

BY-LAWS
OF
TWIN HARBOR ASSOCIATION, INC.

ARTICLE 1 - DEFINITIONS

The following words and terms, as used in the By-Laws of the Twin Harbor Association, Inc., a North Carolina non-profit corporation, shall, unless the context shall otherwise require, mean and be defined as follows:

- (a) "Association" means the aforesaid corporation. Said term may be used interchangeably with the term "Corporation".
- (b) "Board" means the Board of Directors of the Association.
- (c) "By-Laws" means the by-laws of the Association.
- (d) "Subdivision" means the Twin Harbor Camping Resort Subdivision of Montgomery County, North Carolina.
- (e) "Owner" means:
 - 1. Any person, including Owens-Illinois Development Corporation, who holds fee simple title to a lot in the Subdivision or,
 - 2. Any person who has contracted to purchase fee title to a lot in the Subdivision under a written agreement, in which case the Seller under said agreement shall cease to be the Owner while said agreement is in effect, or
 - 3. A lessee of a lot in the Subdivision under a recorded lease from the owner of fee simple title to said lot for term of not less than fifty (50) years, in which case the lessor under said lease shall cease to be the owner while said lease is in effect.
- (f) "Developer" means Owens-Illinois Development Corporation, an Ohio corporation with its principal place of business in Toledo, Ohio, and its successors and assigns.

ARTICLE II - MEMBERSHIP

Section 1, Classes of Members. There shall be two (2) classes of members in the Association, i.e. voting members and associate members.

Section 2, Voting Members. Voting Memberships shall be appurtenant to lots in the Development and all persons who become owners thereof shall, by reason of such ownership, become members of the Association. The Developer shall be a voting member by reason of its inventory of unsold lots.

There shall be one voting member of each lot regardless of the number of persons who may have an ownership interest in such lot or the manner in which title is held by them. A lot held by a husband and wife in any form of joint ownership shall qualify the owners for only one voting membership which shall be issued in the name of the husband unless otherwise directed.

Ownership of more than one lot shall entitle the owner to all the rights and privileges of a voting membership for each such lot owned and shall subject such owner to all the liabilities and duties attendant to the ownership of each lot separately; provided, however, that the owner of more than one lot shall be considered as a single member only for purposes of notice and determination of associate memberships.

Section 3, Associate Members. The following shall be entitled to Associate Membership in the Association:

- (a) Co-Owners of any lot.
- (b) The spouse and/or children of a member who also have the same principle residence as the member.
- (c) Persons who by virtue of contractual agreements with the Developer are entitled to membership in the Association.
- (d) Officers, Directors or employees of the Association not otherwise members by the reason of lot ownership.

Associate members shall have no vote or right to notice of any meeting of members whether regular or special. The privileges, duties, responsibilities and charges which shall be attributable to such associate members shall be as established from time to time by the Directors by resolution. The privileges, duties and charges of associate members need not be the same as those applicable to voting members of the Association.

Section 4, Privileges of Members. Voting members and associate members and the guests of each shall be entitled to use the streets, parks and recreational facilities owned by the Association subject to the provisions of the Declaratory Statement of Covenants and Restrictions to run with land of the Twin Harbor Camping Resort Subdivision, and subject to such other rules and conditions for the use thereof as may be established from time to time by the Board of Directors of the Association.

Section 5, Limitations on Privileges and the Right to Vote.

A member, whether voting or associate, may be declared by the Board of Directors to be a member not in good standing in the event that such member has failed to pay any assessment or charge made by the Association against him or against the lot, the ownership of which gives rise to his membership; or, for violation of the rules and regulations of the Association. A member so declared not in good standing will have his privileges suspended during such status.

ARTICLE III - EVIDENCE OF MEMBERSHIP AND TRANSFER

Section 1, Membership Certificates. Certificates of membership in the Association may be issued to the members thereof. Such certificates shall be in such form as the Board of Directors shall from time to time designate and shall be issued over the signature of the president or other officer of the Association. Such certificates shall indicate whether or

not member is a voting member or an associate member and shall also indicate the lot the ownership of which gives rise to the members' membership. Such certificates shall also clearly state on their face that the Association is a non-profit corporation. Adequate records shall be maintained at the registered office of the corporation showing the names of the members of the Association, the type of membership, the date that such person became a member of the Association, and a sufficient description of the lot giving rise to such membership. Membership by the Developer need not be evidenced by a certificate of membership.

Section 2, Transfer. A voting membership in the Association is transferable only upon the transfer of ownership of the lot giving rise to such membership. The Board of Directors may by resolution require the payment of a transfer fee. All transfers shall be subject to the payment of all indebtedness to the Association of the member whose membership is transferred.

ARTICLE IV - MEETINGS OF MEMBERS

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

Section 2, The Annual Meeting. The Annual Meeting of the Association shall be held on the first Saturday in May of each year commencing with the year 1984 or at such other particular time as may be stated in the notice of meeting.

Section 3, Special Meetings of the Association. Special meetings of the Association may be called by the Board of Directors of the Association or by the President at any time in the manner herein after provided. A special meeting may also be called upon the written petition of the members representing seventy-five percent (75%) of the eligible vote which would be entitled to be voted at such special meeting. Petitions for such special meetings shall set forth the purpose for which the special meeting has been called; and, the notice of any special meeting, whether at the call of the Board of Directors, President, or upon petition of the members representing seventy-five percent (75%) as aforesaid, shall set forth the purpose of said meeting and no business other than that specified in the notice of meeting shall be considered at such special meeting.

Section 4, Notice of Meetings of the Association. Written or printed notice stating the place, date and hour of the meeting, and in cases of a special meeting the purpose or purposes for which the meeting is called, shall be delivered not less than three (3) days nor more than fifty (50) days before the date of the meeting, either personally or by mail, at the direction of the Board of Directors by the Secretary, to each member entitled to vote in such meetings.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid; or, such notice may be published in any newspaper or publication printed under the auspices of the Association and distributed generally among members of the Association.

Section 5, Quorum. Except as may be otherwise provided herein, a quorum at either a special meeting or at the Annual Meeting shall be the members representing twenty-five percent (25%) of the eligible vote entitled to be voted at such meeting. The vote of a majority of the votes entitled to be cast at the meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required either by law or by these By-Laws. In determining whether or not a quorum is present at a meeting, there shall be taken into consideration those members represented thereat by proxy.

ARTICLE V - THE DIRECTORS

Section 1, Powers. The Board of Directors shall:

(a) Manage and control the affairs of the Corporation, unless otherwise provided herein.

(b) Adopt a corporate seal as the seal of the Association.

(c) Designate a banking institution or institutions as depository for the Association's funds; and the officer or officers authorized to make withdrawals therefrom and to execute obligations on behalf of the Association.

(d) As it may be deemed necessary by the Board of Directors, the Board of Directors may perform other powers or acts which authority to perform has been granted herein or by law, including the power to borrow money for Association purposes. The written affirmation of a majority of the Board of Directors that the interest of the Association requires the borrowing of money in order to implement the operating budget of the Association shall be sufficient evidence for any person that the borrowing is for a proper corporate purpose. The Directors may, if the same shall be reasonably necessary, assign, pledge, mortgage or encumber any Association property as security for such loans; and, they may pledge or assign future revenues of the Association as security therefor.

(e) The Board of Directors shall adopt such rules and regulations relating to the use of Association or Subdivision property as they may deem reasonably necessary for the best interests of the Association and its members. They may also in order to better effectuate said rules and regulations, adopt reasonable sanctions for non-compliance therewith. The Board of Directors may also establish and levy reasonable fees for the issuance of building permits or for the use of Association property. The Board of Directors shall also employ a sufficient number of persons to adequately maintain Association property. Further, the Board of Directors may adopt reasonable rules of order for the conduct of the meetings of the Association, and with reference hereto, on procedural questions upon which no

rules have been adopted, the ruling of the Chairman of the meeting shall be final.

(f) The Board of Directors shall, prior to the Annual Meeting in each year, adopt an operating budget to be presented to the membership at the Annual Meeting. Upon adoption thereof, the Board of Directors shall, based upon said operating budget, and taking into consideration other sources of income that the Association may have, if any, levy the annual assessment for each lot in the Development for the following year. Upon the adoption of such budget and approval by the Board as aforesaid, the Board of Directors shall be bound by the same and shall not vary therefrom by more than fifteen percent (15%) of the total amount thereof without having called a special meeting of the membership to approve such further variations therefrom. The budget shall be adopted, as aforesaid, only after the membership of the Association shall have had a reasonable opportunity to review the same and to comment thereon, either at hearings held thereon or through such other means as the Directors may deem appropriate.

Section 2. Number of Directors. The initial Board of Directors shall consist of five (5) Directors. Directors shall not be required to be members.

Section 3, Election and Term. The first Board of Directors shall serve until the initial Annual Meeting of the Association. Thereafter, if the corporation has members entitled to vote for directors, directors shall be elected by the members entitled to vote at the first annual meeting and at each subsequent annual meeting of the members.

The election to the Board of Directors shall be by written ballot at the Annual Meeting. At such elections the members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and of these By-Laws. The five (5) persons receiving the largest number of votes shall be elected.

The Secretary shall then certify to the Board of Directors the names of the persons who have been elected as Directors of the Association. The terms of office of such Directors shall commence immediately following the Annual Meeting of the members of the Association in the year in which they are elected.

Section 4, Cumulative Voting. Every member entitled to vote at any election for Director shall have the right to accumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected, multiplied by the number of votes to which he is entitled or such member may distribute his votes on the same principle among as many candidates as he thinks fit. Candidates receiving the highest number of votes, up to the number of Directors to be elected shall be elected.

Section 5, Meetings of the Board of Directors. The Board of Directors shall meet at least annually. Special meetings of the Board of Directors may be called by a majority of the Directors or the President and shall be held at such place as the call or notice of the meeting shall designate. Notice of a special meeting may be given in writing or orally at least twenty-four (24) hours prior to the date of the said special meeting, or notice thereof may be waived by the Directors in writing. The Board of Directors may by resolution determine that they shall meet with a greater degree of frequency. Upon the adoption of such a resolution setting forth the times of such regular meetings, the requirement of this section calling for notice of such meetings shall be waived, except insofar as it may apply to special meetings of the Board of Directors.

Section 6, Action Without Meeting. Any action except as may be otherwise provided by law, which under the applicable provisions of law may be taken at a meeting of the Directors may be taken without a meeting if authorized in writing by all of the Directors who will be entitled to vote upon said action at a meeting and filed with the Secretary of the Association.

Section 7, Quorum. Except as may be otherwise indicated herein, a majority of the Directors shall constitute a quorum to transact business for the Association, and the act of the majority of the Directors present at any meeting shall be deemed to be the act of the Board of Directors.

Section 8, Vacancies. In the event that there shall be vacancies on the Board of Directors, caused through the resignation, death or other incapacity of a Director, or for any other reason, such vacancies on the Board of Directors shall be filled by the Board of Directors. If the remaining Directors fall below the necessary number for a quorum, the remaining Directors, however reduced in number, shall have authority to fill all vacancies in the Board of Directors.

Such persons so appointed shall be a Director until his successor is elected at the next Annual Meeting of the Association.

ARTICLE VI - THE OFFICERS

Section 1, Officers. The officers of the Association shall be the President, one or more Vice-Presidents, Secretary, Treasurer and such other officers and assistant officers as the Board of Directors may from time to time elect or appoint. Officers shall serve at the will of the Board of Directors for terms not to exceed three (3) years. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 2, President. The President of the Association shall serve as an ex-officio member of the Board of Directors. He shall be the general managerial officer of the Association, except as may be otherwise designated or defined by the action of the Board of Directors, and he shall be vested with the

powers and duties generally incident to the office of President of a non-profit corporation, except where specifically designated to the contrary by action of the Board of Directors, or as may be otherwise set forth in these By-Laws.

Section 3, Vice-President. In the absence of the President, or in the event of his inability or refusal to act, the Vice-President is empowered to act, and shall thereupon be vested with the powers and duties of the President of the Association.

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

Section 5, Treasurer. The Treasurer shall have custody of the funds of the Association, collect monies due, pay the obligations of the Association out of its funds, and perform such other duties as are incident to the office of Treasurer. At the election of the Directors, the Treasurer may be required to be bonded for such amount and under such conditions as the Directors may see fit to impose.

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

ARTICLE VII - DUTIES OF MEMBERS

Section 1, Payment of Assessments. The annual charges levied by the Association shall be paid to it on or before the date fixed by resolution of the Board of Directors. The Developers inventory of unsold lots shall not be subject to the annual charge. Written notice of the charge and date of payment shall be sent to each owner at the address last given by the owner to the Association. If any charges levied against any lot shall not be paid when due, it shall become a lien upon said lot, except for lots reconveyed to the Developer, subject only to matters of record on such due date and shall remain a lien until paid in full. The Board of Directors may direct that such actions be instituted either at law or in equity for the collection of such assessments or charges including interest, costs of collection and attorneys' fees as they shall deem appropriate. The sale or transfer of any lot shall not effect any lien for charges provided for herein. Upon request, the Association shall furnish a statement certifying that the charges against the specified lot have been paid or that certain charges remain unpaid as the case may be. In any event, the Association shall not be required to transfer memberships on its books or to allow the exercise of any rights or privileges of memberships by any member unless and until all of the assessments and charges due it are paid.

The annual Association charges shall be used for electrical power for common facilities; maintenance and operation of central water and sewer system; Association equipment acquisition, maintenance, and replacement; office equipment; road maintenance; maintenance of common facilities; and Association-sponsored social activities.

Electrical power for common facilities shall include the furnishing of electrical power for the swimming pool, for all street lights, buildings and structures, and for vending machines either owned or leased by the Association. Maintenance and operation of the central water and sewer system shall include the electrical power, chemicals, repair and replacement materials and labor, and operating labor necessary to provide adequate water and sewer service in accordance with the standards established by federal, state and local law and regulations.

Association equipment shall include equipment needed by the Association such as...mowers, tractors, security vehicles, administrative vehicles, hand and power tools, and road maintenance equipment.

Road maintenance shall include the maintenance of shoulders and right-of-way along roads and the patching and/or regrading, rolling or otherwise resurfacing portions of the roads to account for wear and other deterioration if repair is not feasible. Common facilities shall include the recreational pavilions, swingsets, sand boxes, basketball and tennis courts, picnic areas, swimming pool, swimming beach, boat dock and launching areas, and parking and storage areas.

Acquisitions, maintenance, and replacements will be accomplished to reasonable standards consistent with the Association's budget limits and the fiduciary responsibility of the Board. Further annual assessments shall be used for general administrative communications, legal and professional expenses required by the Association in the furtherance of its responsibilities, as well as for those expenses that may be incurred in the future relating to common areas, the maintenance and repair thereof, and other Association projects.

Section 2. Each member of the Association shall keep the property owned by him in the Development in good repair and shall prevent the same from becoming unsightly, all as provided in the Declaratory Statement of Covenants and Restrictions to run with land of the Twin Harbor Camping Resort Subdivision.

ARTICLE VIII - AMENDMENT

These By-Laws may be amended by majority vote of the Board of Directors.

Adopted - March 25, 1983

AMENDMENT TO BY-LAWS

OF

TWIN HARBOR ASSOCIATION, INC.

September 1, 1988

ARTICLE V - THE DIRECTORS
Section 1, Powers
Item 3

Procedure for imposition of sanctions:

- A. Violators will be given notice and opportunity to be heard prior to imposition of sanctions.
 - (1) Notice
 - (a) written, signed by the Secretary, and sent by the Secretary by certified mail (restricted delivery) to lot owner.
 - (b) will contain
 - 1. a statement of the alleged violation
 - 2. a statement of possible sanctions
 - 3. the date, time and place of the hearing (with at least fourteen (14) days' notice, and
 - 4. a statement that failure to appear may result in imposition of one or more of the listed sanctions.
 - (2) Hearing will be before the full board or a subcommittee of at least three (3) board members designated by the full board.

AMENDMENT TO BY-LAWS
OF
TWIN HARBOR ASSOCIATION, INC.

(Dated March 15, 1986)

Section 2. Number of Directors. The Board of Directors shall consist of six (6) Directors. Directors shall not be required to be members.

Section 3. Election and Term. The first Board of Directors shall serve until the initial Annual Meeting of the Association. Thereafter, if the corporation has members entitled to vote for directors, directors shall be elected by the members entitled to vote at the first annual meeting and at each subsequent annual meeting of the members.

The election to the Board of Directors shall be by written ballot at the Annual Meeting. At such elections the members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and of these By-Laws.

Directors shall be elected for a term of three (3) years, on a rotating basis. The initial election of the Board for 1986 shall be as follows:

The two receiving the highest number of votes shall serve three (3) years; the two receiving the next highest number shall serve for two (2) years; the remaining two shall serve for one (1) year. Therefore, two directors shall rotate off each with two new directors elected for three (3) year terms. Each year, the two candidates receiving the highest number of votes shall be elected as new directors.

The Secretary shall then certify to the Board of Directors the names of the persons who have been elected as Directors of the Association. The terms of office of such Directors shall commence immediately following the Annual Meeting of the members of the Association in the year in which they are elected.

All previous amendments to the By-Laws regarding election and term of directors are hereby rescinded.

AMENDMENTS TO BY-LAWS
OF
TWIN HARBOR ASSOCIATION, INC.

(Dated February 15, 1992)

Section 5, LIMITATIONS ON PRIVILEGES AND THE RIGHT TO VOTE

Add to this paragraph:

An owner convicted of any criminal offense involving moral turpitude, arising from conduct occurring on the premises shall be grounds for exclusion from the premises at the discretion of the Board of Directors.

Section 5, QUORUM

Add to this paragraph:

Should a quorum not be present, the quorum requirement stated herein shall be waived unless there is an objection thereto. Should such an objection occur, then quorum requirements will be waived upon the vote of 50% of entitled members present to vote. (March 14, 1992).

AMENDMENT TO BY-LAWS
of
TWIN HARBOR ASSOCIATION, INC.
March 24, 1998

ARTICLE V - THE DIRECTORS
(Page 5)

Section 1, paragraph (f):

The Board of Directors shall have the authority to levy any special assessments deemed necessary by them to fund any association project, including but not limited to capital improvements.

AMENDMENT TO BY-LAWS

Of

TWIN HARBOR ASSOCIATION, INC.

February 20, 1999

ARTICLE V – THE DIRECTORS

Section 8, Vacancies.

In the event that there shall be vacancies on the Board of Directors, caused through the resignation, death or other incapacity of a Director, or for any other reason, such vacancies on the Board of Directors shall be filled by the Board of Directors, by replacement of the person seeking election in the last election with the third highest number of votes or if that person has already been appointed, then the next highest number of votes.

AMENDMENT TO THE BY-LAWS
OF
TWIN HARBOR ASSOCIATION, INC.

December 4, 2000

ARTICLE V - THE DIRECTORS
Section 1, Powers
Item 3

(This Amendment is an Addendum to Amendment dated September 1, 1988)

The following Standard of Proof shall be used for imposition of Sanctions:

(3) Standard of Proof

(a) The Standard of Proof to be used in the above mentioned hearings is the greater weight of the evidence.

(b) Sanctions

(1) By finding of a first violation after the above mentioned hearing a fine in the amount of \$100.00 shall be imposed on the violator.

(2) For a second violation a fine in the amount of \$250.00 shall be imposed.

(3) For a third violation a fine in the amount of \$500.00 shall be imposed.

(4) For a fourth violation the member shall be declared not in good standing and lose all privileges therein.

The fines imposed as sanctions as above mentioned shall become a lien on the lot of the violator if not paid within 30 days and shall be collected the same as any delinquent dues and assessments which will include the imposition of reasonable costs including attorney fees.

Adopted January 20, 2001 by the Board of Directors.