

June 17, 2005

AMENDED AND RESTATED BY-LAWS
OF
TURTLEWOOD AT SOUTHPORT OWNERS ASSOCIATION, INC.

ARTICLE I
NAME, PRINCIPAL OFFICE, AND DEFINITIONS

Section 1. Name. The name of the Association shall be Turtlewood at Southport Owners Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association in the State of North Carolina shall be located in the County of Brunswick. The Association may have such other offices, either within or without the State of North Carolina, as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Turtlewood at Southport (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

ARTICLE II
ASSOCIATION: MEMBERSHIP, MEETINGS QUORUM, VOTING, PROXIES

Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and "B" as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. Subject to the foregoing, the annual meeting shall be held at a date and time as set by the Board of Directors.

Section 4. *Special Meetings*. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution

of a majority of a quorum of the Board of Directors or upon a petition signed by Members representing at least ten (10%) percent of the total votes of the Association.

Section 5. *Notice of Meetings.* Written or printed notice stating the place, day and hour of any meeting shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary of the officers or persons calling the meeting.

The purpose or purposes for which the meeting is called, including the general nature of any proposed amendment to the Declaration or By-Laws, any budget changes, and any proposal to remove a Director or officer shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting 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.

Section 6. *Waiver of Notice.* Waiver of notice of any meeting of the Association shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting either before or after such meeting. Attendance at a meeting by a Member (represented either in person or by proxy) shall be deemed waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting (represented either in person or by proxy) shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. *Adjournment of Meetings.* If any meetings of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting (represented either in person or by proxy), may adjourn the meeting to a later date. The quorum requirement for such reconvened meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. At the reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the adjourned meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for the reconvening shall be given to Members in the manner prescribed for regular meetings.

A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Members, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 8. *Voting.* The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. *Proxies.* Votes may be cast either in person or by one or more agents authorized by a dated, written proxy executed by the Member. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term. Any form of proxy which is sufficient in law may be used, but the following form of proxy shall be deemed sufficient:

The undersigned hereby irrevocably constitutes and appoints _____ their attorney-in-fact and proxy for the sole purpose of casting the vote allocated to _____ ("Property"), on all matters submitted to vote at that meeting of the Turtlewood at Southport Owners Association, to be held on _____, _____. The undersigned hereby ratifies and confirms all such votes cast on behalf of said Property at that meeting, and certifies that they are fully authorized to execute this instrument of proxy on behalf of all owners of any fee interest in said Property.

This the _____ day of _____, _____.

Section 10. *Majority.* As used in these By-Laws, the term "majority" shall mean more than fifty (50%) percent of the total number of persons or things of which a majority is required.

Section 11. *Quorum.* Except as otherwise provided in these By-Laws or in the Declaration, the presence of Members (represented either in person or by proxy) representing (i) ten percent (10%) of the total vote of the Class "A" Members and (ii) the Class "B" Member (so long as such Class "B" membership exists) shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 12. *Conduct of Meetings.* The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 13. *Action Without A Meeting.* Any action required by law to be taken at a meeting of the Association, or any action which may be taken at a meeting of the Association, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Members.

ARTICLE III BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. **Composition and Selection.**

Section 1. *Governing Body; Composition.* The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote. Except as provided in Section 2 of this

Article, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

Section 2. *Directors During Declarant Control.* The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant so long as the Class "B" membership exists, as set forth in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be Members, Owners or residents. After the period of Declarant appointment, all Directors must be Members of the Association.

Section 3. *Number of Directors.* The number of Directors in the Association shall be not less than three (3) nor more than seven (7), as the Board of Directors may from time to time determine by resolution. The initial Board shall consist of three (3) members.

Section 4. *Nomination of Directors.* Except with respect to Directors selected by the Declarant, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Association to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 5. *Election and Term of Office.* Notwithstanding any other provision contained herein:

(a) So long as the Class "B" membership exists, the Class "B" Member shall be entitled to name all of the members of the Board of Directors of the Association. Upon termination of the Class "B" membership, the Directors selected by Declarant shall resign and the Association shall call a special meeting at which Class "A" Members shall elect a Board of Directors of at least three members. Thereafter, (or such earlier time as Declarant elects in writing), the right of Declarant to appoint any Directors shall cease and all Directors shall thereafter be elected by Members or otherwise selected in accordance with these By-Laws.

(b) The terms of the Directors elected by Members other than Declarant shall be fixed at the time of their election as they among themselves shall determine; provided that at all times as nearly equal a number as possible shall serve overlapping two (2) year terms. The members of the Board of Directors shall hold office until their resignation or removal in accordance with these By-Laws or until their respective successors shall have been elected.

Section 6. *Removal of Directors and Vacancies.* Directors elected by Members other than the Declarant may be removed by a vote of a majority of the Members present at a meeting called

for that purpose for cause or for no cause. Any Director whose removal is sought will be given notice prior to any meeting called for that purpose. A Director who was elected by the Declarant may be removed from office prior to the expiration of his or her term for cause or for no cause at any time by the Declarant.

In the event of death, resignation or removal of a Director elected by Members other than the Declarant, his or her successor shall be selected by a majority of the remaining members of the Board that were elected by Members other than Declarant and shall serve for the unexpired term of the predecessor. In the event of death, resignation or removal of a Director elected by the Declarant, his or her successor shall be selected by the Declarant and shall serve for the unexpired term of the predecessor.

Section 7. *Voting Procedure for Directors.* The Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Votes shall be cast as provided in Section 5 above. The persons receiving the largest number of votes shall be elected.

B. Meetings.

Section 1. *Organization Meetings.* The first meeting of the members of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 2. *Regular Meetings.* Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 3. *Special Meetings.* Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by a majority of Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (1) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by electronic mail. All such notices shall be given at the Director's telephone number or e-mail address or sent to the Director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic mail shall be delivered, telephoned, or emailed at least seventy-two (72) hours before the time set for the meeting.

Section 4. *Waiver of Notice.* The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly

held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 5. *Quorum of Board of Directors.* At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the vote of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the Directors who are present at such meeting may adjourn the meeting to a later date. The quorum requirement for such reconvened meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. At the reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 6. *Compensation.* No Director shall receive any compensation from the Association for acting as such unless approved by the Members representing a majority of the total vote of the Association at a regular or special meeting of the Association.

Section 7. *Conduct of Meetings.* The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

Section 8. *Open Meetings.* Subject to the provisions of Sections 9, 16 and 22(b) of this Article, all meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 9. *Action Without a Formal Meeting.* Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 1. *Powers.* The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the

Declaration, Articles or these By-Laws directed to be done and exercised exclusively by the Members.

The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of any managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to these duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment, provided, unless otherwise determined by the Board of Directors, the annual assessment for each Lot's proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month;

(c) providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; any reserve fund may be deposited, in the Directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area or Areas of Common Responsibility in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and Mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices;

(m) make available to any prospective purchaser of a Lot, any Owner of a Lot, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Lot, and all other books, records, and financial statements of the Association; and

(n) permit utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties.

Section 2. *Management Agent.*

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation rate established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (b), (g) and (i) of Section 17 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee on ninety (90) days' or less written notice.

Section 3. *Accounts and Reports.* The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform with generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;
- (e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and
- (f) commencing at the end of the month in which the first Lot is sold and closed, quarterly financial reports shall be prepared for the Association containing:
 - (i) an income statement reflecting all income and expense activity for the preceding period months on an accrual basis;
 - (ii) an account activity statement reflecting all receipt and disbursement activity for the preceding period on an accrual basis;
 - (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (iv) a balance sheet as of the last day of the preceding period;
 - (v) a delinquency report listing all Owners who have been delinquent in paying the monthly installments of assessments and who remain delinquent at the time of the report and describing the status of any action to collect such installments which remain delinquent (a monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month); and
- (g) an annual report consisting of at least the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position. If said report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

Section 4. *Borrowing.* The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Area of Common Responsibility without the approval of the Members of the Association; provided, however, the Board shall obtain Member approval in the same manner provided in Article X, Section 3, of the Declaration for Special Assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 5. *Rights of the Association.* With respect to the Area of Common Responsibility or other Association responsibilities, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other homeowners or residents associations, both within and without the Properties. Such agreements shall require the consent of two-thirds (2/3rds) of all Directors of the Association.

Section 6. *Enforcement.* The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or to use the Areas of Common Responsibility for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Lot. In the event that any occupant of a Lot violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) *Notice.* Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) *Hearing.* If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The decision of the Board of Directors after hearing shall be final.

(c) *Additional Enforcement Rights.* Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations, as provided below) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.

ARTICLE IV OFFICERS

Section 1. *Officers.* The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. *Election, Term of Office, and Vacancies.* The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. *Removal.* Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. *Powers and Duties.* The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The President, together with the Secretary, shall execute any amendments to the Declaration on behalf of the Association. The Secretary shall be authorized to certify and oversee the recordation of amendments to the Declaration on behalf of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration, and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5. *Resignation.* Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of

the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. *Agreements, Contracts, Deeds, Leases, Checks, Etc.* All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

ARTICLE V COMMITTEES

Section 1. *General.* Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE VI MISCELLANEOUS

Section 1. *Fiscal Year.* The initial fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 2. *Parliamentary Rules.* Except as may be modified by Board resolution establishing modified procedure, *Robert's Rules of Order* (current edition) shall govern the conduct of the Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, the Declaration or these By-Laws.

Section 3. *Conflicts.* If there are conflicts or inconsistencies between the provisions of North Carolina law, the Articles of Incorporation, the Declaration and these By-Laws, then the provisions of North Carolina law, the Declaration, the Articles of Incorporation and the By-Laws (in that order) shall prevail.

Section 4. *Books and Records.*

(a) *Inspection by Members and Mortgagees.* The Declaration and By-Laws, membership register, books of account, and minutes of meeting of the Members, the Board and committees shall be made available for inspection and copying by any Mortgagee or Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) *Rules for Inspection.* The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) *Inspection by Directors.* Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. *Notices.* Unless otherwise provided in these By-Laws, all notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid.

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member; or

(b) if to the Association, the Board of Directors or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by the notice in writing to the Members pursuant to this Section.

Section 6. *Amendment.* Except as otherwise expressly provided in these By-Laws, the By-Laws may be amended as provided in this Section. During the Development Period, Declarant may amend these By-Laws. Thereafter, these By-Laws may be amended only by the affirmative vote (in person or by alternate) or written consent of Members representing a majority of the total votes of the Association. No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

ARTICLE VII DISPOSAL SYSTEM

Notwithstanding any other provision of these By-Laws or the Declaration to the contrary, in order to satisfy the permit requirements of the North Carolina Environmental Management Commission (the "Commission"), the covenants set forth in this Article VII shall apply with respect to the privately-owned portions of the wastewater collection system with pumps, wastewater treatment works, and/or disposal facilities constructed currently or in the future for the provision of sanitary sewage disposal to serve the Properties, including, without limitation, the grinder pumps for lots 33 through 50 inclusive, the corresponding valve crocks on such lots

and the two (2) inch force main located in front of such lots for the provision of sanitary sewage disposal to serve lots 33 through 50 within the Properties (all of the foregoing systems, works and/or facilities hereinafter, collectively, the "Disposal System"), and any conflict or apparent conflict with any other provision of these By-Laws or the Declaration shall be resolved in favor of the provisions of this Article VII.

Section 1. *Disposal System Part of Area of Common Responsibility.* The Disposal System and appurtenances thereto shall be part of the Area of Common Responsibility. The Disposal System shall be properly maintained and operated in conformity with law and the provisions of the permit for construction, operation, repair and maintenance of the system and facilities.

As part of the Area of Common Responsibility, the Disposal System shall have the highest priority for expenditures by the Association, except for Federal, State and local taxes and insurance.

Section 2. *Common Expenses, Separate Fund.* As part of the Area of Common Responsibility, all costs for maintenance for the Disposal System shall be Common Expenses. In addition, in order to assure that there shall be funds readily available to repair, maintain or construct the Disposal System, beyond the routine operation and maintenance expenses, a fund shall be created out of the Common Expenses. Such fund shall be separate from the routine maintenance funds allocated for the facility and shall be part of the yearly budget.

Section 3. *Special Assessments.* In the event the Common Expenses and separate fund created under Section 2, above, are inadequate for the construction, repair and maintenance of the Disposal System, then such expenses shall be paid for by Special Assessment. Such Special Assessments can be made at any time, and from time to time, as necessary and without limitation or restriction on the amount of each such Special Assessment.

Section 4. *Voluntary Dissolution of Association.* Recognizing that it would be contrary to the public interest and to the public health, safety and welfare for the Association to enter into voluntary dissolution without having made adequate provision for the continued proper maintenance, repair and operation of the Disposal System, the Association shall not enter into voluntary dissolution without first having transferred its said system and facilities to some person, corporation or other entity acceptable to and approved by the Commission by the issuance of a permit.

Section 5. *No Amendment without Commission Consent.* The terms and provisions of this Article VII may not be altered or amended in any respect without first obtaining the written approval of the Commission.

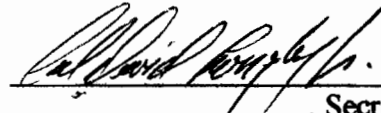
CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Turtlewood at Southport Owners Association, Inc., a North Carolina corporation;

That the foregoing By-Laws constitute the Amended and Restated By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 17 day of June, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 17th day of JUNE, 2005.


_____, Secretary

[CORPORATE SEAL]