

BY-LAWS OF
GREATER KINNAKEET SHORES HOMEOWNERS, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Greater Kinnakeet Shores Homeowners, Inc., which may, hereinafter, be referred to as the "Association." The principal office of the corporation shall be located at 41184 Kinnakeet Boulevard, Avon, North Carolina, 27915, but meetings of Members and Directors may be held at such places within the State of North Carolina, County of Dare, as may be designated by the Board of Directors. The corporation may have offices at such other places within the State of North Carolina as the Board of Directors may from time to time determine, or as the affairs of the corporation may require.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Greater Kinnakeet Shores Homeowners, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Kinnakeet Shores Subdivision Phase Three Declaration of Protective Covenants and Restrictions, as may be amended from time to time, and including all declarations documents for any and all subsequent phases, currently recorded or to be recorded in the future.

Section 3. "Common Area" shall mean all real property including improvements thereto owned by the Association for the common use

and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated or undedicated streets.

Section 5. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Greater Kinnakeet Shores Homeowners, Inc., a North Carolina corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declarations of Protective Covenants and Restrictions, and any amendments thereto, applicable to the Properties, as defined in Section 2. of this Article, recorded in the Office of the Register of Deeds of Dare County, North Carolina.

Section 8. "Member" shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the Declaration in Article III, Section 1. of these By-Laws.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject

to assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot subject to assessment. The voting rights of the Members shall be as provided by the Declaration, but shall be limited to one vote per Lot regardless of the number of Owners.

Section 2. Property Rights. Each Member in good standing shall be entitled to the use and enjoyment of the facilities as provided in the Declaration. Any Member in good standing may delegate his or her rights of enjoyment of the Common Area and facilities to the members of his or her family. These "rights" of use and enjoyment may be extended to rental guests through payment of special fees for this purpose. The Board of Directors shall set these or any other special fees as outlined in Article VIII, Section 1.

A member in good standing is a member who has paid all annual, general and special assessments, homeowners dues, and any other special or regular fees or charges imposed by the developer or Greater Kinnakeet Shores Homeowners, Inc. for the use, maintenance, or repair of the amenities of the subdivision.

ARTICLE IV

MEETING OF THE MEMBERS

Section 1. Annual Meetings. The annual meeting of members shall be held on a Saturday during the months of February, March or April, as determined by the Board, for the purpose of electing directors of the Association and for the

transaction of such other business as may be properly brought before the meeting.

Section 2. Substitute Annual Meeting. If the annual meeting shall not be held during the time designated by these By-Laws, a substitute annual meeting may be called in accordance with the provisions of this Section by the Board of Directors. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 3. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors of the Association, or upon written request of at least one-tenth (1/10) of the Members who are entitled to vote.

Section 4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty days before such a meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in case of a special meeting, the purpose of the meeting. Waiver by a Member in writing of the notice required herein, signed by him or her before or after such meeting, shall be equivalent to the giving of such notice.

Section 5. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and may be held by any other Member. Proxies shall be filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot.

Section 7. Voting of Members. For each Lot owned, a Member or Members in good standing shall be entitled to one vote on each matter submitted to a vote at a meeting of the Members.

The vote of a majority of the Members shall be the act of the

Members on that matter, unless the vote of a greater number is required by law or by the charter or By-Laws of this Association.

Voting on all matters shall be by voice vote or by a show of hands unless one-tenth (1/10) of the Members represented at the meeting shall, prior to voting on any matter, demand a ballot vote on that particular matter.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not more than eleven (11) Directors, who must be members of the Association. Increase in the number of Directors shall be by majority vote of the Members at an annual or special meeting. Currently there are seven (7) Directors.

Section 2. Term of Office. The Directors shall have staggered terms. At the Spring 2005 meeting, the nominating committee shall present seven (7) nominees to the Membership. The Committee shall also determine the initial term of each nominee. Directors shall then be elected as follows: two for three (3) years, two for two (2) years and three for one (1) year. In the event a 2005 nominee is not elected, the replacement nominee shall assume this set term.

Thereafter, Directors shall be elected at each annual meeting of Members to replace or re-elect those directors whose terms are expiring. The term of office of the Directors so elected shall be for three (3) years, expiring at the third annual meeting following his or her election, and thereafter until his or her successor is duly elected and qualified.

In a year where the number of Directors may be increased in accordance with Section 1. of this Article, the term of the new Director(s) shall be set by the Nominating Committee so that the

terms shall be as evenly balanced or distributed as possible.

Section 3. Vacancies. A vacancy on the Board may be filled by appointment by the Board, whether the vacancy is due to death or voluntary resignation of a Director. The Director appointed to such vacancy shall serve for the remainder of the term of his or her predecessor, and be subject to confirmation of the Members at the next annual meeting. A vacancy created by an increase in the authorized number of directors shall be filled only by election at any annual meeting or at a special meeting of Members called for that purpose. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 4. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association present in person or by proxy at a meeting of Members. In the event of removal of a Director, his or her successor shall be elected by the Members at that same meeting, and shall serve for the unexpired term of his or her predecessor.

Section 5. Compensation. No Director shall receive compensation for any service he or she may render to the Association as a director or an officer. However, any Director may be reimbursed for his actual expenses incurred in the performance of his or her duties.

Section 6. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors, whether done before or after the action so taken. Said written consent to the action in question shall be signed by all Directors and filed with the minutes of the proceedings of the Board.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of Members. The Nominating Committee shall consist of a Chairperson, who shall be a 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 prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 2. Election. Election to the Board of Directors shall be conducted in accordance with Article IV, Section 7. 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 the Declaration. The person(s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such periodic intervals as may be established by the Board of Directors from time to time, without notice, at such place and hour as may be fixed from time to time by the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any three (3) directors, after not less than two (2) days' notice to each director, which notice may be sent by priority mail, fax or e-mail or, if the notice is given at least

seven (7) days in advance, by regular mail.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business, present either in person, via conference call or as otherwise permitted by law. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors, which shall oversee the business of the Association, shall have power to:

- a. adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members, and their guests thereon, and to establish penalties for the infraction thereof;
- b. suspend the voting rights and right to the use of any recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment, due or charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
- a. exercise for the Association all powers, duties and authority vested in or delegated to this Association, and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- b. declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- c. employ a manager, an independent contractor, or such

others as they deem necessary, and to prescribe their duties;

- d. employ attorneys to represent the Association when deemed necessary; and
- e. approve any expenditure of Association funds up to and including the amount of fifty thousand dollars (\$50,000) per occurrence for maintenance, repair, improvement or capital improvement of the Common Area. Any one expenditure in excess of \$50,000 shall be presented to the general membership for approval.

Section 2. Duties. It shall be the duty of the Board of Directors 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 any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;

oversee all officers, agents and employees of this Association, and to see that their duties are properly performed;

as more fully provided in the Declaration, to:

fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period;

send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of each annual assessment period;

establish such other charges and special assessments for the services provided by and supported by the Association and/or use of the amenities and/or common area; and

file a lien against any property for which unpaid assessments reach the amount of four hundred dollars (\$400.00), and, upon recommendation of the Board, perfect the same, bringing an action at law against the Owner personally obligated to pay the same.

issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether

or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
subject to financial feasibility, procure and maintain adequate liability insurance covering the Association, its directors, officers, agents and employees and, subject to financial feasibility, to procure and maintain adequate hazard insurance on the real and personal property owned by the Association;
cause all officers, agents or employees having fiscal responsibilities to be bonded, as it may deem appropriate, and
cause the Common Area to be maintained.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president, vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create. The day to day affairs of the Association shall be carried out by the officers, consistent with any Board policies.

Section 2. Election of Officers. The officers of the Association shall be elected by the Board of Directors at the first meeting of the Board which shall take place immediately following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until the next annual meeting, unless he or she sooner resigns, or shall be removed, or otherwise be unable or disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaced. A vacancy created by an increase in the authorized number of directors shall be filled only by election at any annual meeting or at a special meeting of Members called for that purpose. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 7. Duties. The duties of the officers are as follows:

President

- a. the president shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall supervise and control the management of the Association in accordance with these by-laws. The president shall generally be responsible for the day to day affairs of the Association and shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes in excess of \$500, unless the expenditure has been previously approved by the Board; and consistent with the Board's policies shall have authority to act to preserve and

protect the property of the Association and the Members' Lots and structures thereon. He or she shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Vice-President

- a. the vice-president shall act in the place and stead of the president in the event of his or her absence, inability or refusal to act or resignation, and shall exercise and discharge such other duties as may be required of him or her by the Board.

Secretary

- a. the secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

- a. the treasurer shall 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; shall sign all checks and promissory notes of the association; keep proper books of accounts; cause an annual audit of the Association books at the completion of each fiscal year; review and sign all necessary tax returns for the Association; send assessments of dues to the Members annually; and shall prepare an annual budget and

statement of income and expenditures to be presented to the membership at its annual meeting and deliver a copy of each to the Members.

Section 8. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4. of this Article.

ARTICLE X

COMMITTEES

The Board of Directors shall appoint a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose. Committees which are advisory and are not delegated the power to act on behalf of the Association may consist of individuals who are not directors.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the office of the secretary of the Association, from whom copies may be purchased at reasonable cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, a late charge may be assessed and the assessment shall bear interest from the date of delinquency at the highest rate allowed by law, not to exceed eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his or her Lot.

ARTICLE XIII

CORPORATE SEAL

The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the corporation.

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended at a regular or special meeting of the Members, by a vote of a majority of Members present in person or by proxy. Notice of the proposed amendments shall be provided to all Members at least thirty (30) days in advance of the regular or special meeting.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control

ARTICLE XV

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Greater Kinnakeet Shores Homeowners, Inc., a North Carolina corporation, and

THAT the foregoing By-Laws constitute the Amended and Restated By-Laws of said Association, as duly adopted by the Members of the Association at their meeting on April 9, 2005.

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

Secretary

