

# BY-LAWS OF CAROLINA SHORES PROPERTY OWNERS ASSOCIATION

## ARTICLE I

### Definitions

- Sec. 1 "Association" shall mean and refer to the Carolina Shores Property Owners Association, Inc., a non-profit. corporation organized and existing under the laws of the State of North Carolina.
- Sec. 2 "Carolina Shores" as hereafter referred to shall mean that subdivision in Brunswick County, North Carolina developed by Carolina Blythe Development Company.
- Sec. 3 "Common Properties" shall mean and refer to the parks, recreational areas and playgrounds, swimming pools, activities building, streets, roadways, trails and all other properties either owned or used by the Association for the common benefit of the lot owners of Carolina Shores.
- Sec. 4 "Member in good standing" shall mean a person who is entitled to membership as described in Article III, Sec. 1 of these By-Laws and in addition shall have not been certified by action of. the Board of Directors as being in arrears in the payment of annual or special assessments, charges or fines duly assessed by the Board of Directors.

## ARTICLE II

### Offices

- Sec. 1 The principal office of the Association shall be in Brunswick County, North Carolina. The Association shall have and continuously maintain in said state a registered office and a registered agent whose office is identical with such registered office. The address of such registered office may be changed from time to time by the Board of Directors.

## ARTICLE III

### Members

- Sec. 1 Membership in the association will be required of, and restricted to, individual lot and condominium unit owners who are those persons who acquire title, legal or equitable, to any lot or condominium unit in Carolina Shores. This membership is non-assignable and belongs only to the person or persons owning the lot or condominium unit. If a lot or condominium unit is sold, the new owner becomes a member and the old owner forfeits his/her membership. Such membership is not intended to apply to those persons who hold an interest in any lot or condominium unit merely as security for the performance of an obligation to pay money, for example, mortgages or deeds of trust. Individual lot and condominium unit owners shall remain members of the Association as long as they are the owners of such lots and condominium units. If a lot or condominium unit is owned jointly by husband and wife, they shall collectively be considered a "member and will be entitled to one vote and shall be responsible for annual and special fees. Either of them may hold office. Their immediate family will have use of all facilities.

If a lot or condominium unit is owned by two or more people other than husband and wife, or two or more families, or a corporation, or some other entity, they will be required to designate one of their number who will be considered as the "member". That person will be entitled to vote and hold office and will be responsible for annual or special fees. Only the person so designated and his or her immediate family will have use of all facilities.

Sec. 2 All members and their children residing with them shall have the right to use the facilities owned and avail themselves of the services offered by the Association; however, the members may be charged usage fees in such amounts as the Board of Directors may from time to time designate.

Sec.3 Members may be entitled to bring guests to use the facilities, subject, however, to such limitations as may be imposed from time to time by the Board of Directors or by such committee as the Board of Directors may appoint to govern such matters.

Sec. 4 The Board of Directors may suspend any member from membership in the Association during any periods of time when there exists a violation: (1) of any of the restrictions titled "Declaration Restrictions" or amendments thereto as recorded with Brunswick County governing the use of the property in Carolina Shores including, but not limited to, the failure to pay any dues or assessments as may be imposed by the Association, or (2) of any other rules adopted by the Board of Directors.

#### ARTICLE IV Voting Rights

Sec. 1 Voting rights are granted to individual lot and condominium unit owners of record as of the date of notice of meeting as specified in Sec. 3 of Article V. One vote will be granted for each lot and condominium unit.

#### ARTICLE V Meeting of Members

Sec. 1 Annual Meetings - The Annual Meeting of the members of the Association for the purpose of electing directors and for the transaction of such other business as may be properly brought before the meeting shall be held on such date, and at such time and place, within one hundred miles of the Association's principal office, as may be designated from time to time by the Board of Directors, but no later than March 15 of each calendar year. If the election of directors shall not be held on the day designated for the Annual Meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as it conveniently may be.

Sec. 2 Special Meetings - Special Meetings of the members of the Association may be held upon the call of the President, or by a majority vote of the Board of Directors.

Special meetings may also be called at the request in writing of not less than 1/10th of the members or by 1/3rd of the members having a residential structure at Carolina Shores, at such

time and such place, within one hundred miles of the Association's principal office, as may be fixed by the Board of Directors or the members requesting the meeting.

Sec. 3 Notice of Meetings - Except as otherwise provided by law, notice of the time, place and purpose or purposes of every meeting of members shall be delivered personally or mailed not earlier than sixty or less than ten days previous thereto to each member of record entitled to vote at the meeting at his address as it appears on the records of the Association. Notice of any meeting of members need not be given to any member who shall waive notice thereof, before or after such meeting in writing, or to any member who shall attend such meeting, except when the member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

In order that the Association may determine the members entitled to notice of or to vote at any meeting of members, or any adjournment thereof, or to express consent to Association action in writing without a meeting, the Board of Directors may fix, in advance, a record date which shall not be earlier than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If for any reason the Board of Directors shall not have fixed a record date for any such purpose, the record date for such purpose shall be determined as provided by law. Only those members of record on the date so fixed or determined shall be entitled to any of the foregoing rights, notwithstanding the transfer of membership on the books of the Association after such record date so fixed or determined.

If mailed, the notice of the meeting shall be deemed to have been delivered when deposited in the United States mail addressed to the member's address as it appears in the records of the Association, with postage thereon prepaid.

Sec. 4 Informal Action by Members - Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of members, 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.

Sec. 5 Quorum - The members holding ten per cent of the votes entitled to vote at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

Sec. 6 Proxies - At any meeting of members, a member entitled to vote may vote by proxy executed in writing and filed with the Secretary by the member or by his/her duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Sec. 7 Voting by Mail - Where directors or officers are to be elected by the members, such election may be conducted by mail in accordance with the procedure outlined in Article VII.

ARTICLE VI  
Board of Directors

Sec. 1 General Powers - The affairs of the Association shall be controlled and managed by the Board of Directors.

Sec. 2 Number - The number of Directors of the Association shall be 3, 5,7 or 9, depending on the growth in numbers of resident members. The exact number needed will be at the discretion of the Directors.

Sec. 3 Term of Directors - Directors shall be elected for a term of two (2) years at the annual or adjourned annual meeting of the members (except as herein otherwise provided for the filling of vacancies), and each director shall hold office until his/her death, resignation, retirement, removal, disqualification or until his/her successor shall have been elected and qualified. Individual nominations may be for one or two year terms if necessary to provide for the replacement of approximately one-third of the members each year.

(2/21/87--The membership approved extending the term of such directors to three years starting 1/1/88. This was put into effect but deterred people from agreeing to serve, so 1/25/92 the membership approved changing the term back to two years effective 1/1/93.)

Sec. 4 Directors' Qualifications - Directors shall be members in good standing of the Association, but need not be residents of the State of North Carolina.

Sec. 5 Removal of Directors - Any Director may be removed at any time with or without cause by a vote of the members holding a majority of the outstanding shares entitled to vote at an election of Directors.

Sec. 6 Vacancies - Any vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors even though less than a quorum or by the sole remaining Director. Any vacancy created by an increase in the authorized number of Directors shall be filled only by election at an annual meeting or at a special meeting of members called for that purpose.

At a special meeting of members, the members may elect a director to fill any vacancy not filled by the Directors. Any Director so elected shall be elected for the unexpired term of his/her predecessor in office.

Sec. 7 Compensation - Subject to approval of the membership, the Board of Directors may compensate Directors for their services. Reimbursement of all expenses incurred by Directors in attending regular and special meetings of the Board is subject to the approval of the Board.

Sec.8 No member of the elected Board of Directors may hold an appointive salaried position for the Association.

## ARTICLE VII

### Election of Directors: Nominating Committee: Election Committee:

- Sec. 1 Election to the Board of Directors shall be by written ballot as hereinafter provided.. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Article IV of these By-Laws. The names receiving the largest number of votes shall be elected. There shall be no cumulative voting.
- Sec. 2 Nominations for election to the Board of Directors shall be made in two ways: (1) by a Nominating Committee which will be one of the standing committees of the Association, and (2) by petition in accordance with Sec.. 5 of this Article VII.
- Sec. 3 The Nominating Committee shall consist of a chairman who shall be member of the Board of Directors and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors immediately following each annual meeting of the members. The Committee will serve from the close of such annual meeting until the close of the next annual meeting.
- Sec. 4 The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine to be appropriate.. Nominees must be members of the Association in good standing. The list of nominees will be communicated to the membership not less than 60 days prior to the election. (effective 1/1/88)
- Sec. 5 Association members in good standing may be nominated by petition by submitting to the Secretary a show of interest which contains the signatures and lot numbers of not less than fifty (50) members in good standing. Only one signature per lot or condominium unit will be counted. Such petitions must be filed with the Secretary not later than 40 days prior to the election date, and the nomination certified by the Board of Directors.
- Sec. 6 All elections to the Board of Directors shall be made on written ballot which shall: (a) describe the vacancies to be filled; (b) set forth the names of those nominated by the Nominating Committee as well as those validated as nominated by petition; and (c) contain a space for a write-in vote by the members for each vacancy. Such ballots shall be prepared and mailed by the Secretary to the members not less than ten (10) nor more than forty (40) days in advance of the date set forth herein for a return (which shall be a date not later than the day before the annual meeting or special meeting called for elections.)
- Sec. 7 Each member shall receive as many ballots as he/she has votes. Notwithstanding that a member may be entitled to several votes, he/she shall exercise on any one ballot only one vote for each vacancy shown thereon.. The ballots shall be returned in a specially marked envelope to the Secretary at the address of his/her direction.
- Sec. 8 Upon receipt of each return, the Secretary shall immediately place it, unopened, in a safe or other locked place until the day set for the annual or other special meeting at which the elections are to be held. On that day they shall be turned over to an Election Committee which shall consist of five (5) members appointed by the Board of Directors. The Election Committee shall then adopt a procedure which shall:

- (a) establish that the number of ballots corresponds to the number of votes allowed to the member of his/her proxy; and
- (b) that the signature of the member or his/her proxy on each ballot is genuine; and
- (c) if the vote is to be by proxy, that proxy has been filed with the Secretary as provided in Article V, Sec. 7, and that such proxy is valid.

The Election Committee shall proceed to count the votes. Immediately after the announcement of the results the ballots shall be resealed. If no review is demanded by a defeated candidate within 48 hours after the votes have been-counted, the ballots will be destroyed. If a review is demanded, any interested candidate(s) may designate a representative to recount the ballots with the Election Committee.

## ARTICLE VIII

Mindful that the Association is a membership corporation, the Board of Directors has the responsibility for communicating with the members regarding the exercise of their power and duties.

Sec. 1 The Board of Directors shall have power:

- (a) to call special meetings of the members whenever it deems necessary, and it shall call a meeting at any time upon written request of one-tenth (1/10) of the members having voting rights or upon written request of one-third (1/3) of the members having residential structure at Carolina Shores, as provided in Article V, Sec. 2;
- (b) to establish, levy and assess and collect the assessments and/or charges referred to in Article VIII, Sec. 2(c); and the duly filed Declaration of Restrictions;
- (c) to appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security of fidelity bond as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any member, officer or Director by the Association in any capacity whatsoever except as specified in Article VI, Sec. 8;
- (d) to adopt and publish rules and regulations governing the use of the common properties and facilities and the personal conduct of the members and their guests thereon;
- (e) to exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the meeting or to members in the Declaration of Restrictions;
- (f) in the event that any member of the Board of Directors of this Association shall be absent for three (3) consecutive meetings of the Board of Directors, the Board may, by action taken at the meeting during which said third absence occurs, declare the office of said absent Director to be vacant;

- (g) to exercise the authority given to the Association under the Declaration of Restrictions and any other legal authority vested in the Association, to approve and disapprove plans, specifications and details for any structure or improvement to be placed upon any lot and to issue building permits and occupancy permits for the construction of any such structures or improvements. The power to exercise this authority shall include the power to adopt, set forth, and implement rules and regulations for the construction of new structures and improvements, including, but not limited to, the posting of construction bonds, which may be forfeited for failure to comply with such rules and regulations, and the levying of fines for failure to comply with such rules and regulations as may be established by the Board of Directors and set forth in the Construction Application and Authorization, Occupancy Permit or other document(s) (Approved by the membership on 2/20/88);
- (h) to establish and levy fines for failure to comply with the rules and regulations promulgated by the Board according to Article VIII, Sec. 1(d) and for any violation of the restrictions governing the use of property in Carolina Shores Subdivision. (Approved by the membership on 1/25/92).

Sec. 2 It shall be the duty of the Board of Directors:

- (a) to cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting;
- (b) to supervise all officers, agents and employees of this Association and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration of Restrictions applicable to Carolina Shores:
  - 1) following a hearing of the members, to fix the amount of any annual and/or special assessment(s) against each lot or unit at least thirty (30) days in advance of such date or period, and at the same time;
  - (2) to maintain -a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member, and at the same time;
  - (3) to send written notice of each assessment to every owner subject thereto;
- (d) to issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

Sec. 3 No person serving as a member of the Board of Directors, shall enter into any contract, or other agreement, or otherwise enter into any business relationship with the Carolina Shores Property Owners Association. For the proposes of this Section 3, "person" shall also be defined as:

- (a) the Board member's immediate family;

- (b) a business entity in which the Board member or the Board member's immediate family serves as either an owner, officer, director, trustee, partner, or employee; or
- (c) any other individual or business entity with whom the Board member or a member of the Board member's immediate family is negotiating or has an agreement concerning prospective employment.

For the purposes of this Section 3, "immediate Family" means the Board member's spouse, any children of the Board member and the spouses of any children, and any grandchildren of the Board member and the spouses of any grandchildren.

#### ARTICLE IX Directors' Meetings

Sec. 1 A regular meeting of the Board of Directors shall be held at the principal office of the Association at 9:00 AM on the third Wednesday of each month.

Provided that the Board of Directors may, by resolution, change the place, time and/or date of any such meeting, or they may dispense with the holding of any or all of such meetings provided they meet at least once a year.

Sec. 2 Special meetings of the Board of Directors shall be held when called by any two officers of the Association, by any two Directors, or by the Advisory Committee (Article XI, Sec. 7) after not less than three (3) days notice to each Director.

Sec. 3 The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present, if either before or after the meeting each of Directors not present signs a waiver of notice or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made part of the minutes of this meeting.

Sec. 4 The majority c-F the Board of Directors shall constitute a quorum thereof.

#### ARTICLE X Officers

Sec. 1 The officers shall be a President, a Vice-President, a Secretary and a Treasurer and such other officers as the Board may approve from time to time.. Other than for offices of Secretary and Treasurer, no individual may hold more than one office at the same time. The President and Vice-President shall be members of the Board of Directors.

Sec. 2 The officers shall be elected by majority vote of the directors and shall hold office for one year or until his/her successor shall have been elected and qualified. There will be no limit on the

number of terms held by any individual.

Sec. 3 All officers shall hold office at the pleasure of the Board of Directors.

Sec. 4 The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and sign all notices, checks, leases, mortgages, deeds and all other written instruments.

Sec. 5 The Vice-President shall perform all the duties of the President in his absence.

Sec. 6 The Secretary shall act as the secretary of the Board of Directors; shall record the votes and keep minutes of all proceedings in a book to be kept for that purpose; shall sign all certificates of membership; shall keep all records of the Association; shall record in a book kept for that purpose the names of all members of the Association together with their addresses as registered by such members and shall have custody of the corporate seal.

Sec. 7 The Treasurer shall keep proper books of account. The Treasurer shall also receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall be co-signed by the President or the Vice-President.

## ARTICLE XI Committees

Sec. 1 The Standing Committees of the Association shall be:

- The Nominating Committee
- The Recreation Committee
- The Maintenance Committee
- The Architectural Control Committee
- The Communication Committee
- The Advisory Committee
- The Audit and Finance Committee
- The House Committee

Unless otherwise provided herein, each committee shall consist of a chairperson and two or more members. The committees shall be appointed by the Board of Directors following each annual meeting to serve until their successors shall have been appointed and such appointments shall be appropriately publicized. The Board of Directors may appoint such other committees as it deems desirable.

Sec. 2 The Nominating Committee shall have the duties and functions described in Article VII.

- Sec. 3 The Recreation Committee shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines.
- Sec 4 The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the common properties and facilities of the Association, and shall perform such other functions as the Board, in its discretion, determines.
- Sec. 5 The Architectural Control Committee shall review the plans for all houses, decks and patios or other structures to be constructed on the property to assure that the style, size, etc. is in keeping with the overall plan of the development. The Board will approve or disapprove recommendations of the committee for variances from the Declaration of Restrictions or other established standards.
- Sec. 6 The Communications Committee shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association.
- Sec. 7 The Advisory Committee shall be comprised of members representing each of the various "sections" of Carolina Shores. This committee is intended to be responsive to the lot or condominium unit owners' wishes in regard to any area of concern. It is to report to the Board on any area. It shall hold meetings from time to time as its members shall determine.
- Sec. 8 The Audit and Finance Committee shall provide guidelines for handling the financial affairs of the Association; submit a quarterly report showing expenses in relation to budget; provide an annual balance sheet, together with a profit and loss statement at the end of each year; and make any recommendations to the Board regarding finances which it deems to be in the best interest of the Association.
- Sec. 9 The House Committee shall advise the Board of Directors on all matters pertaining to the clubhouse including its recreational use, cleanliness or refurbishment, and shall perform such other functions as the Board, in Its discretion, determines.

ARTICLE XII  
Books and Papers

- Sec. 1 The books, records and papers of the Association shall be subject to the inspection of any member(s) at all times during reasonable business hours.

ARTICLE XIII  
Corporate Seal

- Sec. 1 The Association shall have a seal in circular form having within its circumference the words "Carolina Shores Property Owners' Association, Inc.; Seal; North Carolina; 1974".

Sec. 2 The Seal may be affixed to official documents by either rubber stamp, imprint or embossing.

ARTICLE XIV  
Amendments

Sec. 1 The By-Laws may be amended at a regular or special meeting of the members by a vote of a majority of a quorum of members present in person or by proxy, provided that those provisions of these By-Laws which are governed by the Articles of Incorporation may not be amended except as provided in the Articles of Incorporation or applicable law.

Sec. 2 In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control.