non-Individual Owners- Requirement for Proxy. If title to a Unit is held in whole or in part by a firm, corporation, partnership, association, limited liability company, or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of such party or parties, filed with the Secretary of the Association, and appointing and authorizing one person or alternate persons to attend all annual and special meetings of the Members and to cast the vote allocated to that Unit at the meeting.

4.12 Designation of Voting Representative by Multiple Owners -Use of Proxy. If more than one Owner holds title to a Unit, each Owner may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy, and if a majority of the Owners for a Unit cannot agree, then the Owners of such Unit will not be entitled to vote. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association.

4.13 Waiver of Notice. Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, will be deemed waiver by such Member of notice of the time, date, and place of the meeting unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

4.14 Action Without a Meeting. Any action that may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members.

4.15 Conduct of Meetings. The President shall preside over all meetings and the Secretary shall keep minutes of the meeting in a record in a minute book with all resolutions adopted at a meeting, as well as a record of all transactions occurring thereat.

ARTICLE V BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

5.1 Number, Qualification, and Initial Board. The affairs of the Association will be managed by a Board of not less than three and not more than five Directors. Except as provided below regarding Directors appointed by Declarant during the Declarant Control Period, the Directors will be Members of the Association or the delegates of Members appointed by proxy under Article IV above. The number of the Board of Directors will be established from time to time by amendment to these Bylaws.

The initial number of members of the Board of Directors will be two. The names, titles and addresses of the two persons who are to serve on the initial Board of Directors until their successors are appointed are as follows:

Raju Uppalapati	President & Treasurer	821 Ocean Trail, Corolla, NC, 27949
Eric Avery	Vice President & Secretary	821 Ocean Trail, Corolla, NC, 27949

5.2 Directors During Declarant Control Period. During the Declarant Control Period the Board of Directors will be selected by Declarant and will serve at the sole discretion of Declarant, subject, however, to the provisions of the Act. The Directors selected by Declarant need not be Members of the Association, and the initial Board of Directors members selected by the Declarant are those set forth in Section 5.1 above.

5.3 Election of Directors After Declarant Control Period. Upon termination of the Declarant Control Period in accordance with the Declaration, a special meeting of the Association will be called, at which Declarant will turn control of the Association over to the other Members as provided in the Act. The Members will elect a new Board of Directors, and any terms of Directors appointed by Declarant that have not expired will terminate at that time. Subsequently, Directors will be elected by the Members at each annual meeting of the Members.

5.4 Term of Office of Directors After Declarant Control Period. The term of office for the initial full slate of Directors elected by the Members will be fixed at the time of their election as they themselves will determine in order to establish a system of three-year terms in which at least one-third of the Board is elected each year, and the Board will identify in which year the directorships for each category of representation are subject to election. For example, if

the number of Directors on the initial Board is set at three pursuant to Section 5.1 above, one Director will serve for a one-year term, one Director will serve for a two-year term, and one Director will serve for a three-year term. At the expiration of the initial term of office of each respective Director, a successor will be elected to serve three years. Each Director will hold office until such Director's successor is elected by the Members and qualified to take over the office.

5.5 Removal of Directors. Any Director other than one appointed by Declarant may be removed, with or without cause, at any regular or special meeting of the Members by 67% of the votes of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any Director removed may be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members will be given notice of the proposed removal at least 10 days prior to the date of such meeting and will be given an opportunity to be heard at such meeting.

5.6 Vacancies.

(a) During Declarant Control Period. During the Declarant Control Period, if a Director appointed by Declarant dies, becomes disabled, or resigns, Declarant will appoint a new Director to serve the balance of the term of the resigning, disabled, or deceased Director; if a Director elected by the Members dies, becomes disabled, or resigns, the remaining Directors will appoint a new Director from among the Members other than Declarant to serve the remainder of the term of the resigning, disabled, or deceased Director representing Members other than Declarant.

(b) Following Declarant Control Period. After the expiration or termination of the Declarant Control Period, any vacancy occurring on the Board may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. The term of the Director so elected will be coincident with the term of the replaced Director.

5.7 Compensation. No Director will receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties as a Director.

ARTICLE VI MEETING OF DIRECTORS

6.1 Regular Meetings. Regular meetings of the Board of Directors will be held at such regular times as set by the Board of Directors, at such place and hour as may be fixed from time to time by resolution of the Board, but such meetings will be held no less frequently than

annually. Should a regularly scheduled meeting fall upon a legal holiday, then that meeting will be held at the same time on the next day that is not a legal holiday.

6.2 Special Meetings. Special meetings of the Board of Directors will be held when called by the President of the Association, or by any two Directors, after not less than three days' notice to each Director.

6.3 Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if persons entitled to cast 50% of the votes on the Board are present at the beginning of the meeting.

6.4 Actions Binding on Directors. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

6.5 Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board of Directors, any member of the Board may waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the waiver of notice of such meeting.

6.6 Action Taken Without a Meeting. The Directors will have the right to take any action that they could take at a meeting in the absence of a meeting by obtaining the written approval of all the Directors. Any action so approved will have the same effect as though taken at a meeting of the Directors.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 General. The Board of Directors will have the powers and duties necessary for the administration of the affairs of the Association. Except as provided by these Bylaws, the Declaration, or the Act, the Board of Directors may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association.

7.2 Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 7.1 above, the Board of Directors will have the following powers and duties, in each case subject only to applicable requirements of the Act:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration.

(b) To establish, make, amend from time to time, and enforce compliance with such reasonable Restrictions and Rules as are necessary for the operation, use, and occupancy of the Project, subject to the provisions of the Declaration. A copy of such Restrictions and Rules as established by the Board of Directors will be delivered or mailed to each Member promptly after adoption.

(c) To keep in good order, condition, and repair all the Common Elements and all items of personal property, if any, used in the enjoyment of the Common Elements. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Declaration or these Bylaws.

(d) To fix, determine, levy, and collect the prorated Base Assessments to be paid by each of the Members towards the gross expenses of the Property, and to adjust, decrease, or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the Members against the next succeeding Assessment period.

(e) To levy and collect Special Assessments per Section 7.03(b) of the Declaration whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All Special Assessments will be in statement form and will set forth in detail the various expenses for which the Special Assessments are being made.

(f) To levy and collect Individual Assessments per Section 7.03(c) of the Declaration for violation of the Governing Documents or because the Association has incurred an expense on behalf of a Member under the Governing Documents.

(g) To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these Bylaws, and to exercise other remedies for delinquent Assessments as set forth in the Declaration.

(h) Imposing charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, the Bylaws, or Rules and Restrictions established by the Association, all in accordance with Section 7.5 below and the Act.

(i) To enter into contracts within the scope of their duties and powers.

G) To establish a bank account for the operating account of the Association and for all separate funds as required or deemed advisable by the Board of Directors.

(k) To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses, or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours.

(l) To cause to be maintained the insurance coverage's (including without limitation fidelity insurance, or in its place, a bond covering the Manager, the Board, the officers, and any other persons charged with handling Association funds) as may be necessary to comply with the requirements of the Declaration, these Bylaws, and the Act.

(m) To delegate to the Manager or any other person or entity such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than by the Association, and to agree to assess to the Members a reasonable fee for such services, except that the duties set forth in subparagraphs (b), (e), (f), and (g) of this Section 7.2 and duties reserved to the Board by law will not be so delegated.

(n) To prepare a budget before the close of each fiscal year of the Association and submit the budget to the Association as required by the Act.

7.3 Manager. The Board of Directors may employ for Corolla Bay a professional management agent or agents as Manager for compensation established by the Board of Directors to perform such duties and services as authorized by the Board of Directors. During the Declarant Control Period, the Manager may be an affiliate of the Declarant. The Board of Directors may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (e), (f), and (g) of Section 7.2 of this Article and duties reserved to the Board by law. Declarant, or an affiliate or employee of Declarant, may be employed as Manager, subject to the limitations of the Act. If the Board delegates powers of the Board or officers of the Association relating to collection, deposit, transfer, or disbursement of Association funds to the Manager (other than Declarant):

(a) The Manager will maintain fidelity Insurance coverage or a bond as required by the Declaration;

(b) The Manager will maintain all funds and accounts of the Association separate from the funds and accounts of other Associations managed by the Manager and will maintain all reserve accounts of each Association so managed separate from operational accounts of the Association, each with appropriate access controls, and the bank where the accounts are located must send copies of monthly bank statements directly to the Association, and the Manager will not have authority to draw checks on, or to transfer funds from, the Association's reserve account; and

(c) An annual accounting for Association funds and a financial statement will be prepared and presented to the Association by any one of the following: the Manager, a public accountant, or a certified public accountant.

If a professional manager is employed, the management agreement must be for a specified term (not to exceed three years) and must contain specific termination provisions. Such termination provisions may not require the payment of any penalty for termination or require advance notice of termination in excess of 90 days. Declarant may enter into a management agreement before the expiration of the Declarant Control Period, but the management agreement must provide that the Association has the right to terminate the management agreement without cause and such right may be exercised by the Association at any time after the expiration of the Declarant Control Period.

ARTICLE VIII OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers. The officers of the Association will be a President, Vice President, Secretary, and Treasurer, and such other officers as the Board may from time to time create by resolution. Following the expiration of the Declarant Control Period, all officers of the Association must be Owners of Units in Corolla Bay.

8.2 Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.

8.3 Term. The officers of the Association will be elected annually by the Board, and each will hold office for one year or until his successor is duly elected and qualified, unless he sooner resigns, or is removed, or is otherwise disqualified to serve.

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

8.5 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 will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer replaced.

8.7 Multiple Offices. The same person may hold any -two or more offices except the offices of President and Secretary.

8.8 Duties. The duties of the officers are as follows:

(a) President. The President will preside at all meetings of the Association and the Board of Directors; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds, and other written instruments; cause to be prepared and execute, certify, and record amendments to the Declaration on behalf of the Association; and exercise and discharge such other duties as may be required of the President by the Board.

(b) Vice President. The Vice President will act in the place and stead of the President in the event of his absence, inability, or refusal to act, and will exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary will 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 place it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records listing the Members together with their addresses; and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer will receive and deposit in appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board of Directors; sign all checks of the Association unless the Board specifically directs otherwise; keep proper books of account; at the direction of the Board, cause an annual audit of the Association books to be made by a public accountant at least once in every three fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting, and deliver or make copies available to each of the Members.

ARTICLE IX FINANCIAL RECORDS AND STATEMENTS

9.1 Reports. The Board shall keep records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Association, and financing records and books of account of the Property, including a chronological listing of receipts and expenditures for each Unit, which, among other things, shall contain the amount of each Assessment against each Unit, the date when due, the amounts paid, and the balance remaining unpaid. The financial records and books of account shall be available for examination by all Owners, their duly authorized agents or attorneys, and all lien holders, their attorneys and authorized agents, upon reasonable request. A written annual summary of all receipts and expenditures of the

Association shall be rendered by the Board to all Owners on or before the 15th day of March of each fiscal year.

9.2 Operating Expense Funds. All sums collected by the Association may be commingled in a single account, but they shall be held for the Owners for the purposes for which they are paid, and shall include the following funds:

(a) General Common Expense Fund, to which shall be credited collection of that portion of the Common Expense Assessments received for defraying the costs of operating the Property on a day-to-day basis, including normal maintenance and repairs, insurance, and related charges; and

(b) Capital Improvement Fund, to which shall be credited, all sums collected which are to be allocated for capital expenditures for the reconstruction, repair, and replacement of Common Elements at a future date.

ARTICLE X COMMITTEES

10.1 Appointment. The Board of Directors may appoint committees as the Board deems appropriate in carrying out its purposes.

ARTICLE XI INDEMNIFICATION

11.1 Indemnification of Directors and Officers. To the extent permitted by law and consistent with the Articles of Incorporation, the Association will indemnify every member of the Board of Directors, and every officer, employee, and agent of the Association and every person who serves at the request of the Association as a director, officer, employee, fiduciary, or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust, or other enterprise or employee benefit plan against liability asserted against or incurred by such person in such capacity or arising out of that person's capacity as such. The indemnification permitted under this Article will not extend, in any event, to any act or omission occurring prior to the date of incorporation of the Association.

In the event of a settlement, indemnification will be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of such actions or omissions in the performance of such person's duties for the Association. The foregoing rights will not be exclusive of other rights to which such member of the Board of Directors or officer or other person may be entitled. All liability, loss, damage, cost, and expense arising out of or in connection with the foregoing

indemnification provisions will be treated and handled by the Association as a Common Expense.

ARTICLE XII NONPROFIT CORPORATION

12.1 Nonprofit Status. The Association is not organized for profit. No Member of the Association, member of the Board of Directors, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of, any member of the Board of Directors.

ARTICLE XIII AMENDMENTS TO BYLAWS

13.1 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of a meeting at which a proposed amendment is to be considered.

13.2 Adoption. A resolution for the adoption of a proposed amendment may be proposed by any voting Member of the Association. Members of the Association not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided that such approval is delivered to the Secretary at or prior to the meeting. The approval must be a vote of not less than 67% of the Members, but any amendment during the Declarant Control Period shall require the written consent of the Declarant to be effective.

13.3 Limitation. No amendment may be adopted which would eliminate, modify, prejudice, abridge, or otherwise adversely affect any rights, benefits, privileges, or priorities granted or reserved to the First Mortgagees without the consent of said First Mortgagees in each instance. No amendment shall be made that is in conflict with the Articles of Incorporation of the Association or Declaration without satisfaction of the requirements therein contained. No amendment to this Section shall be valid.

13.4 Execution. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment to the Bylaws, which certificate shall be executed by the President and attested by the Secretary.

ARTICLE XIV
MISCELLANEOUS

14.1 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles will control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control.

14.2 Use of Electronic Mail or Meeting. Any action or vote which may be taken or entered by a Director, Owner, or Member in person, or by proxy, other than a vote on amendment of the Declaration, may, in the alternative, be accomplished by the use of electronic mail or electronic meeting utilized in accordance with rules promulgated by the Board of Directors establishing reasonable safeguards as to the genuineness of the action and notice to the other participants. The action shall be evidenced by a written record describing the action taken, signed before or after such action by all members utilizing said method, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

14.3 Dissolution. The Association may be dissolved in accordance with the terms of the Declaration and the creation and execution of a plan of dissolution that is in full compliance with all terms of the North Carolina Nonprofit Corporation Act. Any Association assets remaining after satisfying all Association debts will be distributed in accordance with the plan of dissolution and in a manner complying with the North Carolina Nonprofit Corporation Act.

CERTIFICATION

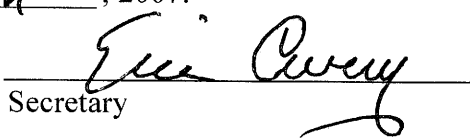
I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Corolla Bay Homeowners' Association, Inc., a North Carolina corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by written consent of all directors of the Association, effective as of the date hereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this 5th day of March, 2007.

BY:


Secretary