

**BY-LAWS
OF
CARSON COVE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
ORGANIZATION**

Section 1. Name. This North Carolina nonprofit corporation shall be known as Carson Cove Homeowners Association, Inc. (the "Association").

Section 2. Purpose. The role and purpose of the Association shall be the same as described in the Articles of Incorporation.

Section 3. Principal Office. The principal office of the Association shall be located at 6220 Cass Holt Road, Holly Springs, North Carolina 27540.

Section 4. Registered Office. The initial registered agent for the Association is Michael P. Williams. The initial registered office of the Association is P.O. Box 549, Holly Springs, North Carolina 27540. The initial registered office of the Association is located in Wake County, North Carolina.

Section 5. Other Offices. The Corporation may have offices at such other places as the Board of Directors may from time to time deem appropriate or necessary.

**ARTICLE II
MEMBERSHIP**

Every owner of a lot within Carson Cove Subdivision ("Carson Cove") as depicted on the plat map recorded in Book 136 Page 195, of the Cumberland County Registry shall be a member of the Association. Membership shall be appurtenant to and may not be separated from lot ownership.

**ARTICLE III
BOARD OF DIRECTORS**

Section 1. General Power. The affairs of the Association shall be managed by the Board of Directors in accordance with the provisions of applicable North Carolina law, the Declarations of Covenants and Restrictions for Carson Cove Subdivision (the "Declarations") attached hereto as Exhibit A, the Articles of Incorporation, and these Bylaws.

Section 2. Number, Term and Qualification. As long as Castle Hayne Homes, LLC owns any lot within Carson Cove, Castle Hayne Homes, LLC shall be the only member of the Board of Directors. After Castle Hayne Homes ceases to own any lot within Carson Cove, the members of the Association shall appoint not less than three (3) and not more than five (5) members to serve as members of the Board of Directors. The members of the Board of Directors at any annual meeting may by resolution fix the number of Directors to be elected at the meeting.

In the absence of such resolution, the number of Directors elected at the annual meeting shall constitute the number of Directors of the Association until the next annual meeting, unless said number is subsequently changed by action of the Board of Directors.

Each Director's term shall be established by the Board of Directors and shall be not less than one year, but not more than three years. Each Director shall hold office until their term expires, or until a successor Director is elected and qualifies. Directors need not be residents of the State of North Carolina. Except for Castle Hayne Homes, LLC, no subsequent Director shall serve more than two terms.

Section 3. Election of Directors. Each Director shall be elected at any annual or special meeting of the Board of Directors by a vote of two-thirds of the members of the Association. The election of the Directors shall be a part of the order of business of each annual meeting of the Board of Directors.

Section 4. Removal. Directors may be removed from office at any time with or without cause by a two-thirds vote of the members of the Association. If a Director is removed, a new Director may be elected to fill the vacancy at the same meeting.

Section 5. Resignation. A Director may resign at any time by communicating such resignation in writing to the Board of Directors, its presiding officer or to the Association. The resignation is effective when communicated unless the notice specifies a later effective date or subsequent event upon which it will become effective.

Section 6. Vacancies. A vacancy occurring in the Board of Directors may be filled by a two-thirds vote of the members of the Association.

Section 7. Compensation. The members of the Board of Directors may not be compensated for their services as members of the Board.

Section 8. Indemnification. To the fullest extent permitted by N.C. Gen. Stat. §§ 55A-8-51, 55A-8-52, 55A-8-54, 55A-8-55, 55A-8-56, 55A-8-57, and all other applicable provisions of the NORTH CAROLINA NONPROFIT CORPORATION ACT, as the same now exists or may hereafter be amended, the Association shall indemnify all persons serving as officers or directors of the Association or in both such capacities, against all liability and litigation expense, including but not limited to reasonable attorneys' fees, arising out of their status as such or their activities in any of the foregoing capacities, regardless of when such status existed or activity occurred and regardless of whether or not they are officers or directors of the Association at the time such indemnification is sought or obtained. Without limiting the generality of the foregoing indemnity, such persons may also recover from the Association all reasonable costs, expenses, and attorneys' fees in connection with the enforcement of rights to indemnification granted by this Paragraph. The provisions of this Paragraph are in addition to and not in limitation of the power of the Association with respect to, and the rights of any officer, director, employee or agent of the Association to receive the benefits of, any other or further indemnification, insurance, elimination of liability or other right or benefit which is either required by the

NORTH CAROLINA NONPROFIT CORPORATION ACT or permitted thereby and duly adopted by the Association in accordance therewith.

ARTICLE IV
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings. The Board of Directors shall hold meetings at such time and place as shall be designated by the Chairman of the Board. If for any reason it is necessary to change the date, time, or place of the scheduled meeting, an alternate date, time or place will be set by the Chairman of the Board. All Directors will be notified of the cancellation of the regular meeting and informed of the alternate date, time and place on an immediate basis as soon as it is determined that the regularly scheduled meeting is to be cancelled. Directors will be notified of changes in the regular schedule at least five (5) days prior to the regularly scheduled meeting or the alternate date established for such regular meeting, whichever is earlier. When meetings are to be held which will not allow for five (5) days notice, they must be held as special meetings as provided in Section 3.

Section 2. Annual Meeting. The annual meeting shall be held during the first quarter of each year. Written or printed notice stating the time and place of the annual meeting shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Chairman of the Board, to each Director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address of record, with postage thereon prepaid. In addition to the foregoing, notice of a substitute annual meeting shall state that the annual meeting was not held on the day designated by these Bylaws and that such substitute annual meeting is being held in lieu of and is designated as such annual meeting. Such notice may be waived with the written consent of all of the Directors.

When a regular, annual or special meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, no notice need be given of the time and place of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at which the adjournment is taken.

Section 3. Special Meetings. Special meetings may, from time to time, be necessary to consider some business of an urgent nature which cannot be delayed until the next regularly scheduled meeting. Special meetings may be held on two (2) days' notice at the call of the Chairman of the Board of Directors, or in his absence, the Vice Chairman of the Board of Directors, if any, or at the call of a majority of the Directors. Every reasonable effort will be made to notify all Directors as to date, place and time of special meetings as early as possible after the decision to call such a meeting.

Section 4. Attendance and Quorum. Attendance records of all meetings shall be maintained. Directors are encouraged to make reasonable effort to attend all meetings. A majority of the Directors shall constitute a quorum for the conduct of business, and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, by the Articles

of Incorporation, or by these Bylaws. If a quorum shall not be present at any meeting of the Board of Directors, those present may receive and review any reports which do not require Board action and/or they may adjourn the meeting from time to time until a quorum shall be present.

Section 5. Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all Directors consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors, whether done before or after the action so taken. Any action required or permitted to be taken at any meeting of a committee may be taken without a meeting, if all members of the committee consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the committee, whether done before or after the action so taken.

Section 6. Meeting by Conference Telephone or Electronic Mail. Any one or more Directors or of a committee may participate in a meeting of the Board or committee by means of a conference telephone or similar communications device which allows all Directors or of a committee, as the case may be, participating in the meeting to simultaneously hear or communicate with each other during the meeting, and such participation in a meeting shall be deemed presence in person at such meeting.

ARTICLE V OFFICERS OF THE ASSOCIATION

Section 1. Titles and Elections. The officers of the Association shall consist of officers determined by the Board of Directors which may include a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board may from time to time elect.

Except for the President and any Vice Presidents, the officers of the Association shall be elected by the Board of Directors every year at the annual meeting. The President and any Vice Presidents shall be appointed by the Board. The Chairman, Vice Chairman, Treasurer and the Secretary shall be elected from the membership of the Board of Directors.

Section 2. Terms. The officers of the Association appointed or elected by the Board of Directors shall hold their offices for such terms, and shall exercise such powers, and perform such duties as shall be determined from time to time by the Board of Directors.

Section 3. Removal. Except in the event of resignation, removal or death, the officers of the Association shall hold office until their successors are chosen and qualified. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Except as otherwise provided in this Section, any vacancy in any office of the Association shall be filled by the Board of Directors at a special meeting.

Section 4. Chairman of the Board. The Chairman shall preside at all meetings of the Board of Directors. He shall be an ex-officio, non-voting member of all committees except the

Executive Committee of which he shall be a regular, voting member. He shall make a report at the Annual Meeting of the Board of Directors stating the condition of the Association, and shall make such suggestions and recommendations as he shall deem proper for the best interests of the Association. He shall appoint delegates and representatives to the organizations with which the Association is affiliated. He shall have the power to call the regular and any special meetings of the Board of Directors.

Section 5. Vice Chairman. In the event of a vacancy in the office of Chairman, or during his absence or inability to serve, the Vice Chairman shall perform all the duties required of the Chairman, and shall have the same powers and privileges.

Section 6. President. The President shall be the Association's Chief Executive Officer and shall be responsible for seeing that the policies and directives of the Board of Directors are properly carried out. Subject to such policies and directives, he shall manage, hire and supervise all personnel and control all the business and affairs of the Association, and he shall be given the necessary authority to carry out his responsibilities. He shall have such other powers and perform such other duties as are provided in these Bylaws and as the Board of Directors may from time to time determine.

Section 7. Vice Presidents. In the absence of the President or in the event of his death, inability or refusal to act, the Vice Presidents in the order of their length of service as Vice Presidents, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. They shall perform such other duties as from time to time shall be assigned to them by the President or Board of Directors.

Section 8. Secretary. The Secretary shall keep or cause to be kept the minutes of the proceedings of the meetings of the Board of Directors and its committees in such manner and form as the Board of Directors shall direct. He shall have charge of the correspondence of the Board of Directors. He shall notify, or cause to be notified, in writing the persons who have been either elected or appointed as members of committees. He shall give, or cause to be given, notice to the members of the Board of all their respective meetings, and perform such other duties as may be required by the Bylaws or as usually appertain to his office. He shall have the custody of the Seal of the Association and shall affix it to such documents as the Board of Directors may direct. He shall have charge of such books, records and papers as the Board of Directors may direct.

Section 9. Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the Chairman, or by the Board of Directors.

Section 10. Treasurer. The Treasurer shall deposit or cause to be deposited, on behalf of the Association, all funds in such bank or banks as may be designated by the Board of Directors

and disburse or cause to be disbursed the same. He shall perform such other duties as may be required by the Bylaws or as usually appertain to his office. He shall also have charge of all funds and securities belonging to the Association and shall designate all persons whose signatures may be used to disburse said funds. He shall be required to give a bond, if required by the Board of Directors in the amount determined by the Board. He may delegate any of the above such duties as he deems proper by written communication.

Section 11. Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurer, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the Chairman, or by the Board of Directors.

ARTICLE VI COMMITTEES

Section 1. Committees. The Board of Directors may from time to time establish such committees, including an Executive Committee, as it deems necessary to assist it in carrying out its duties and responsibilities to the Association on a continuing basis. Except as specifically provided by these Bylaws, members of standing committees shall be elected by the Board of Directors.

Section 2. Authority and Reporting. Each committee shall have and exercise the powers and authority of the Board of Directors specifically granted to it in the resolution creating it or in these Bylaws. Each committee must keep minutes of its proceedings and report its action to the Board of Directors. Actions of a committee are effective when taken or at such later date as the committee specifies; however, all committee actions are subject to ratification by the Board of Directors.

Section 3. Membership. Each member of a committee holds office until his successor is elected, or until he resigns or is removed from the committee. A member of a committee may succeed himself.

Section 4. Additional Advisors. The chairman of any committee may invite additional individuals with expertise in a particular area to meet with and assist the committee. Such advisors shall not vote or be counted in determining the existence of a quorum and may be excluded from any executive session of the committee.

Section 5. Resignation and/or Removal. Any member of a committee may resign at any time by giving written notice to the chairman of the committee. Such resignation will be effective upon receipt or at any later date specified in the written notice. Any member of a committee may be removed at any time by a resolution adopted by a majority of the Board of Directors.

Section 6. Vacancies. A vacancy on any committee or an increase in the membership of any committee may be filled by a majority vote of the Board of Directors.

Section 7. Meetings and Notices.

a. Meetings of a committee may be called at any time by the chairman of the committee, the Chairman of the Board of Directors, the President, or any two of the committee's members. Each committee shall meet as often as necessary to perform its duties, but not less often than specified in these Bylaws. Oral or written notice of the date, time and place of any meeting shall be given, except in emergencies, at least seventy-two (72) hours prior to the meeting.

b. A majority of the voting members of a committee constitute a quorum for the transaction of business at any meeting of such committee. The act of a majority of a committee present at a meeting at which a quorum is present shall be the act of the committee so meeting. No act taken at a meeting at which less than a quorum was present is valid unless approved in writing by the absent members. Action may be taken without a meeting by a writing setting forth the action so taken signed by each member of the committee entitled to vote thereat.

Section 8. Executive Committee. The Board of Directors, by resolution adopted by a vote of a majority of the Board of Directors then in office, may designate two or more Directors to constitute an Executive Committee, which shall have and may exercise the authority of the Board in the management of the business and affairs of corporation during intervals between meetings. Vacancies in the membership of the Executive Committee shall be filled by a vote of a majority of the Board of Directors then in office at a regular meeting or at a special meeting called for that purpose. The Executive Committee shall keep minutes of its proceedings and shall report to the Board of Directors on action taken. Minutes of meetings of the Executive Committee shall be prepared and kept with the records of the corporation.

Section 9. Special Committees. Special committees may be appointed by the Chairman of the Board of Directors with concurrence of the Board of Directors for special tasks, as circumstances warrant. Such special committees shall limit their activities to the accomplishment of the task for which appointed and shall have no power to act except in those matters specifically designated by action of the Board of Directors. Reports, including any documentation, of the findings and/or actions of special committees will be made directly to the Board of Directors and will be included in the minutes of those bodies thereby negating the requirement for preparation of formal special committee minutes. Special committees shall stand discharged upon completion of the task for which appointed.

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 1. Seal. The seal of the Association shall have inscribed thereon the name of the Association and the word "Seal," and shall be adopted by resolution of the Board of Directors.

Section 2. Annual Report. The Chairman and the President shall present at each annual meeting of the Board of Directors a report summarizing the business and financial condition of the Corporation. The annual meeting of the Board of Directors shall be open to all members of the Association.

Section 3. Property. The title of all property of the Association shall be vested in the name of the Association. The signatures of the Chairman or President and the Secretary, or other persons designated by the Board of Directors, shall constitute proper authority for the purchase or other acquisition of property or sale or other disposition of property, or for the investment or other disposal of trust or other funds which are subject to the control of the Association.

Section 4. Fiscal Year. The fiscal year of the Association shall be from January 1 through December 31.

Section 5. Parliamentary Guide. Robert's Rules of Order, Newly Revised shall be the parliamentary guide for all matters not covered in these By-laws, but may be deviated from by a majority vote of the Board on any given occasion.

Section 6. Amendment to the Bylaws and Articles of Incorporation. These Bylaws and the Articles of Incorporation of the Association may only be amended by a two-thirds vote of the membership of the Board of Directors, provided notice of such amendment is mailed to each Director at least seven days before the meeting of the Board of Directors.

ARTICLE VIII
CONFLICT OF INTEREST POLICY STATEMENT

Section 1. Purpose. The purpose of the conflict of interest policy is to protect the Association's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Association, or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Definitions.

a. Interested Person- Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

b. Financial Interest- A person has a financial interest when they have, directly or

indirectly, through business, investment, or family:

- i. An ownership or investment interest in any entity with which the Association transacts or does business;
- ii. A compensation arrangement with the Association or with any entity or individual with which the Association transacts or does business; or
- iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3.b. hereinbelow, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. Procedures.

a. **Duty To Disclose-** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

b. **Determining Whether A Conflict Of Interest Exits-** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

c. **Procedures For Addressing The Conflict Of Interest**

iv. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

v. The chairman of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

vi. After exercising due diligence, the governing board or committee shall determine whether the Association can obtain with reasonable efforts a more

advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

vii. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors, whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable and make its decision as to whether to enter into the transaction or arrangement.

c. Violations of the Conflicts Of Interest Policy

i. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

ii. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Proceedings. The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed; and

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 6. Annual Statements. Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest policy;

b. Has read and understands the policy;

c. Has agreed to comply with the policy; and

d. Understands the Association is a nonprofit corporation and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more its tax-exempt purposes.

Section 7. Periodic Reviews. To ensure the Association operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arms-length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Associations written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 8. Use of Outside Experts. When conducting the periodic reviews as provided for in Section 7, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

THIS IS TO CERTIFY THAT the foregoing Bylaws of Carson Cove Homeowners Association, Inc. have been duly approved and adopted by the Board of Directors of said Association effective as of the 2nd day of ~~October, 2015~~ February 2016,

Carson Cove Homeowners Association, Inc.

BY:
ITS:

Mandy G. Wilcox
Chairperson of the Board

[Corporate Seal]