

BYLAWS
OF
THE COMMONS HOMEOWNERS ASSOCIATION, INC.

A NON-PROFIT CORPORATION

ARTICLE I.
Purpose, Applicability, Offices

1. Purpose. This corporation (hereinafter called the "Association") has been organized to provide for the administration, management, maintenance and care of The Commons, a Condominium established or to be established in accordance with the North Carolina Unit Ownership Act, upon the property situate, located at Brunswick Plantation, HWY 17 South, Brunswick County, Shalotte Township, Calabash, North Carolina and more particularly described in Exhibit "A" attached to the Declaration and incorporated herein by reference.
[ASSOCIATION is hereinafter referred to as the "Condominium").

2. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Condominium and to the use and occupancy thereof. All present and future Owners, Mortgagees, Lessees and occupants of Units and their families and guests, and any other persons who may use or occupy the facilities of the Condominium in any manner, are subject to the Declaration, these Bylaws and the Rules and Regulations made pursuant hereto and duly set forth in an amendment to the Declaration and duly recorded. 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.

3. Principal Office. The principal office of the Association shall be located in Brunswick Plantation, North Carolina.

4. Registered Office. The registered office of the Association required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

5. Definitions. All terms as defined in the Declaration shall have the same meaning herein except when the context otherwise specifies or requires.

ARTICLE II
Unit Owners

1. Membership. Each Unit Owner shall be a member of the Association and no other person or entity shall be entitled to

membership. Until such time as the property described on Exhibit "A" of the Declaration is submitted to a plan of Condominium ownership by the recordation of the Declaration, membership of the Association shall be comprised of the three individuals named in the Articles of Incorporation as the initial Directors, and each such initial Director shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

2. Place of Meetings. All meetings of the Unit Owners shall be held at the Condominium or at such other place either within or without the State of North Carolina as shall be designated in a notice of the meeting.

3. Annual Meeting. An annual meeting of the Unit Owners shall be held at 10:00 a.m. on the third Saturday of September of each year if not a legal holiday, and if a legal holiday, then at the same time on the next day following for the purpose of electing members of the Board of Directors and for the transaction of such business as may be properly brought before the meeting.

4. Substitute Annual Meetings. 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 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

5. Special Meetings. Special meetings of the Unit Owners may be called at any time by the President, a majority of the Board of Directors or Unit Owners having twenty percent (20%) of the votes in the Association.

6. Notice of Meetings. Written or printed notices stating the place, day and hour of the meeting and items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a Director or Officer 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 Directors or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

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 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 of the meeting at which the adjournment is effective.

7. Quorum. Except in the case of ratification of the Budget pursuant to Article III, in which no specific number is

required, the presence in person or by proxy at any meeting of the Voting Members (as defined in Section 8 of this Article) having 20% of the total votes shall constitute a quorum. 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 unanimous vote 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.

8. Voting Rights. One vote is apportioned to each Condominium Unit. If only one of the multiple owners of a Unit is present at the meeting of the Association, he 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 cast the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any other of the owners of the Unit.

The vote allocated to a Unit may be cast pursuant to a proxy duly executed by the Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this section except by written notice of revocation delivered to the person presiding over the meeting of the Association. A proxy is void if it is not dated. A proxy terminates one year after its date, unless it specifies a shorter term.

9. Voting. In all elections for members of the Board of Directors, each Voting Member shall be entitled to vote on a non-cumulative voting basis and the candidates receiving the highest number of votes with respect to the offices to be filled shall be deemed to be elected.

10. Waiver of Notice. 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 Unit Owners are present at any meeting of the Unit Owners, no notice shall be required and any business may be transacted at such meeting.

11. Informal Action by Unit Owners. 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's minute books.

ARTICLE III
Board of Directors

1. Number.

(a) The business and property of the Association shall be managed and directed by a Board of Directors composed of four (4) persons. The initial Board of Directors as designated in the Articles of Incorporation shall be chosen by the Declarant and the Declarant, subject to Section B of this Article III, shall have the right to remove and appoint members of the Board until such time as the first of the following events occurs: (1) one hundred and twenty days (120) after conveyance of seventy-five percent (75%) of the Units (including Units which may be created pursuant to special Declarant Rights) to Unit Owners other than the Declarant; (2) two years after the Declarant has ceased to offer Units for sale in the ordinary course of business; (3) two years after any developmental right to add new Units was last exercised; (Any member of the Board of Directors or Officer of the Association designated and selected by the Declarant need not be a Unit Owner or a resident of the property).

(b) not later than 60 days after conveyance of 25% of the Units (including Units which may be created by the incorporation of the additional phases) to Unit Owners other than the Declarant, at least one member and not less than 25% of the members of the Board of Directors shall be elected by Unit Owners other than the Declarant. Not later than 60 days after conveyance of 50% of the Units (including Units which may be created by the incorporation of the additional phase), to Unit Owners other than the Declarant, not less than 33% of the members of the Board of Directors shall be elected by Unit Owners other than the Declarant. Upon termination of the period of the Declarant control of the Association, the Unit Owners shall elect a three member Board of Directors, at least two of which must be Unit Owners.

2. Election, Term and Qualification. Except as provided in the Declaration and in Sections 1 and 3 of this article the four members of the permanent Board of Directors shall be elected at an annual meeting of the Unit Owners, and those persons who receive the highest number of votes shall be deemed elected. Each Director shall hold office for the term for which he is elected or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualified. At the first annual meeting of the Association at which the election

of successors to the initial Board of Directors is to be held, the three members of the permanent Board of Directors shall be elected for staggered terms as follows: At the first election of the Board of Directors, one member shall be elected for a term of one year, one member shall be elected for a term of two years, one member shall be elected for a term of three years. Thereafter, at each subsequent election, one member will be elected for a term of three years to succeed the member whose term has expired.

3. Vacancies. A vacancy on the Board of Directors may be filled by a majority vote of the remaining Directors.

4. Removal. A Director, other than Directors appointed by the Declarant, may be removed with or without cause by a vote of 67% of all persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present.

5. Compensation. The Board of Directors shall receive no compensation for their services.

6. Powers and Duties. The Board of Directors 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 Directors. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

a. Operation, care, upkeep, repair, maintenance and replacement of the Common Elements and payments therefor.

b. Determination of the common expenses required for the affairs of the Condominium, including without limitation, the operation and maintenance of the Common Elements.

c. Collection of the common expenses from the Unit Owners.

d. Employment and dismissal of the personnel necessary for the maintenance, repair and replacement of the Common Elements.

e. 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 Unit Owners and occupants of the property. Written notice of such rules and regulations shall be given to all Unit 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 Association and designating the signatures required therefor.

g. Purchasing and leasing or otherwise acquiring in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of Unit Owners, Units offered for sale or surrendered by their Unit Owners to the Board as provided by the Declaration.

h. Purchasing of Units at foreclosure or other judicial sale in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners, provided such purchase is duly authorized as set forth in the Declaration.

i. Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with Units acquired by the Board of Directors or its designees, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions, and organizing corporations to act as designees of the Board in acquiring title to Units on behalf of all Unit owners.

j. Maintaining and repairing any Unit, if such maintenance or repair is necessary in the discretion of the Board to protect the Common Elements or any other Unit or if the Unit owner of such 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 delivered or mailed by the Board to said Unit Owners, provided that the Board shall levy a special assessment against such Unit 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 Unit Owner as practicable; and any damage caused thereby shall be repaired by the Board and such expenses shall be treated as common expense; and entering any Unit for the purpose of correcting or abating any condition or situation deemed by the Board of Directors to be an emergency.

l. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and 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 Secretary/Treasurer of the Condominium and countersigned by the President.

m. Obtaining of insurance for the property pursuant to the applicable provisions of the Declaration.

n. Making of repairs, additions, and improvements to or alterations or 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 a condemnation or eminent domain proceeding.

O. Engaging the services of any person, firm or corporation to act as managing agent of the Condominium at a compensation established by the Board, to perform all of the powers and duties of the Association, except those which may be required by the Declaration, the North Carolina Unit Ownership Act or the North Carolina Non-profit Corporation Act to have approval of the Board of Directors or the Unit Owners; provided, however, the term of any such agreement with a managing agent shall not exceed one (1) year initially, shall only be renewable by agreement of the parties for successive one (1) year periods and shall be terminable by the Association with or without cause upon 30 days prior written notice to the manager and without payment of a termination fee.

P. To enforce by any legal means or proceeding the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration or the rules and regulations hereinafter promulgated governing use of the Common Elements in the Condominium.

q. To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than the Units, and to assess the same against the Unit Owners in the manner herein provided.

r. To adopt a seal for the Association.

s. Hiring attorneys and other professionals.

t. Any other powers and duties reserved to the Board of Directors in the Declaration, the Articles of Incorporation or these Bylaws.

ARTICLE IV Meetings of Directors

1. Regular Meeting. 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 Directors 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.

2. Special Meetings. A special meeting of the Board of Directors may be called by or with the request of the President or by any two Directors. Such meetings may be held either within or without the State of North Carolina.

3. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons

calling a special meeting of the Directors shall, at least two (2) 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.

4. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, 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 Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5. Quorum. A majority of the number of Directors 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 Directors.

6. Manner of Acting. Except as otherwise provided in this section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A vote of a majority of the number of Directors fixed by the Bylaws shall be required to adopt a resolution appointing an Executive Committee. Vacancies in the Board of Directors may be filled as provided in Article III, Section 3, of these Bylaws.

7. Organization. Each meeting of the Board of Directors shall be presided over by the President, the Secretary/Treasurer, or in his absence, any person designated by the President of the meeting, shall act as Secretary of the Meeting.

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

9. Minutes. The Board shall keep minutes of its proceedings.

ARTICLE V Officers

1. Number. The principal officers of the Association shall consist of a President and a Secretary/Treasurer.

2. Election and Term. The Officers of the Association shall be elected by the Board of Directors. 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 his successor is elected and qualifies.

3. Removal. Any officer or agent elected or appointed by the Board of Directors 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. Compensation. No officer shall receive any compensation from the Association for acting as such.

5. President. The President, after the period of Declarant control, shall be a Unit Owner and shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall supervise and control the management of the Association. The President 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 President and such other duties as may be prescribed from time to time by the Board, including the preparation, execution and recordation of any amendment to the Declaration.

6. Secretary/Treasurer. The Secretary/Treasurer shall keep accurate records of the acts and proceedings of all meetings of Unit Owners and Directors. 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 book and records of both the Unit Owners and the Board. He shall sign such instruments as may require his signature. He shall have custody of all Association funds and securities and shall receive deposit, or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Association in books especially provided for this purpose.

ARTICLE VI Operation of the Property

1. Determination of Common Expenses and Fixing of the Common Charges. The Board of Directors shall from time to time, and at least annually, prepare a proposed budget for the Condominium, setting forth the amount of the common charges payable by the Unit Owners to meet the common expenses of the Condominium, and allocations of such common charges among the Unit Owners according to their respective undivided percentage interests in the Common Elements. 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 Directors pursuant to the provisions of Declaration. The common expenses shall also include such amounts as the Board of Directors shall 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 Expense may also include such amounts as may be required for the purchase by the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose Owner has elected to sell such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale.

Within thirty (30) days after adoption by the Board of Directors of any proposed budget for the Condominium a summary of the budget shall be provided to all Unit owners, and shall set a date for the meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Unit Owners rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board of Directors.

2. Payment of Common Charges. All Unit owners shall be obligated to pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board shall determine, except any common expenses associated with the maintenance, repair, or replacement of a Limited Common Element must be assessed equally against the Units to which that Limited Common Element is assigned.

No Unit Owner shall be liable for the payment of any part of the Common Expenses 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 Common Elements. Except for a Mortgagee or other transferee in foreclosure proceedings (or proceedings in lieu of foreclosure), a purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Common Expenses assessed against such Unit prior to acquisition of the Unit by the purchaser.

3. Collection of Assessments. The Board of Directors shall assess Common Expenses against the Unit Owners from time to time and at least quarterly and shall take prompt action to collect any Common Expenses which remain unpaid for more than thirty (30) days from the due date for payment thereof.

The Board of Directors shall notify the holder of the first mortgage on any Unit (of which it has notice) for which any

Common Expenses which are assessed pursuant to these Bylaws remain unpaid for more than thirty (30) days from the due date for such payment thereof and in any other case where the Unit Owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

4. Default in Payment of Common Expenses. In the event of default by any Unit Owner in paying to the Board of Directors the Common Expenses as determined by the Board, such Unit Owner shall be obligated to pay interest on such Common Expenses from the due date thereof at the highest rate the law allows, together with all expenses including reasonable attorney fees incurred by the Board in any proceeding brought to collect such unpaid Common Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceedings, including reasonable attorney fees in an action to recover a money judgment for 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. The Board of Directors shall also have the right to impose uniform late payment charges for delinquent Common Expense payments, which charges shall also be recoverable by the proceedings specified above.

5. Lien and Personal Obligation. All Common Expenses provided for in this Article, together with the interest and expenses, including reasonable attorney fees as provided for herein, shall be a charge on and a continuing lien upon the Unit against which the assessment is made, which such lien shall be prior to all other liens, excepting only (a) tax liens on the Unit in favor of any assessing authority and (b) liens and encumbrances recorded before docketing of the above mentioned lien in the office of the Clerk of Superior Court. Such lien shall become effective when a notice thereon has been filed in the Office of the Clerk of Superior Court for Brunswick County, North Carolina, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. In addition, each Unit Owner shall be personally liable for any assessment against his Unit. No Unit Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Element or by the abandonment or sale of his Unit.

6. Foreclosure of Liens for Unpaid Expenses. If any action is brought by the Board to foreclose on a Unit because of unpaid Common Expenses, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit, 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, or on behalf of any one or more individual Unit Owner 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, convey or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosure or waiving the lien securing the same.

Where the holder of the first mortgage or first deed of trust of record, or other purchaser of a Unit obtains title to the unit as a result of foreclosure of a first mortgage or first deed of trust, such purchaser, and its heirs, successors and assigns, shall not be liable for the assessments against such Unit which became due prior to acquisition of title to such Unit by such purchaser. Such unpaid assessments shall be deemed to be common expenses collectable from all the Unit Owners including such purchaser, and its heirs, successors and assigns.

7. Statement of Common Charges. The Board of Directors shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Expenses due from such Unit Owner. The Board may charge a reasonable fee for providing such written report.

8. Abatement and Enjoyment of Violations by Unit Owners. 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 or at law or in equity: (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; and/or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Unit Owner.

9. Maintenance and Repair. (a) All maintenance and any repairs to any Unit, whether ordinary or extraordinary (other than maintenance of and repairs to any Common Elements contained therein and not necessitated by the negligence, misuse or neglect of the Owner of such Unit), shall be made by the Unit Owner of such Unit. Each Unit Owner shall be responsible for all damages to any and all other Units and/or to the Common Elements that his failure to do so may engender; and (b) all maintenance, repairs and replacements to the Common Elements (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to and paid by such Unit Owner), shall be made by the Board and be charged to all the Unit Owners

as a Common Expense; provided, however, there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Board of Directors to the extent the Board receives insurance proceeds for such repairs.

10. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration, or improvement in or to his Unit, or any change in the exterior appearance thereof to any Limited Common Elements, without prior written consent thereto of the Board of Directors. The Board shall have the obligation to answer any such written request by a Unit Owner within thirty (30) days after such request, but failure to do so within the stipulated time shall not constitute a consent by the Board of Directors to the proposed addition, alteration, improvement or change.

11. Use of Common Elements. A Unit Owner shall grant a right of access to his Unit to the managing agent and/or any other person authorized by the Board of Directors or the managing agent, for the purpose of making inspection or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical equipment or other Common Elements in or adjoining his Unit; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and 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.

12. Rules of Conduct. Rules and regulations concerning the use of the Units and the Common Elements shall be promulgated and amended by the Board as it deems expedient.

13. Utilities. Any utilities (including water, sewer, electricity and natural gas) which may be provided to the Condominium through a single or common meter or facility and utilities furnished to any portion of the Common Elements shall be paid by the Board as a Common Expense.

ARTICLE VII Records and Audits

The Board of Directors shall keep detailed records of the actions of the Board, minutes of the meetings of the Board of Directors, minutes of the meetings of the Unit Owners, and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account of each Unit which, among other things, shall contain the amount of each assessment of the Common Expenses against each Unit, the date when due, the amounts paid

thereof, and the balance remaining unpaid. The financial records and books of account shall be available for examination by all the Unit Owners, their duly authorized agents or attorneys at convenient hours. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board to all Unit Owners on or before the 15th day of the fourth month following the close of each fiscal year covering the preceding year. In addition, an annual report of the receipts and expenditures of the Association shall be rendered by the Board to the Unit Owners and to all Mortgagees of Units who have requested the same, promptly after the end of each fiscal year.

ARTICLE VIII
Contingency Reserve

A contingency reserve, to be funded from the regular assessment for Common Expenses, in an amount deemed sufficient by the Board of Directors shall be maintained by the Corporation at all times to provide working capital solely to fund unanticipated capital improvements or major repairs respecting the Condominium. To the extent the Contingency Reserve is depleted below the required minimum amount determined by the Board of Directors, it shall be incumbent upon and the duty of the Board of Directors to increase the assessment of Common Expenses against the Units to the extent necessary to replenish the contingency Reserve to the required minimum with a maximum period of one (1) full fiscal year after the year in which the Contingency Reserve is depleted below the minimum amount.

ARTICLE IX
Indemnification of Directors
Officers and Others

Pursuant to N.C.G.S. Section 55A-8-57, the Directors and Officers of this corporation shall be indemnified against liability and expenses in any proceeding arising out of their status as such or their activities in any of the foregoing capacities.

ARTICLE X
Water and Sewer System

Sewer will be furnished to the Condominium by Carolina Blythe Utilities, a North Carolina Regulated Utility. Water will be furnished to the Condominium by Brunswick County.

ARTICLE XI
Amendment

Amendments to these Bylaws may be made at any time by unanimous vote by the Board Members.

Form MHA:2/3/94

Dated this 13th day of June, 1994.

[Signature]
Walter H. Lind (Seal)
BA & DIRECTOR

(Seal)