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**BY-LAWS OF
THE SANDS
CONDOMINIUM ASSOCIATION**

**ARTICLE I
PLAN OF UNIT OWNERSHIP**

Section 1. Unit Ownership. The Sands Condominiums hereinafter referred to as Condominium, located in the Town of Kill Devil Hills, Atlantic Township, Dare County, North Carolina is submitted to the provisions of Chapter 47A of the General Statutes of North Carolina, "Unit Ownership Act". The Administration thereof shall be by the Board of Directors herein described, subject to the powers of the owners as herein specified.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall mean The Condominium Buildings and shall include the land directly beneath as well as the improvements thereon. In construing these By-Laws, and the government of the Condominium thereto, the provisions of Chapter 55A of the North Carolina General Statutes pertaining to the government of nonprofit business corporations, shall be considered as governing to the extent not inconsistent with the provisions of Chapter 47A of the North Carolina General Statutes, the Declaration of Unit Ownership and these By-Laws, the condominium being considered the corporation and the owners being considered the members.

Section 3. Personal Application. All present and future owners, tenants and future tenants, and their employees, and any other person that may at any time use the facilities of the Condominium in any manner are subject to the regulations set forth in these By-Laws and to the declarations set forth in the Declaration of Unit Ownership (herein after referred to as Declaration), to which these By-Laws are attached.

The mere acquisition or rental of any of the Condominium Units (hereafter referred to as "Units") or the mere act of occupancy of any of said units will signify that these By-Laws as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II

THE OWNERS

Section 1. Owners. The Condominiums are owned by the owners of the units, each of whom shall be entitled to a percentage vote for each unit owned by him. The vote to be determined by the percentage of ownership of the General Common elements as specified in Section 5 of the Declaration. No lessee, lienholder, mortgagee, pledge or contract purchaser shall have any voting rights with the respect to the affairs of the Condominium.

Section 2. Annual Meetings. The Condominium shall hold each year, commencing with the year 1980, biannual meetings of owners for the election of directors and the transaction of any business within the powers of the Condominium, at 10:00 A.M. on the **second Saturday in March, and the second Saturday in October**, in each year if not a legal holiday, and if a legal holiday, then on the first day following which is not a Sunday or holiday. Any business of the Condominium may be transacted at an annual meeting without being specifically required by statute, by the Declaration or these By-Laws to be stated in the notice. Failure to hold a biannual at the designated time shall not, however, invalidate the Condominium's existence or affect its otherwise valid acts.

Section 3. Special Meetings. At any time in the interval between annual meetings, special meetings of the Condominium may be called by the President or by a majority of the Board of Directors by vote at a meeting or in writing with or without a meeting, or by one third (1/3rd) of the record owners of Condominium Units.

Section 4. Place of Meeting. All meetings of owners shall be held at the principal office of the Condominium in Kill Devil Hills, North Carolina, except in cases in which the notice thereof designates some other place, but all such meetings shall be held within the state of North Carolina.

Section 5. Notice of Meetings. Not less than ten days nor more than ninety days before the date of every owners' meeting, the Secretary shall give to each owner entitled to vote at such meetings, written or printed notice stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, either by mail or by presenting it to him personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail

addressed to the owner at his post office address as it appears on the records of the Condominium, with postage thereon prepaid. Notwithstanding the foregoing provision, a waiver of notice in writing signed by the person or persons entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting in person or by proxy, shall be deemed equivalent to the giving of such notice to such persons. Any meeting of owners, ~~bi~~annual or special, may adjourn from time to time to reconvene at the same or some other permitted place, and no notice need be given of any such adjourned meeting other than by announcement.

Section 6. Quorum. At any meeting of owners, the presence in person or by proxy of owners entitled to cast a majority of the votes thereat shall constitute a quorum; but this section shall not affect any requirement under statute or under the Declaration of the Condominium for the vote necessary for the adoption of any measure. In the absence of a quorum the owners present in person or by proxy, by majority vote and without notice other than by announcement, may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. Votes Required. A majority of the votes cast at a meeting of owners, duly called at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless more than a majority of votes cast is required by statute or the Declaration.

Section 8. Proxies. An owner may vote in person or by proxy executed in writing by the owner or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from its date, unless otherwise provided in the proxy. Every proxy shall be in writing, subscribed by the owner or his duly authorized attorney, and dated, but need not be sealed, witnessed or acknowledged.

Section 9. List of Owners. At each meeting of owners, a full, true and complete list in alphabetical order of all owners entitled to vote at such meeting shall be furnished by the Secretary.

Section 10. Voting. In all elections for directors every owner shall have the right to vote, in person or by proxy, for as many persons as there are directors to be elected. At all meetings of owners, the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided by the Chairman of the meeting. Unless demanded or ordered by a majority of owners present, no vote need be by ballot, and voting need not be conducted by inspectors.

Section 11. Informal Action by Owners. Any action required or permitted to be taken at any meeting of owners may be taken without a meeting, if consent in writing, setting forth such action, is signed by all the owners entitled to vote on the subject matter thereof, provided said consent is filed with the records of the Condominium.

ARTICLE III
BOARD OF DIRECTORS

Section 1. Powers. The business and affairs of the Condominium shall be managed by its Board of Directors. The Board of Directors may exercise all powers of the Condominium Association except such as are by statute or the Declaration or the By-Laws conferred upon or reserved to the owners. In particular, but not by way of limitation, the Board of Directors shall be responsible for, and have all necessary powers in connection with, the care, upkeep, and surveillance of the building and other facilities of the Condominium, including its general and limited common elements, services and Association owned property, designation, hiring and dismissal of the personnel necessary for the good working order of the buildings and to provide services for the buildings. The Board of Directors may delegate any of such responsibilities, or all and the expenses therefore shall be a common expense. The Board of Directors, or any officer or officers to whom such power may be delegated, shall have power to take any action necessary or appropriate to enforce payment of all sums, including assessments against others due the Condominium, including the power to enforce any lien for the same. Such Board shall not undertake to provide luxury services, such as maid services, common telephone switchboard service and the like, to the condominium units without the unanimous vote of all owners. As an additional power and requirement, in the event a sewage treatment facility is constructed, the Board of Directors shall employ or subcontract to a person, firm or appropriate governmental authority, the operation, upkeep, and maintenance of such facility.

Section 2. Number of Directors. The number of directors of the Condominium shall be three, until such number be changed as herein provided. By vote of a majority of the entire Board of Directors, the number of directors may be increased or decreased, from time to time, to not exceed seven nor less than three directors, but the tenure of office of a director shall not be affected by any decrease in the number of directors so made by the Board.

Section 3. Election of Directors. Until the first annual meeting of owners or until successors are duly elected the board shall consist of

W.C. FOREMAN, L.O. SNEAD AND MICHEAL S. RIDDICK

At the first annual meeting of owners after control of the Association is delivered to the Unit Owners the owners shall elect directors, one-third to serve for one year, one-third to serve for two years, and one-third to serve for three years. Thereafter directors shall be elected for three year terms or until their successors are elected and qualify (or for a shorter term to fill a vacancy arising from an uncompleted term), one-third of the directors being elected **at one of the biannual** meetings to succeed the directors whose terms are expiring. At any meeting of owners, duly called and

at which a quorum is present, the owners may, by the affirmative vote of the holders of a majority of the votes entitled to be cast thereon, remove any director or directors from office and may elect a successor or successors to fill any resulting vacancies for the unexpired terms of removed directors.

Section 4. Vacancies. Any vacancy occurring in the Board of Directors for any cause other than by reason of an increase in the number of directors may be filled by the majority of the remaining members of the Board of Directors, although such majority is less than a quorum. Any vacancy occurring by reason of an increase in the number of directors may be filled by action of a majority of the entire Board of Directors. A director elected by the Board of Directors to fill a vacancy shall be elected to hold office until the next biannual meeting of owners and until his successor is elected and is qualified.

Section 5. Regular Meeting. After each meeting of owners at which a Board of Directors shall have been elected, the Board of Directors so elected shall meet as soon as practicable for the purpose of organization and the transaction of other business, at such time as may be designated by the owners at such meeting; and in the event that no other time is designated by the owners, the Board of Directors shall meet at 12:00 o'clock noon on the day of such meeting of the owners, if not a legal holiday, and if a legal holiday, then on the first day following which is not a Sunday or a legal holiday. Such first meeting shall be held at such place within or without the State of North Carolina as may be designated by the owners, or in default of such designation at the place designated by the Board of Directors for such first regular meeting, or in default of such designation at the office of the Condominium in Kill Devil Hills, North Carolina. No notice of such first meeting shall be necessary if held as hereinabove provided. Other regular meetings of the Board of Directors shall be held on such dates and at such places within or without the State of North Carolina as may be designated from time to time by the Board of Directors.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or by the Board of Directors by vote at a meeting, or by a majority of the directors in writing with or without a meeting. Such special meetings shall be held at such place of places within or without the State of North Carolina as may be designated from time to time by the Board of Directors. In the absence of such designation, such meetings shall be held at such places as may be designated in the call.

Section 7. Notice of Meeting. Except as provided in Section 5 of this Article, notice of the place day and hour of every regular and special meeting shall be given to each director two days (or more) before the meeting, by delivering the same to him personally, or by sending the same to him by telegraph, or by leaving the same at his residence or usual place of business, or, in the alternative, by mailing such notice five days (or more) before the meeting, postage prepaid, and addressed to him at his last known post office address, according to the records of the Condominium. Unless required by these By-Laws or by resolution of the Board of Directors, no notice of any meeting of the Board of Directors, need state the business to be transacted thereat. No notice of any meeting of the

Board of Directors need be given to any director who attends, or to any director who, in writing, executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the Board of Directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given other than by announcement.

Section 8. Quorum. At all meetings of the Board of Directors, one-half of the entire Board of Directors, but in no case less than two directors, shall constitute a quorum for the transaction of business. Except in cases in which it is by statute, by the Declaration or by the By-Laws otherwise provided, the vote of a majority of such quorum at a duly constituted meeting shall be sufficient to elect and pass any measure. In the absence of a quorum, the directors present by majority vote and without notice by other than announcement may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 9. Compensation. By resolution of the Board of Directors expenses of attendance, if any, may be allowed to directors for attendance at each regular or special meeting of the Board of Directors or of committees thereof, but directors as such shall not receive any compensation for their services except such as may be authorized or permitted by vote of the owners. A director who serves the Condominium in any other capacity, however, may receive compensation therefore without such vote of the owners.

Section 10. Informal Action by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if written consent to such action is signed by all members of the Board of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Section 11. Committees. The Board of Directors may by resolution provide for such standing or special committees as it deems desirable, and discontinue the same at pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be assigned to it by the Board of Directors.

Section 12. Indemnification. Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with a Court proceeding to which he may become involved, by reason of his being or having been a director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of malfeasance or negligence in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the

Association. The foregoing right of indemnification shall be in addition to and not exclusive all rights of indemnification to which such Director or officer may be entitled.

Section 13. Budget.

A. The Board of Direction shall adopt a budget for each calendar year which shall contain estimates of costs of performing the function of the Association including but not limited to:

1.COMMON EXPENSES OF THE CONDOMINIUM

- (a) maintenance and upkeep of common areas and elements
- (b) maintenance and upkeep of association real and personal property
- (c) staff payroll, supplies and office expenses
- (d) managers salary or fees
- (e) insurance
- (f) common utilities, waste water treatment and disposal system maintenance and upkeep, which shall receive first priority of common expense funds.
- (g) service contracts
- (h) fees and permits

2. CAPITAL IMPROVEMENTS RESERVE

3. ANTICIPATED SPECIAL ASSESSMENTS

B. Copies of the proposed budget shall be transmitted to each member or unit owner on or before January 1 of the year for which the budget is made. If the budget is subsequently amended, than a copy of the amended budget shall be furnished immediately to each owner.

C. Accounting shall be on a cash basis and conform to generally acceptable accounting standards.

ARTICLE IV

OFFICERS

Section 1. Executive Officers. The Board of Directors shall choose a President and a Vice President from among the directors and a Secretary and a Treasurer who need not be directors. The Board of Directors may also choose an Assistant Secretary and an Assistant Treasurer, none of whom need be a director. Any two of the above mentioned officers, except that of the President and Vice President, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument be required by statute, by the By-Laws or by resolution of the Board of Directors to be executed, acknowledged or verified by any two or more officers. Each such officer shall hold office until the first meeting of the Board of Directors after the biannual meeting of owners next succeeding his election, and until his successors shall have been duly chosen and qualified, or until he shall have resigned or shall have been removed. Any vacancy in any of the above officers may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

Section 2. President. The President shall preside at all meetings of the owners and of the Board of Directors at which he shall be present; he shall have general charge and supervision of the business of the Condominium; he may sign and execute, in the name of the Condominium, all authorized deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall have been expressly delegated to some other officer or agent of the Condominium; and, in general, he shall perform all duties incident to the office of President, and such other duties as, from time to time, may be assigned to him by the Board of Directors. **The President may expend such sums from and on behalf of the Association as may be a budgeted item, or as the Board of Directors or Association may otherwise direct. In no event shall such sum exceed \$2,000.00 without the prior consent of the Association, or in an emergency, the Board of Directors.**

Section 3. Vice President. The Vice President, at the request of the President or in his absence or in his inability to act, shall perform the duties and exercise the functions of the President, and when so acting shall have the powers of the President. The Vice President shall have such other powers and perform such other duties as may be assigned to him by the Board of Directors or the President.

Section 4. Secretary. The Secretary shall keep the minutes of the meetings of the owners and of the Board of Directors in books provided for the purpose; he shall see that all notices are duly given in accordance with the provisions of the By-Laws or as required by law; he shall be custodian of the records of the Condominium; and in general, he shall perform all duties incident to the office of Secretary, and such other duties as, from time to time, may be assigned to him by the Board of Directors or the President.

Section 5. Treasurer. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Condominium, and shall deposit or cause to be deposited, in the name of the Condominium, all monies or other valuable effects in such banks, trust companies or other depositories as shall from time to time, be selected by the Board of Directors; he shall render to the President and to the Board of Directors, whenever requested, an account of the financial condition of the Condominium, and, in general, he shall perform all duties as may be assigned to him by the Board of Directors or the President.

Section 6. Assistant Officers. The Assistant Secretary, if any, shall have such duties as may from time to time be assigned to him by the Board of Directors or the Secretary. The Assistant Treasurer, if any, shall have such duties as may from time to time be assigned to him by the Board of Directors or the Treasurer.

Section 7. Compensation. No officer or member of the Board of Directors shall be compensated for services rendered in such capacity for the Association. However, reimbursement for costs expended may be authorized and made upon approval of the Board of Directors.

Section 8. Removal. An officer or agent of the Association may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person removed.

Section 9. Loans to Directors and Officers. No loans shall be made by the Association to any of its Directors or officers. The Directors who vote or assent to the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

ARTICLE V

OBLIGATION OF THE OWNERS

Section 1. Assessments. Each owner is obligated to pay the assessments imposed on him by the Condominium to meet general common element expenses, which shall include a liability insurance policy premium and shall include a fire and other hazard premium, including flood insurance. The assessment shall be made prorata