

**BYLAWS
OF
PASSAGE POINT HOA, INC.**

ARTICLE 1

GENERAL

1. **Name and Location.** The name of the Association is **PASSAGE POINT HOA, INC.** The principal office of the Association shall be located at 1900 Eastwood Road, Suite 11, Wilmington, North Carolina 28403 or at such other place as may be subsequently designated by the Board of the Association.

2. **Applicability.** The provisions of these Bylaws are binding on all Owners of Lots shown upon any recorded subdivision map of the Properties attached to the Declaration of Protective Covenants of Passage Point condominiums, their guests, invitees, agents, employees, lessees, grantees, successors and assigns.

3. **Definitions.** Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Declaration of Protective Covenants of Passage Point Condominiums.

ARTICLE 2

MEMBERSHIP and VOTING

1. **Members.** Every Owner of a Unit shall be a Member of the Association and Membership in the Association shall be limited to Owners of Units within the Development. It shall be the duty of each Unit Owner to register his/her name and the number of this/her Unit with the Secretary of the Association. If a Unit Owner does not so register the Association shall be under no obligation to recognize his/her membership.

2. **Membership Rights.** The rights of membership are subject to the payment of annual and special assessments and fines levied by the Association, the obligation of which assessments is imposed against each Owner of and becomes a lien upon the property against which such assessments are made as provided by the Declaration.

3. **Voting.** Members shall have one vote for each Unit owned. If more than one Person owns a Unit, all of such Persons shall be Members. If only one of the multiple owners of a Unit is present at a meeting of the Association, the owner who is present is entitled to cast the vote allocated to that Unit. If more than one of the multiple owners are present, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple owners. Majority agreement is conclusively presumed if any one of the multiple owners casts the vote allocated to that Unit without protest being made to the person presiding over the meeting by any of the other owners of the Unit. The Association shall not be entitled to cast the votes allocated to any Unit owned by the Association.

ARTICLE 3

MEETINGS OF MEMBERSHIP

1. **Place.** All meetings of Members shall be held at the registered office of the Association or at such other place as may be designated in the notice of the meeting.

2. **Turnover Meeting.** A “Turnover Meeting” refers to the first annual meeting of the Members which is held after the Declarant Control Period terminates. At

the Turnover Meeting, the Members shall elect the new members of the Board and transact such other business as may properly come before the meeting.

3. Annual Meeting. The annual meeting of the Members of the Association shall be held in April of each year at a date and time to be fixed by the Board. At each annual meeting the members shall elect members of the Board and may transact other business properly coming before them.

4. Special Meetings. Special meetings of the Members must be called by the President of the Association upon a vote of the majority of the Board or at the written request of the Members entitled to cast not less than ten percent (10%) of all of the votes of the Association. Business transacted at all special meetings shall be confined to the subjects stated in the notice of the meeting.

5. Notice of Meetings. Written notice of each annual and special meeting of the Members shall be served upon or mailed to each Member entitled to vote thereat, at such address as appears on the books of the Association, at least ten (10) days, but no more than sixty (60) days, before the meeting. The notice shall specify the place, day, time and purpose of the meeting. Waiver in writing of the notice required herein, signed by the Member before, at, or after such meeting, shall be equivalent to the giving of such notice. Each Member shall notify the Secretary of the Association of any address change, and the giving of notice shall be in all respects sufficient if sent to the address of the Member which is then on file with the Secretary.

6. Membership List. At least ten (10) days before every election of directors, a complete list of Members entitled to vote at the election (listing the Unit owned by the Member and the residence address of each) shall be prepared by the

Secretary. Such list shall be open to examination by any Member throughout the ten (10) day period preceding the election, until the election is completed.

7. Voting Rights. The number of votes each Member is entitled to cast at any meeting of the Membership is set forth in Article 2 above. If more than one Person owns a Unit, the co-owners shall file a certificate with the Secretary naming the Person authorized to cast the vote for such Unit. If no certificate is filed, the co-owners must designate, at the time of the meeting, the Person authorized to cast such vote.

8. Proxies. At all meetings of the Members, every Member shall have the right to vote in person or by proxy. All proxies shall be executed in writing by the Member or by his duly authorized attorney-in-fact and shall be filed with the Secretary.

9. Quorum. At any meeting of the Members, Members entitled to cast not less than thirty percent (30%) of the votes of the Association, present in person or by proxy, shall constitute a quorum of the Membership for any action, except as otherwise provided in the Covenants or these Bylaws. If, however, such quorum is not present or represented at any meeting, the Members present and entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. If adjournment extends thirty (30) days past the originally scheduled meeting date, notice of the date on which the adjourned meeting is to be reconvened shall be given as herein provided. The quorum at any subsequent meeting as a result of adjournment shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting.

10. Voting Required to Transact Business. When a quorum is present at any meeting, a majority of the votes entitled to be cast by the Members present or represented by proxy shall decide any question brought before the meeting unless the question is one upon which, by express provision of the Covenants or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

11. Action Without a Meeting. Any action which is required or permitted to be taken at a 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 entitled to vote with respect to the subject matter thereof and filed with the Secretary, whether done before or after the action so taken; or

b. Approved by written ballot sent to all members entitled to vote, provided, (i) the number of votes cast by written ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and (ii) the number of approvals cast equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the same total number of votes were cast.

12. Period of Declarant Control. Notwithstanding the provisions herein during the period of Declarant Control as defined in the Declaration, the Declarant shall have the right to appoint and remove any Executive Board members during the period of Declarant control; provided however, (i) that not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units to owners other than a Declarant, at least one (1) member shall be elected by owners other than the Declarant; and, (ii) that not later than sixty (60) days after conveyance of fifty percent (50%) of the Units to

owners other than the Declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by owners other than Declarant.

13. Order of Business. The order of business at annual Members' meetings and as far as practical at other Members' meetings, will be:

- a. Roll call and certification of proxies;
- b. Proof of notice of meeting or waiver of notice;
- c. Reading of minutes of prior meeting;
- d. Officers' reports;
- e. Committee reports;
- f. Appointment by Chairman of one or more Inspectors of Election;
- g. Election of directors;
- h. Unfinished business;
- i. New business; and
- j. Adjournment.

ARTICLE 4

BOARD

1. Number. The affairs of the Association shall be managed by the Board. Prior to termination of the Declarant Control Period, the Board shall consist of three (3) directors who shall be appointed by the Declarant and who need not be Members of the Association. Not later than the termination of the Declarant Control Period the Unit Owners shall elect an Executive Board of at least three (3) members and

not more than nine (9) members whom shall be Unit Owners; and, thereafter the Executive Board shall elect the officers.

2. Term. Directors appointed by the Declarant shall serve until the earlier of the Turnover Meeting or their removal by the Declarant. Elected directors shall serve until their successors are duly elected and qualified. Directors elected after the Declarant Control Period shall serve for a period of one (1) year.

3. Vacancy. Any vacancy occurring in the Board by reason of transfer of ownership, death, resignation, retirement, disqualification, removal from office or other reason, may be filled by the remaining members of the Board appointing a Member to fill the vacancy. A director appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

4. Removal. Any director may be removed from the Board, with or without cause, by the Declarant during the Declarant Control Period, and thereafter by a majority of the Members present and voting at an annual meeting or at a special meeting called for the purpose at which a quorum is present.

5. Organizational Meeting. The organizational meeting of a newly elected Board of the Association shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

6. Disqualification and Resignation of Directors. Any director may resign at any time by sending a written notice of such resignation to the office of the Association, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. Commencing with the directors elected at the first meeting of the Unit Owners, the transfer of title of a

Unit by a director shall automatically constitute a resignation, effective when such resignation is accepted by the Board (unless such director continues to own another Unit). No Member shall continue to serve on the Board should he be more than thirty (30) days delinquent in the payment of an assessment, and said delinquency is confirmed by the Board.

7. Compensation. No director shall receive compensation for any service he may render to the Association in his capacity as a director. However, each director may be reimbursed for actual expenses incurred in the performance of his duties.

8. Powers. The Board may exercise all corporate powers not specifically prohibited by statute, the Articles or the Covenants. The powers of the Board shall specifically include, but not be limited to, the following:

- a. To make and collect annual, special and individual assessments and establish the time within which payment of such assessments are due;
- b. To use and expend the assessments collected to operate, maintain, repair, replace, modify, care for, manage and preserve the Common Elements;
- c. To procure, maintain and pay premiums on insurance policy(s) and equitably assess the Members as part of the Common Expenses;
- d. To contract for and discharge management of the Association and to delegate to such manager, employee or contractor all powers and duties of the Association except those specifically required by the Covenants to have specific approval of the Board or the Membership of the Association;

e. To employ, compensate and discharge such personnel as may be required for the operation, maintenance, preservation, repair and replacement of the Common Elements, including but not limited to attorneys, accountants, contractors and architects;

f. To amend and add to the Rules and Regulations governing the use of the Common Elements and the conduct of the Members, their guests, invitees, agents, employees, relatives and Lessees;

g. To designate within the common areas, as the Board deems appropriate, assigned parking spaces, if any, (and rules governing the use of such spaces) for Members, clients, visitors, service vehicles, and other vehicles;

h. Acquire, hold, encumber, and convey in its own name any right, title or interest to real or personal property, subject to any applicable restrictions set forth herein or in the Covenants;

i. To impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements;

j. To purchase equipment, supplies and materials required in the maintenance, repair, replacement, operation and management of the Association property;

k. To pay bills for utilities serving the Association property;

l. To foreclose any unpaid assessments and liens resulting therefrom against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Member personally obligated to pay the same;

m. To exercise all authority in connection with the restrictions in the Covenants, to enact rules and regulations relating to Members and their guests, invitees, agents, employees, relatives and Lessees, and to establish and collect fines for breaches of such restrictions, rules and regulations;

n. To delegate to any person or entity any powers not prohibited by law to be delegated;

o. Institute, defend, or intervene in litigation or administrative proceedings on matters affecting the Association;

p. To have a corporate seal, which may be altered at will, and to use it, or a facsimile of it, by impressing or affixing it or in any other manner reproducing it;

q. To sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of Association property, subject to any applicable restrictions herein and in the Covenants;

r. To purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of and deal in and with shares or other interests in, or obligations of, any other entity;

s. To make contracts and guarantees, incur liabilities, issue notes, bonds, and other obligations, and, subject to any applicable restrictions herein and in the Covenants, borrow money and secure any of its obligations by mortgage or pledge of any of its property, franchises, or income;

t. To lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment, provided, however, no money

may be lent without approval of a majority of the Members present and voting in person or by proxy at a meeting;

u. To be a promoter, partner, member, associate or manager of any partnership, joint venture, trust, or other entity with the approval of a majority of the Members of the Association present and voting in person or by proxy at a meeting;
and

v. To make donations for the public welfare or for charitable, religious, cultural, scientific, or educational purposes, and to make payments or donations not inconsistent with law for other purposes that further the corporate interest;

w. To exercise all other powers that may be exercised in this State by legal entities of the same type as the Association;

x. To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise;

y. Make contracts and incur liabilities;

z. Regulate the use of the Common Elements;

aa. Cause additional improvements to be made as a part of the Common Elements;

bb. Grant easements, leases, licenses, and concessions through or over the Common Elements;

cc. Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements and for services provided to Members;

dd. Impose reasonable charges for late payment of assessments, and impose reasonable fines or suspend privileges or services provided by the Association as provided in Article X of the Declaration;

ee. To enforce the provisions of these Bylaws, the Articles, the Covenants and the Rules and Regulations by any legal means;

ff. Impose reasonable charges in connection with the preparation and recordation of documents, including, without limitation, amendments to the Covenants or statements of unpaid assessments;

gg. Provide for the indemnification of and maintain liability insurance for its officers, Board, directors, employees and agents; and

hh. Assign its right to future income, including the right to receive Common Expense assessments;

ii. Maintain and administer the permits issued by governing authorities.

9. **Enforcement Rights.** Subject to the dispute resolution provisions contained in Article XX of the Declaration and such other rights as are granted in the Act, the Articles of Incorporation, the Declaration or these Bylaws, the Board of Directors shall have the power, pursuant to the procedures set forth in this Section, to impose sanctions for violations by an Owner, a member of his family, or any occupant, tenant, employee, guest or invitee of the Owner, of the Declaration, these Bylaws, rules and regulations adopted Association or the Protective Covenants applicable to the Properties (hereinafter individually and collectively referred to as the "Rules"), which sanctions may include, but are not limited to, reasonable monetary fines, not to exceed

the greater of (i) costs actually incurred by the Association in abating such violation including, without limitation, court costs and attorneys' fees or (ii) \$10.00 per day, or part thereof, in which the violation continues to exist for a first violation, \$15.00 per day for a second violation of the same rules or regulations, and \$25.00 per day for a third or subsequent violation, and which fines shall constitute a lien upon the Unit of the Owner, and suspension of the right to vote. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Unit if the Owner is delinquent in paying any assessment or other charges owed to the Association. The failure of the Board to enforce any of the Rules shall not be deemed a waiver of the right to do so thereafter.

(a) Notice. Before imposition of any sanction, the Board or its delegate shall give the Owner written notice describing: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than ten (10) days within which the Owner may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a request for a hearing is received by the Board before the end of the period set forth in such notice (the "Notice Period"). Such notice may be hand delivered by any person or sent by first class mail. Any notice hand delivered shall be deemed received when received by the Owner or by any person more than 18-years old who is present at the address of the Owner as shown on the records of the Association. Notice sent by first class mail shall be deemed received on the third business day after same is deposited in the United States Mail, addressed the address of the Owner on the Association's records, and with proper postage thereon. The Board shall include in its minutes evidence of the giving of such notice, including a copy of the notice and a statement of the date and manner of delivery

signed by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting, unless the appearance is made to protest the lack of notice.

If a request for a hearing is not received before the end of the Notice Period, the sanction stated in the notice shall be imposed; provided, however, that the Board may waive any proposed sanction if the violation is cured before the end of the Notice Period. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

(b) Hearing. If a hearing is timely requested, the hearing shall be held by the Board in executive session or by a committee of not less than three (3) Members (who may or may not be Directors of the Association) appointed by the Board for the purpose of hearing such appeals. The Owner shall be afforded a reasonable opportunity to be heard. A written statement of the results of the hearing and the sanctions, if any, imposed, shall be placed in the minutes of the Board and a copy of such statement shall be provided to the Owner in the same manner as the notice required by subsection (a) of this Section. If the hearing was held before a subcommittee appointed by the Board, the Owner shall have the right to appeal the decision to the Board by giving a written notice of appeal to the President or Secretary of the Association within ten (10) days after receiving a copy of the written statement of the results of the hearing. If such notice of appeal is given, the Board shall schedule and notify the Owner of the date of the appeal hearing, which shall be not less than five (5) nor more than fifteen (15) days after notice of appeal is given, and which must be attended by not less than seventy-five percent (75%) of the members of the Board. The Owner shall be afforded a reasonable

opportunity to be heard. The Board may, by majority vote of the Directors present at such appeal hearing, affirm, modify or reverse the decision of the subcommittee. A written statement of the results of the appeal hearing and the sanctions, if any, imposed, shall be placed in the minutes of the Board and a copy of same shall be provided to the Owner in the same manner as the notice required by subsection (a) of this Section.

(c) **Additional Enforcement Rights.** Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Rules, without the necessity of compliance with the alternate dispute resolution provisions or with the notice and hearing procedures set forth herein, by self-help methods (specifically including, but not limited to, the towing of Owner and tenant vehicles parked in violation of parking rules) or by action at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Association shall be entitled to recover all costs of such action, including reasonable attorney's fees incurred. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass.

10. **Limitations on Powers.** Notwithstanding anything herein to the contrary, the Board shall have no authority (i) to borrow funds on behalf of the Association (except for the purpose of purchasing insurance), or (ii) to encumber or convey the Common Elements, without the consent of Members entitled to cast not less than eighty percent (80%) of the votes in the Association.

11. **Duties.** It shall be the duty of the Board to do the following:

- a. To cause the Common Elements to be maintained, repaired, and replaced as necessary, and to assess the Members to recover the cost of the upkeep of the Common Elements;

b. To keep a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the Turnover Meeting, or at any special meeting when such statement is requested in writing by Members entitled to cast not less than ten percent (10%) of all of the votes of the Association;

c. To supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

d. To fix the amount of the general assessment against each Lot at least thirty (30) days in advance of each general assessment period. The budget shall be presented to the Members in accordance with Article X of the Declaration.

e. To send written notice of each general assessment to every Member at least thirty (30) days in advance of the due date for each general assessment;

f. To issue, or have issued, for a reasonable charge, a certificate setting forth whether or not any assessment has been paid; provided, however, that if a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment as to all parties except the Member as of the date of the assessment;

g. To procure and maintain, at all times, adequate hazard insurance on the Common Elements and sufficient liability insurance to adequately protect the Association as provided in the Declaration;

h. To hold the organizational meeting of any newly elected Board within ten (10) days of their election in accordance with Article 4, Section 5 above;

i. To pay all taxes and assessments against Association property;

j. To select depositories for the Association's funds and to determine the manner of receiving, depositing and disbursing Association funds and the form of check and the person or persons by whom the same shall be signed, when not signed as otherwise provided by these Bylaws; and

k. To exercise all authority and perform all acts necessary to comply with North Carolina laws and rules and regulations concerning stormwater runoff, all stormwater permit requirements and conditions, and all other permit requirements and conditions applicable to the Common Elements.

ARTICLE 5

MEETINGS OF DIRECTORS

1. Meetings. Meetings of the Board shall be held at such place and hour as may be fixed from time to time by resolution of the Board, after not less than three (3) days' notice to each director.

2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) directors, after not less than three (3) days' notice to each director.

3. Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at such meetings at which a quorum is present shall be the acts of the Board. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice. The joinder of a director in

the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

4. Waiver of Notice. Before or at any meeting of the Board, any director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof, except where 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. If a meeting of directors otherwise valid is held without proper call or notice, action taken at such a meeting is deemed ratified by a director who did not attend unless promptly, after having knowledge of the action taken and of the impropriety in question, he files with the Secretary of the Association his written objection to the holding of the meeting or to any specific action so taken.

5. Action Without a Meeting. Any action taken by a majority of directors without a meeting is nevertheless effective if written consent to the action is obtained from all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

6. Attendance by Telephone. Any director may participate in a meeting of the Board, by means of a conference telephone or similar communications device which allows all persons participating in the meeting to hear each other. Such participation by a director in a meeting shall be deemed presence in person by the director at such meeting.

ARTICLE 6

OFFICERS AND THEIR DUTIES

1. Officers. The officers of the Association shall be a President, Vice-President, Secretary and Treasurer, all of whom shall be elected annually by the Board. Any two offices may be held by the same person, except the offices of the President and Secretary. The President and Vice President must be members of the Board. All other officers need not be members of the Board or of the Association.

2. Special Officers. The Board may from time to time elect such other officers as the affairs of the Association require, including an Assistant Treasurer and Assistant Secretary, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may prescribe.

3. Term. The officers shall hold office until their successors are chosen and qualify in their stead.

4. Removal or Resignation. Any officer may be removed from office with or without cause, by the Declarant during the Declarant Control Period or, thereafter, at any time, by action of the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of the notice, unless a later time is specified therein. The acceptance of the resignation shall not be required to make it effective.

5. Compensation. No compensation shall be paid to the officers of the Association.

6. Vacancy. A vacancy in any office may be filled by the Board. An officer appointed to fill a vacancy shall serve for the unexpired term of the officer he replaces.

7. **Duties.** The duties of the officers are as follows:

a. **President.** The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members. He shall have executive powers and general supervision over the affairs of the Association and other officers and shall be an ex-officio member of all committees. He may sign all written contracts, and shall prepare, execute, certify and record or cause to be prepared, executed, certified and recorded amendments to the Covenants on behalf of the Association and perform all duties incident to his office which may be delegated to him from time to time by the Board.

b. **Vice-President.** The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be prescribed by the Board.

c. **Secretary.** The Secretary shall record the notes and keep the minutes of all meetings of the Members and of the Board in one or more books provided for that purpose; shall see that all notices are fully given in accordance with the provisions of these Bylaws or as required by law; shall be custodian of the Association's records and of the seal of the Association and shall see that the seal of the Association is affixed to all documents requiring said seal; shall keep the records of the Association, except those of the Treasurer, and in general, shall perform all duties as from time to time may be assigned to him by the President, including certifying amendments to the Covenants, or assigned to him by the Board.

d. **Treasurer.** The Treasurer shall receive and deposit all monies and other property of the Association in such depositories as may be designated

by the Board; shall keep proper books of account; shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association, which records shall be open to inspection by Members at reasonable times; shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting; shall with the approval of the Board, be authorized to delegate all or part of his responsibilities to competent accounting, collection or management personnel, but in such event, the Treasurer shall retain supervisory responsibilities, and, in general, shall perform all duties incident to the office of Treasurer and assigned to him by the President or the Board.

8. Indemnification. To the fullest extent and upon the terms and conditions from time to time provided by law, the Association shall indemnify any and all of its officers, directors, employees and agents, or any person who has served or is serving in such capacity at the request of the Association in any other Association, partnership, joint venture, trust or other enterprise, against liability and reasonable litigation expenses, including attorneys' fees incurred by him in connection with any action, suit or proceeding in which he is made or threatened to be made a party by reason of being or having been such director, officer, employee or agent (excluding, however, liability or litigation expenses which any of the foregoing may incur in relation to matters as to which he shall be adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of his duty). Such directors, officers, employees and agents shall be entitled to recover from the Association, and the Association shall pay, all reasonable

costs, expenses and attorneys' fees in connection with the enforcement of rights of indemnification granted herein. Any person who at any time after the adoption of this Bylaw 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 right to which such person may be entitled apart from the provisions of this bylaw. The Board 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. Expenses incurred by a director, officer, employee or agent in defending a civil or criminal action, suit or proceeding shall be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall be ultimately determined that he is entitled to be indemnified by the Association against such expenses. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another Association, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any

such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

9. Fidelity Bond. The Association may provide fidelity bonds as set forth in the Declaration. Except for fidelity bonds that a management agent obtains for its personnel, all other such bonds shall name the Association as an obligee and their premiums shall be a common expense and paid by the Association. The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. The fidelity bond coverage must at least equal the sum of the one-half ($\frac{1}{2}$) of the annual assessment on all Units. The bonds must include a provision that calls for ten (10) days' written notice to the Association, or any insurance trustee, before the bond can be canceled or substantially modified for any reason.

ARTICLE 7

COMMITTEES

The Board shall appoint such committees as they may from time to time deem appropriate.

ARTICLE 8

FINANCES

1. Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a

resolution of the Board. Such authority may be general or confined to a specific instance.

3. Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board.

4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board may select.

ARTICLE 9

ASSESSMENTS

As more fully provided in Article X of the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Unit against which the assessment is made.

ARTICLE 10

RECORDS

1. Receipts and Expenditures. The Board or the manager shall keep detailed accurate records in chronological order of the receipts and expenditures affecting the Common Elements and any other expenses incurred. Both said book and the vouchers accrediting the entries thereupon shall be available for examination by all Members, their duly authorized agents and attorneys, at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good and accepted accounting practices.

2. Other Records. The Board or the manager shall keep correct and complete books of records of account, minutes of the proceedings, and a record of the names and addresses of the Members entitled to vote. Such records must be kept at the Association's principal office.

3. Inspection of Records. The Association shall make available to Members and lenders possessing a first priority lien on a Lot current copies of the Covenants, Articles, Bylaws and Rules and Regulation and the books, records and financial statements of the Association for any proper purpose at reasonable times.

ARTICLE 11

RULES AND REGULATIONS

As set forth in the Declaration, the Board shall have the right to enact additional administrative rules and regulations regarding the use of the Common Elements and conduct of the Members.

ARTICLE 12

FORMS OF PROXY AND WAIVER

1. Form of Proxy. The following form or proxy shall be deemed sufficient, but any other form may be used which is sufficient in law:

PASSAGE POINT HOA, INC.

Know all men by these presents that the undersigned Member of
PASSAGE POINT HOA, INC. hereby constitute and appoints
_____ the attorney and proxy of the undersigned
to attend all annual and special meetings of the Members of
PASSAGE POINT HOA, INC. at which I am not present, until the
Secretary of the Association receives from me a letter revoking this

proxy and for and on behalf of the undersigned to vote as the undersigned would be entitled to vote if personally present, hereby ratifying and confirming all that said attorney and proxy shall do in the premises, and giving and granting unto said attorney and proxy full power of substitution and revocation.

Dated: _____ day of _____, 2007.

Witness

Member

2. Form of Waiver of Notice. The following form of waiver of notice shall be deemed sufficient, but any other form may be used which is sufficient in law:

PASSAGE POINT HOA, INC.

We, the undersigned [Board Members] [Members] of PASSAGE POINT HOA, INC., do hereby severally waive notice of the time, place, and purpose of [the annual or a special] meeting of the [Board] [Association] and consent that same be held at _____ on the ____ day of _____, 20____ at _____ o'clock __.M., and we do further consent to the transaction of any and all business of any nature that may come before the meeting.

Dated this ____ day of _____, 20__.

ARTICLE 13

PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of all Association meetings not in conflict with the Covenants, Articles and these Bylaws.

ARTICLE 14

GENERAL PROVISIONS

1. Amendment. At any time prior to the expiration of the Declarant Control Period, these Bylaws may be altered, amended or rescinded by the Declarant. Thereafter, these Bylaws may be amended at a duly called meeting of the Members, following an affirmative vote on the amendment by a majority of the Board. The notice of the Members' meeting shall contain a full statement of the proposed amendment. Amendments must be approved by Members entitled to cast not less than a majority of all of the votes of the Association. Directors and Members not present in person at the meeting considering a proposed amendment may cast their votes for such proposal in writing, provided such votes are delivered to the Secretary of the Association at or prior to the meeting.

2. Seal. A seal with the words "PASSAGE POINT HOA, INC." on the outer circle shall be the common corporate seal of the Association and shall be in the custody of the Secretary.

3. Captions; Gender and Number. The captions preceding the various Articles and Sections of these Bylaws are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Bylaws. As used herein, the singular includes the plural and where there is more than one owner of a Unit, said owners are jointly and severally liable for the obligations herein imposed. Throughout

these Bylaws, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine and the neuter to include the masculine and feminine.

4. Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the directors of PASSAGE POINT HOA, INC., have hereunto set our hands and seals, this the _____ day of _____, 2006.

_____(SEAL)
Richard C. Donaldson

_____(SEAL)
John A. Elmore, II

_____(SEAL)
Will Bland

CONSENT AND JOINDER OF DECLARANT

Passage Point of Wilmington, Inc., as the declarant/developer of Passage Point Condominiums joins in the execution of these Bylaws.

PASSAGE POINT OF WILMINGTON, INC.,
a North Carolina Corporation

By: _____
Name:
Title:

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am duly elected and acting Secretary of PASSAGE POINT HOA, INC., a North Carolina Non-Profit corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 2007.

These are Bylaws effective as of the _____ day of _____, 2007.

Secretary

[CORPORATE SEAL]