

EXHIBIT C

BY-LAWS OF BEACON QUARTERS AT COROLLA LIGHT CONDOMINIUM ASSOCIATION, INC.

ARTICLE I NAME AND LOCATION

The name of the corporation is Beacon Quarters at Corolla Light Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 3120 N. Croatan Highway, Suite 101, Kill Devil Hills, North Carolina 27948, Currituck County, North Carolina, but meeting of members and directors may be held at such places within the State of North Carolina as may be designated by the Executive Board.

ARTICLE II PURPOSES AND POWERS

The Association shall serve the Owners of Units in Beacon Quarters at Corolla Light, a Condominium established pursuant to the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes ("the Act").

The purposes and powers of the Association are established in Article 3 of the Act.

ARTICLE III MEMBERSHIP AND VOTING

Membership and Voting Rights are described in the Declaration of Condominium for Beacon Quarters at Corolla Light ("the Declaration").

ARTICLE IV MEETINGS

Section 1. Annual Meetings. The annual meeting of the members shall be held at least once a year.

Section 2. Special Meetings. Special Meetings of the members may be called at any time by the President or by the Executive Board, a majority of the Directors of the Executive, or by unit owners having twenty percent (20%) of the votes in the Association.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be give, by, or at the direction of, the Secretary, by mailing a copy of such notice, postage prepaid at least ten (10) days but no more than fifty (50) days before such 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 time of the meeting, and in the case of a special meeting, the purpose of the meeting. Waiver by a member in writing of the notice herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the meeting of members entitled to cast, in person or by proxy, at least twenty percent (20%) of the votes of the membership shall constitute a quorum of any action except as otherwise provided in the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote there at 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 5. Proxies. At all meetings of the members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of the member's Unit.

Section 6. Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote if (1) written consent specifically authorizing the proposed action is signed by all Members pursuant to Section 55A-7-04 of the North Carolina Non Profit Act, or (2) by written ballots signed by less than all of the Members, if the action is taken pursuant to the requirements of Section 55A-7-08 of the North Carolina Nonprofit Act.

ARTICLE V EXECUTIVE BOARD

Section 1. Initial Directors. The number of Directors constituting the initial Executive Board is identified in the Articles of Incorporation. The Declarant shall have the right to appoint Directors until the end of the Declarant Control Period as defined in the Declaration. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board prior to the end of the Declarant Control Period, but in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or the Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. Declarant shall the unilateral right to remove any person or persons selected by it to act and serve on the Executive Board and to replace such person or persons with another person or persons to act and serve in the place of any director or directors removed. Any directory designated and selected by the Declarant need not be an Owner. Any representative of the Declarant serving on the Executive Board shall not be required to disqualify himself from any vote upon contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest.

Section 2. First Election. The first election of the Directors by the members of the Association shall not be held until the end of the Declarant Control Period as defined in the Declaration. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in these Bylaws.

Section 3. Number and Qualification of Directors. After the end of the Declarant Control Period, the Executive Board shall consist of five (5) natural persons who are members of the Association, as determined at any annual meeting by the members.

Section 4. Election of Executive Board. Election to the Executive Board shall be by secret written ballot cast by the Member or the Member's proxy at the annual meeting of the Members.

Section 5. Term of Office. The Directors on the Executive Board shall serve in staggered terms in order to minimize disruption, to facilitate continuity of process, and to foster new perspective of the Board. Except as provided herein, the term of Directors shall be three (3) years each. Each Executive Board position and post shall be represented by the letters A, B, C, D and E. At the first annual meeting after the end of Declarant Control, the Director position A shall have a director elected to serve a term of one (1) year; the Director positions B and C shall have members elected to serve terms of two years; and the positions D and E shall have members elected to a term of three years. Beginning with the election at the second annual meeting after the end of Declarant Control, Director Position A shall be elected to a term of 3 years thereafter. At the election at the second annual meeting after the end of Declarant Control, Director positions B and C shall be elected to a term of 3 years thereafter. There are no term limits to the Director posts.

Section 6. Removal. Any director, except those Directors appointed by the Declarant, may be removed with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Executive Board, and shall serve for the unexpired terms of his predecessor.

Section 7. Vacancies. Vacancies in the Executive Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of a majority of the remaining Directors, even though they may constitute less than a quorum, and each Director so elected shall serve until a successor is elected at the next annual meeting of the Association.

Section 8. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 9. 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 written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI MEETING OF DIRECTORS

Section 1. Regular Meeting. Regular meetings of the Executive Board shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Executive Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time and on the next day which is not a legal holiday, provided, however, if the Executive Board shall agree to meeting on such legal holiday any action taken by it shall be valid and binding.

Section 2. Telephonic Participation in Executive Board Meetings. Members of the Executive Board or any committee designated by the Executive Board may participate in a meeting of the Executive Board or committee by means of a conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 3. Special Meetings. Special Meetings of the Executive Board shall be held when called by the President of the Association, or by any two (2) directors, after not less than three (3) days notice to each director.

Section 4. Quorum. A majority of the numbers of directors shall constitute a quorum for the transaction of business. Every act done or decision 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 Executive Board.

ARTICLE VII POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 1. Powers. The Executive Board shall have all the powers set for in the NC Condominium Act and NC Non-Profit Act including, but not limited to, the power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area the personal conduct of the members and their guests thereon, and to establish penalties of the infraction thereof;
- (b) After notice and hearing, suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association for a period not to exceed sixty (60) days for infraction or published rules and regulations;

- (c) 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 or the Declaration;
- (d) declare the office of the member of the Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board without proper cause;
- (e) employ a manager, an independent contractor, or such other employees, as they deem necessary, and to prescribe their duties; and
- (f) employ attorneys to represent the Association when deemed necessary.

Section 2. Duties. It shall be the duty of the Executive Board to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members of the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;
- (b) supervise all officers, agent and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the declaration, to:
 - (1) fix the amount of the annual assessment against each Owner subject to assessments at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.
- (d) 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 Executive 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;
- (e) procure and maintain adequate liability insurance covering the Association, its directors, officers, agents and employees and to procure and maintain fire

and extended coverage on insurable property owned by the Association on a current replacement costs basis in an amount not less than one hundred (100%) percent of the insurable value (based on current replacement cost), and to make payment of delinquent fire insurance premiums and enforce repayment of same as more particularly provided in the Declaration of Condominium;

- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (g) cause the Common Elements to be maintained.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The Officers of the Association shall be a President and Vice-President, who shall at all times be members of the Executive Board, a secretary, and a treasurer, and such other offices as the Executive Board may from time to time by resolution create.

Section 2. Selection of Officers. The election of officers shall take place at the first meeting of the Executive Board following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Executive Board and each shall hold office as set forth in Article V, Section 5 unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Executive 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 Executive 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 Executive Board. Any officer may resign at any time giving written notice to the Executive 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 Executive Board. The officer appointed to such vacancy shall serve the remainder of the term of the officer he replaces.

Section 7. 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.

Section 8. Duties. The duties of the officers are as follows:

President

The President shall preside at all meetings of the Executive Board; 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.

Vice-President

The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Executive Board.

Secretary

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Executive 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 Executive Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Executive Board.

Treasurer

The Treasurer shall receive and deposit in the appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Executive Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association book to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the members at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX
COMMITTEES

The Executive Board shall appoint committees as deemed appropriate in carrying out its purpose

ARTICLE X
FISCAL MANAGEMENT

Section 10.1 Fiscal Year. The fiscal year of the Association shall be from January 1 to December 31. The fiscal year shall be subject to change by the Executive Board in its discretion.

Section 10.2 Reserve Fund. The reserve fund for repairs and replacement shall be established by the Executive Board and shall be funded thereafter by regular installments rather than by extraordinary special assessments if at all possible. The reserve funds shall be maintained only in such amounts as deemed necessary or desirable by the Executive Board, subject, however, at the end of the period of Declarant Control, a minimum balance must include the following:

- (a) Ten percent (10%) of the road construction costs for streets not maintained by NCDOT (gravel based and asphalt only);
- (b) Except for sidewalks and street trees, ten percent (10%) of the construction costs of common features and private infrastructure;
- (c) Liability insurance for two years; and
- (d) Facilities, stormwater and landscaping maintenance costs for two years.

To the extent maintained, funds therein shall be held in such accounts, with such banking institution as the Executive Board, in its discretion, selects provided that it is acceptable Currituck County.

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 at the principal office of the Association where copies may be purchased at a reasonable cost.

ARTICLE XII INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify such persons, for such expenses and liabilities in such manner, under such circumstances and to such extent as permitted by North Carolina General Statutes Chapter 55A, Article 8 as now enacted or hereafter amended or replaced with a comparable statute.

ARTICLE XIII AMENDMENTS

These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a sixty seven percent (67%) of more of the total votes of the Association.

ARTICLE XIV
CONFLICTS

In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.