

BYLAWS
OF
BIAS SHORES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

MEMBERSHIP AND VOTING RIGHTS

Section 1.1. Purpose. The Bias Shores Homeowners' Association, Inc., (hereinafter referred to as "the Association), shall have the responsibility of maintaining the common areas and easement areas in Bias Shores Subdivision, establishing the means and methods of collecting assessments and charges, and performing all of the other acts that may be required or permitted.

Section 1.2. Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot in Bias Shores Subdivision shall be a Member of the Association; provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member. The requirement of membership shall not apply to any mortgagee or trust beneficiary acquiring title by foreclosure or otherwise, pursuant to the mortgage or deed of trust instrument.

Section 1.3 Voting Rights. The Association shall have one (1) class of voting members, and members shall be entitled to one (1) vote for each lot in which they hold an interest. For lots owned or held by more than one (1) person or by an entity, if only one (1) of the multiple Owners of a lot is present at a meeting of the Association, the Owner who is present is entitled to cast a vote allocated to each lot owned. If more than one (1) of the multiple Owners is present, the votes allocated to that lot may be cast only in accordance with the agreement of a majority of interest of the multiple Owners. Majority agreement shall be conclusively presumed if any one (1) of the multiple Owners casts the vote allocated to that lot, without protest being made promptly to the person presiding over the meeting by any of the other Owners of the lot.

In the case of an Owner that is a trust, estate, partnership, corporation, limited liability company, business trust or other entity, any duly authorized representative of such entity may cast the vote for such Owner.

ARTICLE TWO

MEETINGS

Section 2.1. Annual Meeting. The annual meetings of the Association shall be held on the first Saturday in October of each year, or at such other time as may be decided upon by the Board of Directors. At such annual meetings the Board of Directors shall be elected by ballot of the Owners.

Section 2.2. Place of Meetings. Meetings of the Association shall be held at such

suitable place convenient to the Owners as designated by the Board of Directors.

Section 2.3. Special Meetings. The President, a majority of the Board of Directors, or Owners having twenty percent (20%) of the votes in the Association may call a special meeting of the Association. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 2.4. Notice of Meetings. The Secretary shall mail to each Owner a notice of any scheduled meeting of the Association at least ten (10) but not more than fifty (50) days prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this section and Article VII, Section 7.1 of the Bylaws shall be considered service of notice, provided that if a notice is delivered personally, the Secretary shall certify in writing that the notice was delivered to the person of the Owner.

Section 2.5. Quorum and Adjournment of Meetings. The presence in person or by proxy of Owners represents fifty percent (50%) or more of the total votes of the Association shall constitute a quorum at all meetings of the Association. If at any meeting of the Association a quorum is not present, another meeting may be called, subject to notice requirement set forth in Section 2.5 of this Article, and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding scheduled meeting. At any meeting at which a quorum is present, as provided above, a vote of more than fifty percent (50%) of the persons present in person or by proxy shall constitute a decision of the membership.

Once an Owner is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is set or must be set for an adjourned meeting.

If an Owner is not current on their assessments, whether regular or special, then that Owner shall be counted present, either in person or in proxy, at the meeting for quorum purposes, but the Owner shall not be entitled to vote.

Section 2.6. Order of Business. The order of business at all meetings of the Association shall be as follows: (a) roll call (proof of quorum); (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of Board of Directors; (f) reports of committees; (g) election or appointment of inspectors of election (when so required); (h) election of members of the Board of Directors (when so required); (i) unfinished business; and (j) new business.

Section 2.7. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Owners Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association. All votes shall be tallied by tellers appointed by the President or other Officer presiding over the meeting.

Section 2.8. Voting. The Owners of each residential lot shall be entitled to one (1) vote per lot. Where the ownership of a lot is in more than one person, the provisions of Section 1.3 shall apply.

Section 2.9. Proxies. A vote may be cast in person or by proxy. Such proxy may be instructed or non-instructed and may be granted by any Owner only in favor of another Owner, his Mortgagee, or an Officer of the Association, or in the case of a non-resident Owner, the lessee of such Owner's property; Proxies shall be duly executed in writing, and shall be valid only for no more than eleven (11) months and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Unit. Except with respect to proxies in favor of a Mortgagee, no proxy shall in any event be valid for a period in excess of one hundred and eighty (180) days after the execution thereof. Any proxy shall be void if not dated. The proxy of any person shall be void if not signed by a person having authority, at the time of execution thereof, to execute deeds.

Section 2.10 Waiver of Notice. Any Owner may waive any notice of any meeting even if such notice is required by the Articles of Incorporation, the Bylaws, or the North Carolina Corporation Act before or after the meeting date and time stated in the notice. The waiver must be in writing, signed by the Owner entitled to notice, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

An Owners attendance at a meeting, in person or by proxy, (a) waives objection to lack of notice or defective notice of the meeting, unless the Owner or his proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purpose described in the meeting notice, unless the Owner objects to considering the matter before it is voted upon.

ARTICLE III

Board of Directors

Section 3.1. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

(a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each Owner for the Common Expenses.

(b) Make assessments against Owners to defray the costs and expenses of the Association, and establish the methods of collecting such assessments from the Owners.

(c) Provide for the operation, care, upkeep and maintenance of all roadways and common areas in the subdivision.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the common areas and roadways, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties.

(e) Collect the assessments against the Owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.

(f) Open bank accounts on behalf of the Association and designate the signatories thereon.

(g) Enforce by legal means the provisions of the Declaration of Covenants and Restrictions, and these Bylaws, act on behalf of the Owners with respect to all matters arising out of any eminent domain proceeding, and notify the Owners of any litigation against the Association involving a claim in excess of ten percent of the amount of the annual budget.

(h) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property. Such books and vouchers shall be available for examination by the Owners, their attorneys, accountants, Mortgagees and authorized agents on reasonable terms and conditions.

(i) Appoint and supervise an Architectural Control Committee pursuant to Article Eight of the Amended and Restated Declaration of Covenants, Conditions and Restrictions, recorded at Book _____, Page_____, Dare. County Public Registry.

(j) Do such other things and acts not inconsistent with the Amended and Restated Declaration of Covenants, Conditions and Restrictions, which the Board of Directors may be authorized to do by a resolution of the Association.

Section 3.2. Number and Term of Office. Elected Members. The Board of Directors shall consist of five (5) persons, all of whom shall be Owners. Except for resignation or removal, the directors shall hold office until their respective successors shall have been elected by the membership.

Section 3.3. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal, of a director by a vote of the Association shall be filled by a vote of the majority of the remaining directors at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a director until a successor shall be elected at the next annual meeting of the Association. If the Association votes to remove a member, it shall also vote on a replacement member at the same meeting.

Section 3.4. Organization Meeting. A meeting of the Board of Directors following the annual meeting of the Association shall be held within thirty (30) days thereafter at such time and place as shall be fixed by the Association at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly-elected directors in order legally to constitute such meeting; provided, that, a majority of the entire Board of Directors is present at the meeting.

Section 3.5. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least once every six (6) months during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telegraph or telephone, at least three (3) business days prior to the day named for such meeting.

Section 3.6. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days notice to each director, given personally or by mail, telegraph or telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) directors.

Section 3.7. Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 3.8. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.9 Compensation. No Director shall receive a salary or other compensation for their services but, the Board of Directors may authorize payment or reimbursement of any and all expenses incurred by a Director in connection with their services.

Section 3.10. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and, the Secretary shall keep a minute book of all resolutions adopted by the Board and of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors.

Section 3.11. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.12 Indemnification of Officers and Directors. Every director and officer of the Association shall be, and is hereby, indemnified by the Association against all expenses and liabilities, including fees of counsel, reasonably incurred by or imposed upon such director or officer in connection with any proceeding to which such officer or director may be a party, or in which such officer or director may become involved, by reason of being or having been a director or officer of the Association, or, any settlement thereof, whether or not such Person 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 willful misfeasance or malfeasance in the performance of duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the board approves such settlement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to, and shall not be exclusive of, all rights to which each such director or each such officer may otherwise be entitled.

ARTICLE IV

Officers

Section 4.1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other officers as may be necessary. The principal officers shall be residents of the subdivision (except for those appointed by Bias, Inc. and members of the Board of Directors.

Section 4.2. Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board of Directors any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.4. President. The President shall be the chief executive officer of the Association, preside at all meetings of the Association and of the Board of Directors, have general and active management of the business of the Association subject to the control of the Board, see that all orders and resolutions of the Board are carried into effect, and appoint committees from among the Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.5. Vice President. The Vice President shall take the place of the President and

perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other director to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors or by the President.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors, have charge of such books and papers as the Board may direct, give or cause to be given all notices required to be given By the Association, maintain a register setting forth the place to which all notices to Owners and Mortgagees hereunder shall be delivered, and, in general, perform all the duties incident to the office of secretary.

Section 4.7. Treasurer. The Treasurer shall (together with the Managing Agent) be responsible for Association funds and securities, keep full and accurate financial records and books of account showing all receipts and disbursements, prepare all required financial data, deposit all monies and other valuable effects in the name of the Association, in such depositories as may from time to time be designated by the Board, and, in general, perform all the duties incident to the office of treasurer.

Section 4.8. Execution of Documents. All agreements, contracts, deeds, leases, checks or other instruments of the Association for expenditures or obligations in excess of one thousand dollars, and all checks drawn upon reserve accounts, shall be executed by two (2) persons designated by the Board of Directors. All such instruments for expenditures or obligations of one thousand dollars or less, except from reserve accounts, may be executed by any one person designated by the Board of Directors.

Section 4.9. Compensation of Officers. No Officer or director shall receive compensation from the Association for acting as such Officer.

ARTICLE V

ANNUAL ASSESSMENTS AND COMMON EXPENSES

Section 5.1. The Association shall have the power to levy assessments, the proceeds of which shall be used exclusively for the purpose of paying common expense which promote the health, enjoyment, safety, and welfare of the residents of the subdivision, and in particular for the improvement and maintenance of properties and facilities devoted to the purpose and related to the use and enjoyment of common areas and of the homes situated within the subdivision including maintenance of roads, signs, and easements.

Section 5.2 Assessments. The provisions regarding assessments are set forth within the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Bias Shores, as recorded in Deed Book _____, Page _____, Dare County Public Registry.

ARTICLE VI

Amendments to Bylaws

Section 6.1. Amendments. These Bylaws may not be modified or amended except by a vote of a majority of the Owners present (in person or by proxy) at a meeting of the Owners at which a quorum is present. All amendments to the Bylaws shall be prepared and recorded by the Secretary.

ARTICLE VII

Miscellaneous

Section 7.1 Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally, sent by electronic communication (e-mail) or by facsimile or sent by U.S. Mail, postage prepaid to an Owner, at the address which the Owner shall designate in writing and file with the Secretary or to the last known address of the Owner if the address has not been filed with the Secretary. Notice to any one of the Owners of a lot, if title to the lot is held by more than one, shall constitute notice to all Owners of a lot.

Section 7.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision hereof.

Section 7.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.