

BYLAWS
OF
"A PLACE AT THE BEACH - CAROLINA BEACH, INC."

ARTICLE I
PLAN OF UNIT OWNERSHIP

1. The property described in the Declaration attached hereto has been submitted to the provisions of Chapter 47A of the North Carolina General Statutes by said Declaration, and these Bylaws, and any Amendments thereto shall apply to said property.

2. The provisions of these Bylaws are applicable to the property of the condominium as shown on Exhibit "A". The term "Property" as used herein shall include the lands, buildings, and all improvements thereon (including the units, the common areas and facilities and the limited common areas and facilities), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of Chapter 47A of the North Carolina General Statutes in the manner prescribed by the Declaration.

3. All present and future owners, mortgagees, lessees and occupants of units and their employees, and any other persons who may use the facilities of the property in any manner, are subject to the Declaration, these Bylaws and Rules and Regulations made pursuant hereto and any Amendment to these Bylaws upon the same being passed and duly set forth in the minutes of "A Place at the Beach-Carolina Beach, Inc." when duly recorded in the Office of the Register of Deeds, New Hanover County, North Carolina.

The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an agreement that these Bylaws (and any Rules and Regulations made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE IIMEMBERSHIP AND VOTING RIGHTS

1. All persons, firms, partnerships and corporations who shall become owners of any unit or units within A Place at the Beach-Carolina Beach shall automatically become members of "A Place at the Beach-Carolina Beach, Inc.", a Corporation, and shall be entitled to voting rights as hereinafter set forth.

2. There shall be one person with respect to each unit ownership who shall be entitled to vote at any meeting of the unit owners. Such person shall be known and hereafter referred to as the "voting member." Such voting member may be the owner or one of the group composed of all of the owners of a unit or may be some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner. Such designation shall be made in writing to the Board and shall be revocable at any time by written notice to the Board by the owner or owners and the Board shall note such revocation, when received, in the minutes of the Board of Directors. Each voting member (including the Board of Governors and SANDS INVESTMENTS NO. 2, INC., or its respective designees, if either shall then hold title to one or more units) shall be entitled to one vote, that is to say, there shall be one vote per unit.

Any representative of SANDS INVESTMENTS NO. 2, INC. serving on the Board of Governors, shall not be required to disqualify himself upon any vote upon any management contract or other matter between SANDS INVESTMENTS NO. 2, INC., and the Association, and SANDS INVESTMENTS NO. 2, INC., as a member of the Association, shall not be required to disqualify itself in any vote which may come before the membership of the Association upon any management contract or other matter between SANDS INVESTMENTS NO. 2, INC. and the Association where SANDS INVESTMENTS NO. 2, INC., may have a pecuniary or other interest.

3. In all elections for members of the Board of Governors, each voting member shall be entitled to vote on a cumulative voting basis and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected.

4. Any unit owner may, at any time, waive notice of any meeting of the unit owners in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a unit owner at any meeting of the unit owners

shall constitute a waiver of notice by him of the time and place thereof except where a unit owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the voting members are present at any meeting of the unit owners, no notice shall be required and any business may be transacted at such meeting.

5. Any action which may be taken at a meeting of the unit owners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting (that is, the voting members), and filed with the Secretary of the Association to be kept in the Association Minute Book.

6. If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 7 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

7. Special meetings of the unit owners may be called at any time by the Board of Governors or upon the written request of the voting members representing at least twenty-five (25%) per cent of the total number of units.

8. Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) nor more than fifty (50) days before the date thereof, either personally or by mail at the direction of the Board of Governors or voting members calling the meeting, to each person entitled to vote at such meeting.

NOTICE
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In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of Governors on which the vote of unit owners is expressly required by the provisions of the North Carolina Unit Ownership Act. In the case of a special meeting the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

When a 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 not less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is effective.

9. The presence in person or by proxy at any meeting of fifty (50%) per cent or more of the voting members (as defined in Article II of these Bylaws) shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the unit owners at which a quorum is present upon the affirmative vote of the voting members having a majority of the total votes present at such meeting. If there is no quorum at the opening of the meeting of unit owners, such meeting may be adjourned from time to time by the vote of a majority of the voting members present, either in person or by proxy; and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting.

The voting members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting members to leave less than a quorum.

ARTICLE III

BOARD OF GOVERNORS

1. The business and property of the Condominium shall be managed and directed by the Board of Governors or by such Executive Committee as the Board may establish pursuant to these Bylaws.

2. The number of Governors of the Condominium shall be three (3) to be elected by the unit owners at their initial meeting. The size of the Board of Governors may be increased or decreased from time to time upon the affirmative vote of two-thirds (2/3) of the total votes of the voting members provided that said Board shall not be less than three (3) in number. Each Governor shall hold office for a period of one (1) year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified. Each member of the Board shall be one of the owners or co-owners or a spouse of an owner or co-owner of a unit; provided, however, that in the event an owner is a Corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer or director of such Corporation, partner of such partnership, beneficiary or trustee of such trust or manager of such other legal entity, shall be eligible to serve as a member of the Board.

3. The Board of Governors shall elect a chairman and a vice chairman, a secretary and a treasurer at the first meeting after the annual meeting of the unit owners, or at such time as the death, resignation or disqualification of any of said officers so requires. The offices of secretary and treasurer may be combined in one person, if appropriate.

4. Except as provided in Section 6 of this Article, the Governors shall be elected at the annual meeting of unit owners; and those persons who receive the highest number of votes shall be deemed to have been elected.

5. Governors may be removed from office with or without cause on affirmative vote of the voting members having a majority of the total votes entitled to vote at an election of Governors. However, unless the entire Board is removed, an individual Governor may not be removed if the number of voting members voting against the removal would be sufficient to elect a Governor, if such voting members voted cumulatively at an annual election. If any Governors are so removed, new Governors may be elected at the same meeting.

6. A vacancy occurring in the Board of Governors, including Governorships not filled by the unit owners, may be filled by a majority of the remaining Governors though less than a quorum, or by the sole remaining Governor, but a vacancy created by an increase in the authorized number of Governors shall be filled only by election at an annual meeting or a special meeting of unit owners called for that purpose. Voting members may elect a Governor at any time to fill any vacancy not filled by the Governors.

7. The Board of Governors shall receive no compensation for their services.

8. The Board of Governors may, by resolution adopted by a majority of the number of Governors fixed by these Bylaws, designate two or more Governors to constitute an Executive Committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Governors in the management of the Condominium.

9. The Board of Governors shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things, except such acts as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Governors. Such powers and duties of the Board of Governors shall include, but shall not be limited to the following:

(a) Operation, care, upkeep and maintenance of the common areas and facilities.

(b) Determination of the common expenses required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the property.

(c) Collection of the common charges from the unit owners.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas and facilities.

(e) At the direction of the voting members having a majority of the total votes, the adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the property and for the health, comfort, safety and general welfare of the owners and occupants of the property. Written notice of such rules and regulations shall be given to all owners and occupants and the entire property shall at all times be maintained subject to such rules and regulations.

(f) Opening of bank accounts on behalf of the Condominium and designating signatories required therefor.

(g) Purchasing or leasing or otherwise acquiring in the name of the Corporation, or its designee, corporate or otherwise, on behalf of unit owners, units offered for sale or lease or surrendered by their owners to the Board as provided by the Declaration.

(h) Purchasing of units at foreclosure or other judicial sales in the name of the Association, or its designee, corporate or otherwise, on behalf of all unit owners.

(i) Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with units acquired by the Corporation or its designee, corporate or otherwise, on behalf of all unit owners, subject to the Declaration and other applicable restrictions.

(j) Maintaining and repairing any unit, if such maintenance or repair is necessary in the discretion of the Board or is necessary to enforce applicable restrictions designed to protect the common areas and facilities of any other portion of the building, if an owner of any unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said owner, provided that the Board shall levy a special assessment against such owner for the costs of said maintenance or repair.

(k) Entering any unit when necessary in connection with any maintenance or construction for which the Board is responsible provided, such entry shall be made during reasonable hours with as little inconvenience to the owner as

practicable, and any damage caused thereby shall be repaired by the Board and such expense shall be treated as a common expense.

(l) Signing all agreements, contracts, deeds and vouchers for expenditures as well as other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the Treasurer and countersigned by the Chairman of the Board.

(m) Obtaining of insurance for the property, including the units, pursuant to the provisions of paragraph 17 of the Declaration.

(n) Making of repairs, additions and improvements to or alterations of the property, and repairs to and restoration of the property in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(o) To enter into contracts with unit owners for the leasing of the unit belonging to the unit owner to third parties under such terms and conditions as are hereinafter set forth.

(p) To collect as a part of the common expenses ad valorem taxes based on the assessed value of each unit as determined for tax purposes on real property and to pay the same to the taxing authority of New Hanover County and any other political subdivision which may tax the real estate; provided, however, that the Board of Governors shall not pay the personal property tax on each unit owner's individual personal property contained within said unit as a part of the common expenses.

10. The Board of Governors for the Condominium may engage the services of any person, firm or corporation to act as managing agent at the compensation established by the Board, to perform such duties and services as the Board of Governors shall authorize including but not limited to those listed in subdivisions (a), (c), (d), (j), (k), (m), (n), (o), and (p) of Section 9 of this Article III. The Board may delegate to the managing agent, all of the powers granted to the Board of Governors by these Bylaws other than the powers set forth in subdivisions (b), (e), (f), (g), (h), and (l) of Section 9 of this Article III; provided, however, the signing of vouchers for expenditures as set forth in paragraph (e) may be delegated.

ARTICLE IV
MEETING OF GOVERNORS

1. The first meeting of the members of the Board of Governors shall immediately follow the initial meeting of the unit owners. No notice shall be necessary to the newly elected members of the Board of Governors in order to legally constitute such meeting, providing a quorum shall be present.

2. A regular meeting of the Board shall be held immediately after, and at the same place as the annual meeting or substitute annual meeting of the unit owners. In addition, the Board of Governors may provide by resolution the time and place either within or without the State of North Carolina, for the holding of a regular meeting of the Board.

3. Special meetings of the Board of Governors may be called by or with the request of the Chairman or by any two Governors. Such meetings may be held either within or without the State of North Carolina.

4. Regular meetings of the Board of Governors may be held without notice. The person or persons calling a special meeting of Governors shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Attendance by a Governor at a meeting shall constitute a waiver of notice of such meeting except where a Governor attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.

5. Any member of the Board of Governors may, at any time, waive notice of any meeting of the Board of Governors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Governors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

6. A majority of the number of Governors fixed by these Bylaws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Governors.

7. Except as otherwise provided in this section, the act of the majority of the Governors present at a meeting at which a quorum is present shall be the act of the Board of Governors.

A vote of a majority of the number of Governors fixed by the Bylaws shall be required to adopt a resolution constituting an Executive Committee. The vote of a majority of the Governors then holding office shall be required to adopt, amend, or repeal a Bylaw, provided that no modification of or amendment to the Bylaws shall be effective unless approved by a two-thirds majority of the total votes of the voting members. Vacancies in the Board of Governors may be filled as provided in Article III, Section 6, of these Bylaws.

8. Each meeting of the Board of Governors shall be presided over by the Chairman of the Board and in the absence of the Chairman, by any person selected to preside by vote of the majority of the Governors present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and the Assistant Secretary any person designated by the Chairman of the meeting, shall act as Secretary of the meeting.

9. Action taken by a majority of the Governors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Governors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

10. The Board shall keep minutes of its proceedings.

11. The Board of Governors may require all officers and employees of the Condominium handling or responsible for Condominium funds to be covered by an adequate fidelity Bond. The premiums on such bonds shall constitute a common expense.

12. The members of the Board of Governors shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration of these Bylaws. It is intended that the members of the Board of Governors shall have no personal liability with respect to any contract made by them on behalf of the Condominium, except to the extent they are unit owner(s). It is also intended that the liability of any unit

owner arising out of any contract made by the Board of Governors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interests of all the unit owners in the common areas and facilities. Every agreement made by the Board or by the managing agent on behalf of the Condominium shall provide that the members of the Board of Governors, or the managing agent, as the case may be, are acting only as agents for the unit owners, and shall have no personal liability thereunder (except as unit owners), and that each unit owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interest of all unit owners in the common areas and facilities.

ARTICLE V

OFFICERS

1. The principal officers of the Condominium Corporation ("A Place at the Beach-Carolina Beach, Inc.") shall consist of a Chairman of the Board, a Secretary, a Treasurer, and such Vice Chairmen, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Governors may from time to time elect. Any two or more offices may be held by the same person except the offices of Chairman and Secretary.
2. The officers of the Condominium Corporation shall be elected by and from the Board of Governors. Such elections may be held at the regular annual meeting of the Board.
Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or until his successor is elected and qualifies.
3. Any officer or agent elected or appointed by the Board of Governors may be removed by the Board with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.
4. No officer shall receive any compensation from the Condominium Corporation for acting as such.
5. The Chairman of the Board shall be the principal executive officer of the Condominium Corporation and, subject to the control of the Board of Governors, shall supervise and control the management of the Condominium. The Chairman shall, when present, preside at all meetings of the Board and of the unit owners and, in general, shall perform all duties incident to the office of

Chairman of the Board and such other duties as may be prescribed from time to time by the Board.

6. The Vice Chairman, and if there be more than one, the Vice Chairman designated by the Board of Governors shall, in the absence or disability of the Chairman, have the powers and perform the duties of said office. In addition, each Vice Chairman shall perform such other duties and have such other powers as shall be prescribed by the Chairman of the Board.

7. The Secretary shall keep accurate records of the acts and proceedings of all meetings of unit owners and Governors. He shall give, or cause to be given, all notices required by law and by these Bylaws. He shall have general charge of the minute books and records of both the unit owners and the Board. He shall sign such instruments as may require his signature and, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the Chairman of the Board or by the Board of Governors.

8. The Treasurer shall have custody of all Condominium Corporation funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Governors. He shall keep full and accurate accounts of the finances of the Condominium in books especially provided for that purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for such fiscal year, all in reasonable detail, to be prepared and distributed to all unit owners and members of the Board of Governors on or before the 15th day of the third month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any unit owners for a period of three (3) years and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to each unit owner annually on or before the 15th day of the third month following the close of the fiscal year. The Treasurer shall also prepare and file all reports and returns required by Federal, State or local law and shall generally perform all other duties as may be assigned to him from time to time by the Chairman of the Board or by the Board of Governors.

9. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary and the Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chairman of the Board or the Board of Governors.

ARTICLE VI
OPERATION OF THE PROPERTY

1. The Board of Governors shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the common charge payable by the unit owners to meet the common expenses of the Condominium, and allocate and assess such common charges among the unit owners according to their respective common interests. The common expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Governors pursuant to the provisions of the Declaration. The common expenses may also include such amounts as the Board of Governors may deem proper for the operation and maintenance of the property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The common expenses may also include such amounts as may be required for the purchase or lease by the Corporation or its designee, corporate or otherwise, on behalf of all unit owners, of any unit whose owner has elected to sell or lease such unit or of any unit to be sold at a foreclosure or other judicial sale. The Board of Governors shall advise all unit owners, promptly in writing, the amount of common charges payable by each of them, respectively, as determined by the Board of Governors, as aforesaid, and shall furnish copies of each budget on which such common charges are based, to all unit owners and to their mortgagees.

2. All unit owners shall be obligated to pay the common charges assessed by the Board of Governors pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board shall determine.

No unit owner shall be liable for the payment of any part of the common charges assessed against his unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such unit, together with his interest in the common areas and facilities (and Limited Common Areas) as defined in the Declaration. A purchaser of a unit shall be individually liable for the payment of common charges assessed against such unit prior to the acquisition by purchaser of such unit without prejudice to the purchaser's right to recover from the seller

the amounts paid by the purchaser therefor. Provided that a mortgagee or other purchaser of a unit at a foreclosure sale of such unit shall not be liable for and such unit shall not be subject to a lien for the payment of common charges assessed prior to the foreclosure sale. Such unpaid common charges shall be deemed to be common charges collectible from all the unit owners including such purchaser, his successor and assigns. The same shall apply to instances when a mortgagee takes a deed in lieu of foreclosure.

3. The Board of Governors shall assess common charges against the unit owners from time and at least annually and shall take prompt action to collect any common charge due from any unit owner which remains unpaid for more than 30 days from the date due for payment thereof.

4. In the event of default by any unit owner in paying to the Corporation the common charges as determined by the Board such unit owner shall be obligated to pay interest at the legal rate on such common charges from the due date thereof, together with all expenses, including attorneys fees (if permitted by law), incurred by the Board in any proceeding brought to collect such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorneys fees (if permitted by law), in any action to recover the same brought against such unit owner, or by foreclosure of the lien on such unit in like manner as a deed of trust or mortgage of real property.

5. In any action brought by the Board to foreclose on a unit because of unpaid common charges, the unit owner shall be required to pay a reasonable rental for the use of his unit from date of default and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all unit owners, if so instructed, shall have the power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to such unit convey or otherwise deal with the same; subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

6. The Board of Governors shall promptly provide any unit owner so requesting a written statement of all unpaid common charges due from such unit owner, together with a statement of all other charges lawfully assessed against such unit in accordance with the provisions of the Declaration or these Bylaws.

7. The violation of any rule or regulation adopted by the Board or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws: (a) to enter the unit in which or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

8. (a) All maintenance and any repairs to any unit, structural or non-structural, including glass windows and doors, ordinary or extraordinary (other than maintenance of and repairs to any common areas and facilities contained therein and not necessitated by the negligence, misuse or neglect of the owner of such unit), shall be made by the owner of such unit. Each unit owner shall be responsible for all damages to any and all other units and to the common areas and facilities that his failure so to do may engender. (b) All maintenance, repairs and replacements to the common areas and facilities, whether located inside or outside of the units (unless necessitated by the negligence, misuse or neglect of a unit owner, in which case such expense shall be charged to such unit owner), shall be made by the Board and be charged to all the unit owners as a common expense.

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9. Each unit owner shall be responsible for the repair, maintenance, and upkeep of the equipment (air conditioner, heater, hot water heater, electrical, mechanical and plumbing) which serves his unit.

10. No unit owner shall make any structural addition, alteration, or improvement in or to his unit, without the prior written consent of the Board of Governors. The Board shall have the obligation to answer any written request by a unit owner for approval of a proposed structural addition, alteration or improvement in such unit owner's unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Governors to the proposed addition, alteration or improvement.

11. The use of the property of the Condominium shall be in accordance with the following provisions:

(a) Each of the units shall be occupied only as a residence and for no other purpose except as otherwise specifically set forth in the Declaration. No unit may be divided into smaller units or any portion thereof

sold or otherwise transferred without first amending these Bylaws to show the changes in the units to be effected thereby.

(b) The common elements shall be used for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the units.

(c) No use or practice shall be permitted on the property which is the source of annoyance to unit owners or which interferes with the peaceful possession and proper use of the property by the unit owners. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate nor shall any fire hazard be allowed to exist. No boats, trailers, mobile homes, or campers shall be parked on the premises without the express permission of the Board of Governors or its designee. It shall be the responsibility of each unit owner and the Board of Governors to prevent the development of conditions which render the property or the buildings unclean, unsightly or unkept or which substantially decreases the beauty of the area as a whole. No unit owner shall permit any use of his unit or of the common elements which will increase the rate of insurance upon the Condominium property. No immoral, improper, offensive, or unlawful use shall be made of the Condominium property or any part thereof. Garbage receptacles shall be located in accordance with reasonable standards established by Declarant or the Board of Governors. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification, or repair of the Condominium property shall be the same as the responsibility for the maintenance and repair of the property concerned.

(d) Until SANDS INVESTMENTS NO. 2, INC., has completed and sold all of the units, neither the unit owners', nor the Board of Governors' use of the Condominium property by the owners shall interfere with the sale of additional units. SANDS INVESTMENTS NO. 2, INC., may make such use of the unsold units and the common areas as may facilitate such completion and sale, including but not limited to the rental of same, the showing of the property, and the display of signs.

12. A unit owner shall grant a right of access to his unit to the managing agent or any other person authorized by the Board of Governors or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his unit and threatening another unit or a common area and facility, or for the purpose of performing installations,

alterations or repairs to the mechanical or electrical services or other common areas and facilities in his unit or elsewhere in the building or to correct any condition which violates the provisions of any mortgage covering another unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the unit owner. In the case of an emergency, such right of entry shall be immediate, whether the unit owner is present at the time or not.

13. Rules and regulations concerning the use of the units and the common areas and facilities may be promulgated and amended by the Board with the approval of a majority of the voting members of "A Place at the Beach-Carolina Beach, Inc." Copies of such rules and regulations shall be furnished by the Board to each unit owner prior to the time when the same shall become effective.

14. Water and electricity shall be supplied to all of the units and the common areas and facilities. Each unit shall have its own separate electric meter and each unit owner shall be responsible for his own electric bill. Any electricity charges resulting from the use of the common areas shall be considered a common expense and shall be provided for as other common expenses.

ARTICLE VII

RECORDS AND AUDITS

The Board of Governors or the managing agent shall keep detailed records of the actions of the Board and the managing agent, minutes of the meetings of the Board of Governors, minutes of the meetings of the unit owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each unit which, among other things, shall contain the amount of each assessment of the common charges against such unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. The financial record and books of account shall be available for examination by all the unit owners, their duly authorized agents or attorneys at convenient hours on working days that shall be set and announced for general knowledge. A written report summarizing all receipts and expenditures of the Condominium shall be rendered by the Board to all unit owners on or before the 15th day of the third month following the close of each fiscal year covering the preceding year. In addition, an annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be rendered by the Board to all unit owners and to all mortgagees of units who have requested the same, promptly after the end of each fiscal year.

Condominium for... \$700,000

Should be "minutes audit"

ARTICLE VIII

Notwithstanding anything contained in these Bylaws to the contrary, the Declarant, SANDS INVESTMENTS NO. 2, INC., shall be responsible for the administration of the development until the first meeting of the members of "A Place at the Beach-Carolina Beach, Inc.", which meeting shall be held prior to the 31st day of May, 1978. Until such meeting, the duties and powers of "A Place at the Beach-Carolina Beach, Inc." shall be performed by the Declarant or a manager employed by the Declarant on behalf of "A Place at the Beach-Carolina Beach, Inc.", said manager to be paid out of the normal assessments. At such first meeting, the members shall elect officers and directors as designated hereinbefore, and the management of the development shall be delivered to "A Place at the Beach-Carolina Beach, Inc." together with all books and accounts which shall be in balance.

ARTICLE IX

Each unit in the project shall be subject to the common assessments heretofore detailed only upon sale of said unit by Declarant, and, except as detailed below, the Declarant shall not be responsible for the payment of the common expenses and common charges for units owned by it within said project. However, Declarant shall be responsible for payment of common expenses and common charges for units owned by it within said project beginning on the first day of September, 1979.

The Declarant shall, in lieu of a per-unit assessment, and during the periods of time when the Declarant has units constructed or under construction which are not subject to the per-unit assessment, pay to the Association, at the end of calendar year 1978, a sum equal to the actual amount of operating expenses of the Association paid for that calendar year, less an amount equal to the total amount of assessments made against owners of the units other than units owned by Declarant.

ARTICLE X

1. All Bylaws of the Corporation, except as below, shall be subject to alteration or repeal, and new Bylaws made, in accordance with the provisions of Article IV, Section 7, above; provided, however, that in no event shall Article VIII, Article IX or this Article X of these Bylaws be amended without the express written consent of the Declarant.

The undersigned certify that the foregoing Bylaws have been Adopted as the first Bylaws of the Corporation in accordance with the requirements of Corporation Law.

Sept 25 1978

DATE:

Sept. 25, 1978