

**BYLAWS
OF
THE SHORES AT LANDS END OF PERQUIMANS COUNTY
HOMEOWNERS ASSOCIATION, INC.**

A NON-PROFIT CORPORATION, INCORPORATED 06/24/2004
FORMED UNDER CHAPTER 55A OF THE NORTH CAROLINA GENERAL STATUTES

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ARTICLE I Identity

These are the Bylaws of "The Shores at Land's End Homeowners' Association, Inc.", a North Carolina nonprofit corporation (the "Association"), the Articles of Incorporation (the "Articles") of which were filed June 24th, 2004 in the office of the North Carolina Secretary of State.

For purposes of these Bylaws, terms specifically defined in the Declaration of Covenants, Conditions and Restrictions of The Shores at Land's End (the "Declaration") for Phase 1 and Phase 2 shall have the same meaning herein.

Per NC General Statutes § 47F-3-103 (a) "Except as provided in the declaration, in the bylaws, in subsection (b) of this section, or in other provisions of this Chapter "the executive board" (SLE Board of Directors) "may act in all instances on behalf of the Association. In the performance of their duties, officers and members of the executive board shall discharge their duties in good faith. Officers shall act according to the standards for officers of a nonprofit corporation set forth in G.S. 55A-8-42, and members shall act according to the standards for directors of a nonprofit corporation set forth in G.S. 55A-8-30".

ARTICLE II Qualification and Responsibilities of Members

2.1. **Members.** Each lot owner shall be a member of the Association and shall remain a member until he ceases to be a lot owner.

2.2. **More Than One Owner.** When there is more than one lot owner of a lot, all such persons shall be members of the Association.

2.3. **Registration.** It shall be the duty of each lot owner to register his name, the number of his lot, his home mailing address, his home telephone number, his work telephone number (if applicable), and his e-mail address (if applicable) with the Secretary of the Association. The member shall with the same registration indicate the mailing address where notices of Association business shall be sent to the member. If a lot owner does not so register, the Association shall be under no obligation **to recognize his membership.**

2.4. **Prohibition of Assignment.** The interest of a member in the Association assets cannot be transferred or encumbered except as an appurtenance of his lot.

2.5. **Meeting Rules.** Association members attending Board meetings and/or Annual/Special meetings of the Association are obligated to follow the following meeting rules:

- a. Members will conduct themselves with proper decorum.
- b. Members will be asked to limit their remarks to the specific topic being discussed.
- c. Members will direct their comments to the meeting chair.
- d. The meeting chair may set time limits for each speaker and total time allocated for each issue to be discussed.

- e. Members will not speak ill of anyone.
- f. Members are cautioned not to identify lot owners by name to avoid liability violations.
- g. Topics which are properly the subject of closed Executive Board sessions may not be discussed during open association meetings.
- h. Members should be advised that the board is open to hear member's comments, but it is not the practice of the board to respond, take action, or alter the agenda of the meeting. Board members may ask clarifying questions to be certain they understand the speaker.
- i. Only Board members and Officers will attend the executive session portion of board meetings, with the only exception being as noted in Section 4.8 of the Bylaws.
- j. Members will be asked to leave if they violate any of the above meeting rules.

ARTICLE III Members' Meetings and Voting

3.1. **Place.** Meetings of the members shall be held at the registered office of the Association, or such other place within Perquimans County, North Carolina as may be designated from time to time by the Board.

3.2. **Annual Meeting.** The members shall meet at least once each year as specified in the notice of such meeting given pursuant to Section 3.4. At each annual meeting, the members shall elect members of the Board of Directors ("Directors") and may transact any other business properly coming before them.

3.3. **Special Meetings.** Special meetings of the members may be called at any time by the President of the Association or by the Board of Directors. Special meetings shall be called and held within forty-five (45) days after written request therefore, signed by members of the Association entitled to cast at least twenty (20%) percent, of the total votes in the Association, is delivered to any officer or director of the Association. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

3.4. **Notices.** Notice of all meetings of the members stating the time and place and accompanied by a complete agenda thereof, shall be given by the President or the Secretary to each member. Such notice shall be in writing and shall be hand delivered or sent by United States mail to the member's address indicated in the records of the Association's~Secretary. In lieu of United States mail posting, when a member so indicates in writing to the Secretary, such notices to the member may be e-mailed. Notice shall be sent at least thirty (30) days in advance of any scheduled meeting.

3.5. **Quorum; Adjournment if no Quorum.**

(a) A quorum is present throughout any meeting of the association if persons entitled to cast ten percent (10%) of the votes which may be cast for election of the executive board are present in person or by proxy at the beginning of the meeting

§ 47F-3-109 (a).

(b) In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the declaration or the bylaws, the quorum requirement at the next 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. (1998-199, s. 1.) **§ 47F-3-109 (c).**

3.6. **Votes; Association Shall Not Vote.** The total votes in the Association are determined by the number of lots. Each lot is entitled to cast two (2) votes. The votes allocated to a lot may be cast by the lot owner of that lot. The Association shall not be entitled to cast the votes allocated to any lot owned by it.

3.7. **Manner of Casting Votes.** Votes may be cast in person or by proxy. A proxy must be in writing and must be signed by all of the owners of the lot. The votes which are subject to the proxy may be given only to another owner of the lot, or to another member of the Association, or to a security holder in that lot. The proxy must be filed with the Secretary of the Association before the meeting. A proxy shall be valid until revoked in writing by all lot owners of such lot.

3.8. **Required Votes.** All questions shall be decided by a majority constituting a quorum of the votes cast on the question unless the provisions of applicable law, the Declaration, or these Bylaws require a greater vote.

3.9. **Action by Members Without Meeting.** Any action that may be taken at a meeting of the members may be taken without a meeting if such action is authorized in a writing setting forth the action taken and is signed by all entitled members, or if such action is taken in any other manner permitted by law.

3.10. **Prohibition of Cumulative Voting.** There shall be no cumulative voting.

3.11 **Period of Declarant Control.** Notwithstanding the provisions herein, during the period of Declarant Control as defined in the Declaration, the Declarant shall have the right to appoint and remove any Board Members during the period of declarant control.

ARTICLE IV Directors

4.1. **First Board.** The first, initial Board of Directors shall consist of not less than three (3) persons nor more than nine (9) persons as set forth in the Articles of Incorporation, and successors to any thereof elected by the members.

4.2. **Number and Qualifications of Directors.** The Board of Directors shall consist of not less than three (3) nor more than nine (9) natural persons as deter-

mined at any annual meeting by the members. Each Director shall be a lot owner or the individual nominee of a lot owner when such owner is other than an individual.

4.3. **Selection of Directors.** At the first annual meeting of the members, and at each subsequent annual meeting, the members (with each lot having two votes) shall elect the Directors by a majority of the votes cast in the election.

4.4. **Term of Office.** At the first annual meeting the members shall elect not less than three or more than nine Directors for a term of one (1) year. By vote of the Board terms may be extended to two years and staggered to allow for continuity.

4.5. **Removal.** Any Director may be removed, with or without cause, by a vote of the Association members entitled to cast at least seventy (70%) percent of the total votes in the Association, at a special meeting called for such purpose, and a successor may then be elected by the members to serve for the balance of the removed Director's term. A director is automatically removed if he fails for three consecutive months to attend meetings of the Board or is delinquent in the payment of assessments.

4.6. **Vacancies.** Any vacancy in the Executive Board arising by death or resignation of a Director shall be filled by the act of the remaining Directors, whether or not constituting a quorum, and a Director so selected shall serve for the unexpired term of his predecessor in office.

4.7. **Regular Meetings.** Regular meetings of the Executive Board may be held at such time and place as shall be determined by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, telegraph, or e-mail at least five (5) days prior to the meeting.

4.8. **Notice of Board Meetings.** Except in the case of a special meeting called in an emergency situation as set forth below, notice of all Executive Board meetings, including date and location, shall be provided to all Association members by U.S. mail or by email at least five (5) days in advance of the meeting. Executive Board meetings are for Board members and Officers. At regular intervals, the Executive Board meeting will provide lot owners an opportunity to attend a portion of an Executive Board meeting and to speak to the executive board about their issues or concerns. The executive board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak. **§ 47F-3-108**

4.9. **Special Meetings.** Special meetings of the Executive Board may be called by the Chairman of the Board of Directors. Special meetings of the Board of Directors shall be called by the Chairman of the Board, by the President or by the Secretary after written request thereof, signed by two (2) Directors is received by the Chairman, or the President or the Secretary, and shall be held within fifteen (15) days after such written request therefor is received. Not less than five (5) days notice of such special meeting shall be given personally or by mail, telephone, telegraph or e-mail to each Director and Association member; provided that in the case where the Chairman of the

Board of Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstance. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

4.10. **Quorum; Adjournment if No Quorum.** A majority of the Executive Board shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. The signing by a Director of the minutes of a meeting shall constitute the presence of such Director at that meeting for the purpose of determining a quorum.

4.11. **Manner of Acting.** Each Director shall be entitled to one vote. The vote of a majority of the Directors present at a meeting shall constitute the act of the Executive Board unless the act of a greater number is required by the provisions of applicable law, the Declaration, or the bylaws.

4.12. **Board Action Without Meeting.** Any action that may be taken at a meeting of the Executive Board may be taken without a meeting if such action is authorized in a writing setting forth the action taken, signed in approval by all of the Directors, and signed as being witnessed by the Chairman/President and Secretary of the Association. "Authorized in writing" may be satisfied via electronic media."§ 47F-3-102-(1)

4.12.1 **Use of electronic media (internet, Email and phone — land line and mobile, including text messages) in support of Executive Board actions.** The Executive Board is authorized use of electronic media for: review of member motion/issue or complaint; sharing of data between Board members in preparations for meetings or resolution of member motion/issue or complaint; review/comment/input to the President and Chairman for communications to Association members; and voting on Board business if an electronic vote has been approved at a previous regular or special meeting.

4.13. **Compensation of Directors Restricted.** Directors shall receive no compensation for their services, but may be paid for out-of-pocket expenses incurred in the performance of their duties as Directors.

4.14. **Powers and Duties of Board.**

All of the powers and duties of the Association shall be exercised by the Board, including those existing under common law, applicable statutes, the Declaration, the Articles, Rules and Regulations and these Bylaws, as any thereof may, from time to time, be amended. Such powers and duties shall be exercised in accordance with the provisions of applicable law, the Declaration, the Articles, Rules and Regulations and these Bylaws, and shall include, but not be limited to, the following:

(a) To prepare and provide to members annually a report containing at least the following:

(i) A statement of any capital expenditures in excess of two-thousand five hundred (\$2,500.00) dollars, anticipated by the Association during the current or future fiscal year, or made during the succeeding fiscal years.

(ii) A statement of the status and amount of any reserve or replacement fund and any portion of the fund designated for any specified project by the Board.

(iii) A statement of the financial condition of the Association for the last fiscal year.

(iv) A statement of the status of any pending suits or judgments in which the Association is a party.

(v) A statement of the insurance coverage provided by the Association.

(vi) A statement of any unpaid assessments payable to the Association, identifying the lot and the amount of the unpaid assessments.

(b) To adopt and amend budgets for revenues, expenses, and reserves and collect assessments for common expenses from lot owners. **§47F-3-102 (2)**

(i) Within 30 days after adoption of any proposed budget for the planned community, the executive board shall provide to all the lot owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The executive board shall set a date for a meeting of the lot owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 60 days after mailing of the summary and notice. 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 lot owners in the association or any larger vote specified in the declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the lot owners shall be continued until such time as the lot owners ratify a subsequent budget proposed by the executive board. **§ 47F-3-103 (c)**

(ii) Each line item that has the effect of obligating the Association to a payment or other liability of seven thousand five hundred dollars (\$7,500.00 or more shall be approved by a majority of votes cast by members at a regular Association meeting or a special meeting.

(c) To regulate the use of, and to maintain, repair, replace, modify and improve the common elements.

(d) To adopt and amend Bylaws and Rules and Regulations and to establish reasonable penalties for the infraction thereof. **§ 47F3-102-(1)**

(e) To enforce the provisions of the Declaration, the Articles, these Bylaws, the actions of the Board or Association, and rules and regulations of the Association by all legal means, including injunction and recovery of monetary penalties

(f) To hire and discharge managing agents and other employees, agents, and independent contractors and to delegate to such agents: such powers as the Board shall determine, except such as are specifically required by the Declaration, the Articles, these Bylaws, or the Act, to be done by the Board or the members.

(g) To hire and terminate agents and contractors.

(h) To institute, defend, intervene in, or settle any litigation or administrative proceedings in its own name, on behalf of itself or two (2) or more lot owners, on matters affecting the common area., or to enforce the Declaration.

(i) To establish and dissolve and liquidate, from time to time, reserve accounts for any purpose.

(j) To borrow money (subject to 4.14 b (4)) for the maintenance, repair, replacement, modification or improvement of common elements and to pledge and pay assessments, and any and all other revenue and income, for such purposes.

(k) To buy lots (subject to 4.14 b (4)) in foreclosure of an assessment lien, or at any other time or for any other reason, and to sell, lease, mortgage, and otherwise deal in lots from time to time owned by the Association.

(l) To impose and receive payments, fees and charges for the use, rental or operation of the common area other than portions of the common area which provide access to the lots.

(m) To grant leases, licenses, concessions and easements through and over the common elements.

(n) To provide for indemnification of the association's officers and Directors and maintain officer's and Directors' liability insurance.

(o) To impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, these Bylaws, or the rules and regulations.

(p) Exercise all other powers that may be exercised in this State by legal entities of the same type as the association; and **§47F3-102-(16)**.

(q) Exercise any other powers necessary and proper for the governance and operation of the association.(1998-199, s. 1; 2004-109, s. 4; 2005-422, s. 1.)
§47F3-102-(17)

4.15. Chairman of the Board of Directors. The Chairman of the Board shall be the presiding officer at Executive Board meetings and at Association meetings (unless he shall direct the President to preside at Association meetings). He shall be elected by the Board of Directors from its membership and shall serve as Chairman during his Director term and may serve successive terms as Chairman. He shall have a tie-breaking vote in all matters before the Board of Directors.

ARTICLE V Officers

5.1. **Number.** The Corporation shall have at least three Officers: a President (a.k.a. Chief Executive Officer), a Secretary and a Treasurer.

The Corporation may have such other Assistant officers as are deemed necessary, including a Vice President, if desired by the President and/or Board of Directors.

5.2. **Duties of Officers.** Each Officer has, consistent with these Bylaws, the authority and duties prescribed by the Board of Directors or by direction of an Officer authorized by these Bylaws to make an appointment.

In general, the President shall assist the Board of Directors to ensure that the decisions of the Board are executed. In addition, the President shall attend all meetings of the Board of Directors and the Association. At such meeting he shall make such reports on the activities of the Association as he determines should be made, or as required by the Board of Directors. Such reports shall be in person or by an Officer designated by him regarding activities of the Association. The President shall have general supervision over the officers in the management of the business and affairs of the Association and shall see that all actions and resolutions of the Board are carried into effect.

In general, the Secretary shall assist the President and the Board of Directors to ensure that the decisions of the Board are executed. The Secretary shall attend all meetings of the Board of Directors and the Association and shall make such reports as required by President or the Board. The Secretary shall take care that a written record of all actions taken by the Board of Directors, by the Association or the Officers on behalf of the Association are preserved and shall have the authority to authenticate such records and action taken. The Secretary, in conjunction with the Treasurer, shall take care that all financial transactions of the Corporation shall be recorded in his records. The Secretary shall keep an official record of the name and addresses / phone numbers of each lot owner / Association member as each is required to give as set forth above. The Secretary shall keep the minutes of all meetings and actions of the Board and of the members; shall give all required notices to the Directors and members; shall keep the records of the Association, except those kept by the Treasurer; shall perform all other duties incident to the office of a Secretary of a corporation; and shall perform such other duties required by the Board or the President.

In general, the Treasurer shall assist the President and the Board of Directors to ensure that the decisions of the Board are executed. The Treasurer shall attend all meetings of the Board of Directors and the Association and shall make such reports as required by the President or the Board. The Treasurer shall take care that a written record of all financial actions and decisions taken by the Board of Directors, by the Association or the Officers on behalf of the Association are preserved. The treasurer shall have custody of all intangible property of the Association including funds, securities, and evidences of indebtedness; shall keep the financial books of the association in accordance with good accounting practices and principles and, upon request, shall

submit them, together with all vouchers, receipts, records, and other papers to the Board for examination and approval; shall deposit all monies and other valuable effects in depositories designated by the Board; shall disburse funds of the association as directed by the Board; and shall perform all other duties incident to the office of Treasurer.

In general, Assistant Officers shall perform such duties as set forth by the President and/or Board.

5.3. **Qualifications.** All Officers must be at least twenty-one years of age. An Officer shall assume his respective office upon the approval of the Board of Directors.

Each Officer and Assistant Officer shall be a lot owner or the individual nominee of a lot owner which is other than an individual.

A person may hold one or more of such offices at one time, except that the President shall not at the same time hold another office in the association

The President or Board of Directors shall have the authority to make appointments of Assistant Officers. When the President does so, he must give notice of this appointment and the appointees proposed duties to the Chairman of the Board of Directors who shall then have the authority to veto this appointment. If such veto is not forthcoming within five (5) days after the Chairman receives the notice, the Assistant Officer may then assume his respective office.

5.4. **Term.** Officers shall serve upon the approval and at the pleasure of the Board of Directors for so long as the Board of Directors shall deem fit.

Assistant Officers shall serve upon appointment as set forth above and at the pleasure of the President for so long as the President shall deem fit. However, Assistant Officers, may also be removed, by action of the Chairman of the Board of Directors or by the Board of Directors.

5.5. **Compensation.** The Board of Directors may pay an Officer or an Assistant such reasonable compensation as the Board may deem fit for services rendered to the Association.

5.6. **Removal.** An Officer may be removed, with or without cause, by the Board of Directors. An Assistant Officer may be removed, with or without cause, by the President or the Chairman of the Board of Directors or the Board of Directors.

5.7. **Assistance.** An Officer, upon the specific approval of the Board of Directors, shall have the authority to retain such persons or firms as the Officer shall deem necessary to assist the Officer in the performance of his duties. The Officer shall be responsible for oversight of such persons or firms.

5.8. **Execution of Agreements, etc.** All agreements, deeds, mortgages, or other instruments shall be executed by any two (2) Officers or by such other person or persons as may be designated by the Board.

ARTICLE VI Fiscal Management

6.1. **Depository.** The Board shall designate a depository for the funds of the Association and may change such depository. Withdrawal of funds from such depository shall be only by checks signed by any two (2) officers of the Association, or any other persons authorized by the Board.

6.2. **Fidelity Bond.** Fidelity bonds shall be maintained by the Association in an amount determined by the Board, covering each Director and officer of the Association, any employee or agent of the Association, and any other person handling, or responsible for handling, funds of the Association.

6.3. **Annual Audit.** An audit of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the report shall be furnished to each member who requests such not later than April 1 of the year following the year for which the report is made.

6.4. **Fiscal Year.** The fiscal year of the Association shall be the calendar year provided that the Board, from time to time, by resolution, may change the fiscal year to some other designated period.

ARTICLE VII Assessments

7.1. **Obligation of Members to Pay Assessments; Amount of Levy.** Each lot owner shall be personally and severally liable for the assessments that are levied against his lot while a lot owner.

7.2. **Allocation of Common Surplus.** Any common surplus, including in reserve accounts, may be allocated to each lot in accordance with such scheme as the Board of Directors may determine. If allocated, the surplus shall be owned by the lot owner of that lot and may be paid to the lot owner or credited against that lot's share of assessments.

7.3. **Preparation of Budget and Levying of Assessment.** For each fiscal year, beginning at least after the fiscal year 2003, the Board shall prepare and adopt a budget, including therein estimates of the amount necessary to pay the common expenses, together with amounts considered necessary by the Board for reserves. After preparation and adoption of each such budget, the Board shall provide each member of the Association with a copy and shall give each member notice of the assessment made against that member's lot based upon such budget and may also state the interest to be charged on delinquent payments thereof. The assessment shall be deemed levied upon the giving of such notice.

7.4. **Assessment a Lien.** Every assessment shall constitute a lien upon each lot assessed as set forth in the Declaration, superior to all other liens except only (i) real estate taxes and Other governmental assessments or charges against the lot (ii) liens and encumbrances recorded before the recordation of the declaration and (iii) paragraph 7.6 below.

7.5. **Payment of Assessments.** Assessments shall be payable when notice thereof is given, but shall not be delinquent if paid at the times and in the amounts specified by the Board in the notice of assessment. Payments shall be made to the Association or as the Board may, from time to time, otherwise direct.

7.6. **Lien as Against First Mortgagees.** The lien of assessments shall not be superior to the lien of a first mortgage.

7.7. **Special Assessments.** In addition to the assessments levied pursuant to Section 7.3, the Board, in its discretion, may levy special assessments at such other and additional times as, in its judgment, are required for:

(a) Maintenance, repair, restoration and reconstruction of the common areas.

(b) Alterations, improvements, and additions to the common areas; provided, however, that any such special assessment involving an expenditure in excess of the amount stated in paragraph 4.14 b (4) shall be first approved by a majority of a quorum of the members entitled to cast votes in the Association at a regular or special meeting of the Association.

7.8. **Assessment Roll; Certificate.** All assessments shall be set forth upon a roll of the lots, which shall be available in the office of the Association for inspection at all reasonable times by members and security holders and their duly authorized representatives. Such roll shall include, for each lot, the name and address of the member or members, all assessments levied, the date of such assessment and the amount of all assessments unpaid. The Association, upon written request, shall furnish to a lot owner or his authorized agent, a certificate setting forth the amount of unpaid assessments currently levied against his lot. The certificate shall be furnished within seven (7) business days after receipt of the request and shall be binding upon the Association and all lot owners. For such certificate, a reasonable fee may be charged by the Board.

7.9. **Default and Enforcement.** If any assessment, or installment thereof, remains delinquent, then that assessment, and all other assessments then a lien against the lot, may be declared by the Board to be immediately due and payable in full, with interest, and may be collected as provided by the Declaration, the Articles or the North Carolina General Statutes (including, but not limited to, an action for foreclosure). Provided, the defaulting member shall be given opportunity to be heard as provided by Article VIII herein. All fees, late charges, cost of collection, attorney's fees, fines or interest levied or collected by the association in connection with any unpaid assessments shall have the same priority as the assessment to which they relate.

a. If any action is taken by the Association to foreclose a lien on a lot because of unpaid assessments, the lot owner shall be required to pay a reasonable rent for the use of the lot during the period of redemption from such foreclosure, and the Association shall be entitled to the appointment of a receiver to collect the same.

b. In addition to the foregoing, and without waiving its lien, the Association may sue to obtain a money judgment for the amount of any delinquent assessment, or installment thereof, together with interest, and the members so sued and liable for such assessment shall pay costs of collection, including reasonable attorney's fees, with interest thereon at the same rate as charged on the assessments being collected from the dates incurred until paid.

7.10. **Interest on Delinquent Assessments.** Assessments, or installments thereof, paid before they become delinquent, shall not bear interest; but all delinquent sums shall bear interest at the rate set forth in the notice levying the assessment, not exceeding the rate of interest allowed by the law, from the date delinquent until paid. If no interest rate is set forth in such notice, such interest rate shall be the maximum allowed by law. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent. All such interest shall have the same priority as the assessment on which such interest accrues.

7.11. **Common Expense.** Common expense shall mean and include all sums declared common expenses by any specific provision of these Bylaws or the Declaration, and shall include, without limitation, the following: real estate taxes, and other governmental assessments or charges against the property until the lots are separately assessed; premiums for any and all insurance maintained by the association, including any deductible or coinsurance amount not covered by insurance; utility charges not charged directly to lot owners; legal and accounting fees; costs and expenses incurred in connection with any litigation or administrative proceeding; deficits remaining from any prior assessment period; the cost including fees and interest, incurred in connection with any borrowing done by the association; the cost of all fidelity bonds costs imposed upon the association or any part of the common elements or the property by, or incurred by, the Association as a result of the performance, enforcement or amendment of any agreement or easement to which the Association is a party or to which the common elements or property, or any part of either thereof, is or may be subject; amounts determined necessary for reserve funds; and indemnity payments made by the Association.

ARTICLE VIII Compliance, Enforcement, Fines and Penalties

8.1. **Default and Remedies.** A default in or failure to comply with any of the terms, conditions, obligations, and provisions of the Declaration, these Bylaws, the

Articles, or the rules and regulations, as the same may be amended from time to time, by any lot owner or occupant, shall be grounds for relief that may include, without intending to limit the same or to constitute an election of remedies, an action to recover fines and penalties as determined by the Board, sums due for damages, an injunction, or any combination thereof, and such relief may be sought by the Association, an aggrieved lot owner, or by any person or class of persons adversely affected. Also, if any member fails to perform any obligation under the Declaration, these Bylaws, the Articles or such rules and regulations, then the Association may, but is not obligated to, perform the same for the member's account, and for such purposes may enter upon his lot, to cure the default, advance expenses or other sums necessary to cure the default, and for such expenses and costs may levy a special assessment against the lot owned by such defaulting member. The Association also shall be entitled to suspend the right of a defaulting lot owner to vote as a member of the Association until the default is cured.

8.1.1 Lot Owner responsibility and liability When occupants/residents of a lot owner/s' dwelling are not Association members (lot owners), the lot owner:

(1) Is responsible to inform their occupants/residents of their responsibility to comply with the terms, conditions, obligations and provisions of the Association legal documents (Declaration, Bylaws, Articles and Rules & Regulations); (2) will be held responsible and liable should their occupants/resident fail to comply with the Association legal documents.

8.2. Notice of Default and Failure to Cure. In the event of any such default or failure, the Board shall serve upon or mail to the defaulting member a written notice specifying the nature of the default, the cure thereof, and the time within which the cure shall be effected. Within the time limit specified in the notice, the defaulting member may cure the default specified, or serve upon or mail a written notice to the Board requesting a hearing before the Board. If a hearing is so requested, the Board shall thereafter serve upon or mail to the defaulting member a notice specifying the time and place of such meeting for such hearing. At the hearing, the Board shall take such evidence and hear such testimony as it deems necessary or desirable. The Board shall not exercise any remedies to obtain relief from the default until the hearing is over and the Board has made its determination and served upon or mailed the same to the defaulting member and the first mortgagee (if any). The hearing may be continued from time to time as determined by the Board. Upon taking such evidence and hearing such testimony, the Board, at the hearing or at such later time, shall determine, in writing, and at its sole option, to waive the default in whole or in part, to extend the time within which the default may be cured, or to proceed immediately to levy a fine or penalty, or to exercise any one or more of the remedies available to the Board due to such default. The Board shall serve upon or mail to the defaulting member, and to the first mortgagee which was entitled to notice of the default as above provided, a copy of its determination. If the defaulting member (i) does not cure the default or request a hearing within the time limit specified in the original notice of default given pursuant to this Section, or (ii) so requests a hearing, but fails to cure the default (to the extent not waived by the Board) within the extended time, if any, granted by the Board after hearing, then the Board shall serve upon or mail to the defaulting member a written notice of

such member's failure to effect cure, and the Board may then proceed to take such action as it deems necessary to obtain relief.

8.3 **Recovery of Attorney's Fees and Costs**. In any proceeding arising because of an alleged default by a member, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be allowed by the Court, with interest thereon at the lower of (i) twelve (12%) percent and (ii) the highest rate allowed by law at the time the costs are incurred, from the dates such costs are incurred until paid.

8.4 **Non waiver of Covenants**. The failure of the Association or of any member thereof to enforce any term, provision right, covenant, or condition that may be granted by the Declaration, these Bylaws, the Articles, or the rules and regulations as the same may from time to time be amended, shall not constitute a waiver or abrogation of the rights of the Association or a member to enforce such term, provision, right, covenant, or condition in the future, irrespective of the number of violations or breaches thereof that may have occurred.

ARTICLE IX Amendment

9.1 **Method of Amendment**. An amendment to these Bylaws shall be made and approved by fifty percent (50%) of the votes cast by the Executive Board. **§ 47F3-109-(b)**

9.2 **Amendment Approval**. Bylaws amendments must be approved by fifty percent (50%) of votes cast by the Board. **§ 47F-3-106 (a)(6)**

ARTICLE X General Provisions

10.1 Rules and Regulations.

(a) **By the Board**. The Board, including the first Board, may promulgate from time to time such rules and regulations as it deems reasonable and necessary governing the administration, management, operation, and the use of the common areas so as to promote the common use and enjoyment thereof by lot owners and occupants and for the protection and preservation thereof.

(b) **By the Association**. Any such rule and regulation adopted by the Board may be amended, modified, or revoked, and new and additional rules and regulations may be adopted, by members at an annual or special meeting of the members. Any such act of the members shall control over any contrary rule and regulation then or thereafter adopted by the Board.

(c) Uniform Application. All rules and regulations shall be equally and uniformly applicable to all lot owners, occupants and lots.

(d) Copies Furnished. Copies of all such rules and relations and amendments thereto shall be furnished to all members, and a copy shall be posted to the SLE website or otherwise made available to members at the office of the Association. However, failure to furnish, or post, or make available, such Rules and Regulations shall not affect in any way their validity or enforceability.

10.2. Parliamentary Authority. Robert's Rules of Order, Newly Revised, shall govern the conduct of Association proceedings when not in conflict with the Declaration, these Bylaws, the Articles, or any statutes of the State of North Carolina applicable thereto. The chairman of the meeting shall have the authority to appoint a parliamentarian.

10.3. Conflict . In the case of any conflict between the provisions of these Bylaws and the Declaration, the Declaration shall control. If any term, provision, limitation, paragraph, or clause of these Bylaws, or the application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforceability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

10.4. Tax Exempt Status. No part of the net earnings of the organization shall inure to the benefit of its members, directors, officers, or other persons except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the organization.

In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations with similar purposes or to one or more organizations which are exempt as organizations described in Section 501 (c) (3) of the Internal Revenue Code of 1986.

THE SHORES AT LANDS END

HOMEOWNERS' ASSOCIATION, INC.

LaVeryl Brown, President