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EXHIBIT E

BY-LAWS
OF
WHISPERING SANDS CONDOMINIUM ASSOCIATION .

TABLE OF CONTENTS

	<u>Page</u>
Preamble	1
Article I	
Section 1. Principal Office	2
Section 2. Registered Office	2
Section 3. Other Offices	2
Article II	
Section 1. Place of Meetings	2
Section 2. Annual Meetings	2
Section 3. Substitute Annual Meeting	3
Section 4. Special Meeting	3
Section 5. Notice of Meetings	3
Section 6. Quorum	4
Section 7. Voting	4
Section 8. Informal Action by Shareholders	5
Article III	
Section 1. General Powers	5
Section 2. Number, Term of Office and Qualifications	5
Section 3. Election of Directors	6
Section 4. Cumulative Voting	6
Section 5. Removal of Directors	6
Section 6. Vacancies	7
Section 7. Compensation of Directors	7
Section 8. Committee	7
Article IV	
Section 1. Regular Meetings	7
Section 2. Special Meetings	7
Section 3. Place of Meetings	8
Section 4. Notice of Meetings	8
Section 5. Quorum and Manner of Acting	8
Section 6. Informal Action by Directors	8
Section 7. Resignation	8
Article V	
Section 1. Number of Officers	9
Section 2. Election, Term of Office and Qualification	9

Section 3. Subordinate Officers and Agents	9
Section 4. Removal	9
Section 5. Resignations	9
Section 6. Vacancies	9
Section 7. President	10
Section 8. Vice-President	10
Section 9. Secretary	10
Section 10. Treasurer	10
Section 11. Duties of Officers may be Delegated	11
Section 12. Salaries of Officers	11

Article VI

Section 1. Contracts	11
Section 2. Loans	11
Section 3. Deposits	12
Section 4. Checks, Drafts, Etc.	12
Section 5. Loans to Directors and Officers	12

Article VII

Section 1. Membership	12
Section 2. Terminating Membership	12
Section 3. Transfer of Membership	13
Section 4. Suspension of Membership	13

Article VIII

Section 1. Management	13
Section 2. Common and Surplus Assessments	14
Section 3. Administrative Regulations	15
Section 4. Receipts and Expenditures	15
Section 5. Assessment Statements	15

Article IX

Section 1. Corporate Seal	16
Section 2. Fiscal Year	16
Section 3. Dividends	16
Section 4. Stock	16
Section 5. Waiver of Notice	16
Section 6. Inspection of Books and Records	16
Section 7. Amendments	16

AMENDED AND RESTATED
BY-LAWS
OF
WHISPERING SANDS CONDOMINIUM ASSOCIATION

PREAMBLE

Section 1. Whispering Sands Condominium Association is a non-profit Corporation organized under the laws of the State of North Carolina.

Section 2. The purpose or purposes for which the Non-Profit Corporation is organized are:

(a) To manage and operate Whispering Sands Condominium, a condominium established, or to be established, by filing the Declaration therefore in the Office of the Register of Deeds of Dare County and to that end:

(i) To make and collect assessments against members to defray the costs, expenses and losses of the Condominium.

(ii) To use the proceeds of assessments in the exercise of its powers and duties.

(iii) To maintain, repair, replace and operate the Condominium property.

(iv) To purchase insurance upon the Condominium property and insurance for the protection of the Association and its members.

(v) To reconstruct improvements after casualty and to further improve the property.

(vi) To make and amend reasonable regulations respecting the use of the property in the Condominium.

(vii) To enforce by legal means the provisions of the Unit Ownership Act, the Declaration, these Articles, the By-Laws of the Association, and the regulations for the use of the Condominium property.

(viii) To contract for the management of the Condominium and to delegate to such manager all powers and duties of the Association except such as are specifically required by the Declaration to have approval of the Board of Directors or the membership of the Association.

(ix) To contract for the management or operation of portions of the common and surplus elements susceptible to separate management or operation, and to lease such portions.

(x) To employ personnel to perform the services required for proper operation of the Condominium.

(b) To perform and do any and all other acts permitted by the Non-Profit Corporation Act of the North Carolina General Statutes, Chapter 55A, necessary or desirable for the conduct and continuation of the management, operation and development of a condominium pursuant to the Unit Ownership Act of the North Carolina General Statutes, Chapter 47A.

Section 3. Definitions. The definitions of terms used in the North Carolina Unit Ownership Act and the Declaration of Unit Ownership of Whispering Sands, as amended, shall be applicable where such terms are used in these By-Laws.

ARTICLE I

OFFICES

Section 1. Principal Office. The principal office of the Corporation shall be located at N. C. Highway 158 By-Pass, P. O. Box 2319, Kitty Hawk, Dare County, North Carolina 27948.

Section 2. Registered Office. The registered office of the Corporation, which by law is required to be maintained in the State of North Carolina, shall be located at 203 Forest Hill Avenue, Rocky Mount, Nash County, North Carolina, 27801 or at such other place within the State of North Carolina as may, from time to time, be fixed and determined by the Board of Directors.

Section 3. Other Offices. The Corporation may have other offices at such places, either within or outside 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

MEETING OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at the place designated in the notice of such meeting, within or outside the State of North Carolina, or if no place is designated in said notice, the meeting shall be held at the principal office of the Corporation.

Section 2. Annual Meetings. The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at two o'clock P.M. on the second Saturday in November in each year, if not a legal holiday, and if a legal holiday, then on the next secular day following.

- Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in the manner provided for the call of a special meeting in accordance with the provisions of Section 4 of this Article II, and a substitute meeting so called shall be designated as and shall be treated, for all purposes, as the annual meeting.
- Section 4. Special Meetings. Special meetings of the members may be called at any time by the President, or any member of the Board of Directors, or by any member pursuant to the written request of the holders of not less than ten percent (10%) of all the undivided interest in the common elements of the Condominium.
- Section 5. Notice of Meetings. Written or printed notice stating the time and place of a meeting of members shall be delivered, personally or by mail, by or at the direction of the President, the Secretary or other person authorized to call such meeting, to each member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days prior to the date of such meeting. If mailed, such notice shall be directed to each member at the address of such member as set forth on the records of the Corporation, except that if any member shall have filed with the Secretary a written request that notices intended for such member be mailed to some other address, then all notices to such member shall be mailed to the address designated in such request. In the event the members of a co-owned unit have appointed a representative in their stead, said notice shall be mailed only to the named representative at his designated address so long as the appointment shall be in effect. The representative, and not the Association, shall thereafter have the obligation to advise, or not, the members he represents of the forthcoming meeting.

A statement of the business to be transacted at an annual or substitute annual meeting of members need not be set forth in the notice of such meeting, except that if any matter is to be considered or acted upon, other than the election of directors, on which the vote of members, is required under the provisions of the North Carolina Non-Profit Corporation Act or Chapter 47A of the North Carolina General Statutes, then a specific statement thereof shall be set forth in such notice.

In the case of a special meeting, the notice shall set forth the nature of the business to be transacted.

If a meeting shall be adjourned for more than thirty (30) days, notice of such adjourned meeting shall be given as in the case of an original meeting, and if the adjournment shall be for less than thirty (30) days, no notice thereof need be given, except that such adjournment shall be announced at the meeting at which the adjournment is taken.

Notice of a meeting need not be given if each member entitled to notice thereof shall, in person, or by attorney or representative thereunto duly authorized, waives notice thereof in writing, either before or after such meeting.

Section 6. Quorum. Except as otherwise provide by statute, or by the Charter of the Corporation or by these By-Laws, the presence in person or by proxy of sufficient members, or their appointed representative, who own not less than fifty percent (50%) of the undivided interest in the common elements of the Condominium shall be necessary to constitute a quorum for the transaction of business.

Section 7. Voting. At each meeting of members, the member or members, or their elected representative, who own one dwelling unit shall have one vote, collectively, in the affairs of the Corporation, and all questions, except as otherwise provided by statute or by the Charter of the Corporation, or by these By-Laws, shall be determined by a majority of the votes so cast by the unit owners, present or represented. When any unit is owned as tenants in common or as tenants by the entirety, said tenants may determine between or among themselves how the vote they are entitled to shall be cast. Provided, the Chairman of a meeting of the Association shall not accept any division of a vote that said owners would otherwise be entitled to cast if said tenants do not agree between or among themselves by at least a two-thirds (2/3) majority on how their vote should be cast.

Whenever the decision of the tenants in common or tenants by the entirety of a co-owned unit is required upon any matter which is the subject of a members meeting before the Association, the Board of Directors of the Association shall be authorized to recognize a duly appointed representative of said tenants. A duly appointed representative of said tenants may be elected upon a two-thirds (2/3) majority interest of the owners of said unit. Any representative so elected shall serve for a term of one year, or until such later time as his successor is elected. Any co-tenant shall have the right to call for an election as among the other co-tenants of a unit to remove an elected representative, at any time, or to fill a vacancy of a resigning representative. Removal of a representative shall require the vote of a majority in interest of the Owners of the Dwelling Unit. Notice of the authority and appointment of the representative shall be given in writing to the Association executed by the tenants of the unit representing a two-thirds (2/3) majority interest. Such notice given the Association shall remain in effect until such time as subsequent notice to the contrary is given in like manner.

Any member entitled to vote may vote by proxy, provided that the instrument authorizing such proxy to act shall have been executed in writing by the member or his duly authorized attorney. No proxy shall be valid after the expiration of eleven (11) months

from the date of its execution, unless the person executing it shall have specified therein the length of time it is to continue in force or limits its use to a particular meeting, and in any event, no proxy shall be valid after ten (10) years from the date of its execution. Each instrument designating a proxy shall be exhibited to the Secretary of the Meeting and shall be filed with the records of the Corporation.

Until such time as the earliest to occur of (i) the expiration of seven (7) years after the date of the recording of the Declaration, (ii) the date on which Dwelling Units equal to three-fourths (3/4) of the maximum developable units (as defined in the Declaration) have been completed and conveyed by the Developer, (iii) the date of the conveyance by the Developer of seventy-five percent (75%) of the development area, or (iv) the surrender by the Developer of the authority to appoint and remove members of the Board of Directors and officers, the Developer shall be deemed to be a member and shall be entitled three (3) votes per unit for each of the maximum developable units or portions thereof not yet completed or sold for all matters requiring general membership vote before the Association. Thereafter, the Developer shall be entitled to vote as a member in the same manner as a member to the extent of any interest it may own in a completed and unsold Dwelling Unit.

- Section 8. Informal Action by Members. Any action which may be taken by the members at a meeting thereof may be taken without a meeting if consent in writing, setting forth the action taken, shall be signed by all of the persons, or their authorized representatives, who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Corporation and shall be filed in the corporate minute book in like manner as minutes of a meeting. Any such consent shall have the same force and effect as a unanimous vote of the members, or their representatives.

ARTICLE III

BOARD OF DIRECTORS

- Section 1. General Powers. The property, affairs and business of the Corporation shall be managed by the Board of Directors.
- Section 2. Number, Term of Office and Qualifications. The number of Directors constituting the Board of Directors shall be three (3). Each director shall continue in office until the annual meeting of members held next after his election and until his successor shall have been elected and qualified, or until his death, or until he shall resign, or shall have become disqualified, or shall have been removed in the manner hereinafter provided.

The Developer shall have control of and the right to appoint and remove the Board of Directors thereof, or any officer or officers until the earliest to occur of (i) the expiration of seven (7) years after the date of the recording of the Declaration, (ii) the date on which Dwelling units equal to three-fourths (3/4) of the maximum developable units (as defined in the Declaration) have been completed and conveyed by the Developer, (iii) the date of conveyance by the Developer of seventy-five percent (75%) of the development area, or (iv) the surrender by the Developer of the authority to appoint or remove members of the Board of Directors and officers, by an express amendment to the Declaration and these By-Laws executed and recorded by the Developer.

Directors need not be residents of the State of North Carolina or members of the Corporation.

Section 3. Election of Directors. Subject to the right of the Developer in Section 2 of this Article, and except as provided in Section 6 of this Article III, the directors shall be elected at the annual meetings of members and the persons who shall receive a plurality of votes cast on a single ballot that includes the names of all the nominees for directors shall be the elected directors. If prior to voting for the election of directors, demand therefor shall be made by or on behalf of any members entitled to vote at such meeting, the election of directors shall be by ballot.

Section 4. Cumulative Voting. Every member entitled to vote at an election of directors shall have the right to vote one vote for as many persons as there are directors to be elected for whose election such member has a right to vote, or to cumulate such vote by giving one candidate as many votes as shall be equal to the number of such directors, or by distributing such votes on the same principal among any number of such candidates.

This right of cumulative voting shall not be exercised unless some member or proxy holder announces in open meeting, before the voting for the directors starts, such member's intention to so vote cumulatively, and if such announcement is made, the chair shall declare that all shares entitled to vote have the right to vote cumulatively and shall thereupon grant a recess of not less than one (1) nor more than four (4) hours, as he shall determine, or of such other period of time as is unanimously then agreed upon.

Section 5. Removal of Directors. The Board of Directors or any individual director elected may be removed from office, with or without cause, by a vote of members owning a majority of the percentages of the members' undivided interest in the common elements entitled to vote at an directors provided, however, that, except in the event the entire board shall be removed, a particular director may not be removed if the members voting against the removal would be sufficient to elect a director if such members voted cumulatively at an annual election. If any or all directors are so removed, new directors may be elected at the same meeting.

If the authorized number of directors shall be increased as permitted by these By-laws, no incumbent director shall have his term then in effect shortened.

- Section 6. Vacancies. A vacancy in the Board of Directors shall be filled only by election at an annual meeting of members or at a special meeting of members. In the event the members shall not elect a successor within ninety (90) days of the vacancy, a successor director may be elected by the majority of the remaining directors. Said successor shall serve in the interim until such time as the members shall elect a successor at an annual meeting.
- Section 7. Compensation of Directors. The Board of Directors may not cause the Corporation to compensate directors for their services as directors, but it may provide for the payment by the Corporation of all expenses incurred by directors in attending regular and special meetings of the Board.
- Section 8. Committee. The Board of Directors may, by the vote of a majority of the directors in office, designate one or more committees, each of which shall consist of two or more directors, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation, but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual director of any responsibility or liability imposed upon it or him by law.

A committee appointed pursuant to this Section 8 shall have no authority as to: the dissolution, merger or consolidation of the Corporation, the amendment of the Charter of the Corporation, the sale, lease or exchange of all or substantially all of the property of the Corporation, the designation of any such committee, the filling of vacancies on the Board of Directors or on any such committee, the amendment or repeal of the By-Laws, the adoption of new By-Laws or the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

ARTICLE IV

MEETINGS OF DIRECTORS

- Section 1. Regular Meetings. A regular annual meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of members. In addition, the Board of Directors may provide by resolution for the holding of additional regular meetings.
- Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President, Vice-President or any director.

- Section 3. Place of Meetings. All meetings of the Board of Directors shall be held at the principal office of the Corporation, except that such meetings may be held at such other place, within or outside the State of North Carolina, as may be designated in Dare County as specified in the notice of such meeting, or as may be otherwise agreed upon in advance of the meeting by a majority of the directors.
- Section 4. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice.
- Special meetings shall be called on not less than three (3) days prior notice. Notice of a special meeting need not state the purpose thereof and such notice shall be directed to each director at his residence or usual place of business by mail, cable, telegram or may be delivered personally. The presence of a director at a meeting shall constitute a waiver of notice of that meeting except only when such director attends the meeting solely for the purpose of objecting to the transaction of any business thereat, on the ground that the meeting has not been lawfully called, and does not otherwise participate in such meeting.
- Section 5. Quorum and Manner of Acting. A majority of the number of directors then in office shall constitute a quorum for the transaction of any business at any meeting of the Board of Directors.
- Except as otherwise expressly provided in this Section, the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.
- The vote of a majority of the number of directors holding office shall be required to adopt a resolution appointing a committee pursuant to Section 8 of Article III of these By-Laws, and the vote of a two-thirds (2/3) majority of the directors then holding office shall be required to adopt, amend or repeal a By-Law.
- Section 6. Informal Action of Directors. Action taken by a majority of the directors without a meeting shall constitute Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.
- Section 7. Resignation. Any director may resign at any time by giving written notice to the President or Secretary of the Corporation. Such resignation shall take effect at the time specified therein, or if no time is specified therein, at the time such resignation is received by the President or Secretary of the Corporation unless it shall be necessary to accept such resignation before it becomes effective, in which event, the resignation shall take effect upon its acceptance by the Board of Directors. Unless otherwise specified therein, the acceptance of any such resignation shall not be necessary to make it effective.

ARTICLE V

OFFICERS

- Section 1. Number of Officers. The officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any two offices, or more, may be held by one person, except the offices of President and Secretary, but no officer shall sign or execute any document in more than one capacity.
- Section 2. Election, Term of Office and Qualifications. Each officer, except such officers as may be appointed in accordance with the provisions of Section 3 of this Article V, shall be chosen by the Board of Directors and shall hold office until the later of (i) the annual meeting of the Board of Directors held next after his election and (ii) the date his successor shall have been duly chosen and qualified, or until his death, or until he shall resign, or shall have been disqualified, or shall have been removed from office.
- Section 3. Subordinate Officers and Agents. The Board of Directors from time to time may appoint other officers or agents, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may delegate to any officer or agent the power to appoint any subordinate officers or agent and to prescribe his respective authority and duties.
- Section 4. Removal. Any officer elected or appointed may be removed by the persons authorized to elect or appoint such officer whenever in their judgment the best interest of the Corporation will be served thereby. The removal of any person from office shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.
- Section 5. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or the Secretary of the Corporation, or if he was appointed by an officer or agent in accordance with Section 3 of this Article V, by giving written notice to the officer or agent who appointed him.. Any such resignation shall take effect upon its being accepted by the Board of Directors or by the officer or agent appointing the person so resigning.
- Section 6. Vacancies. A vacancy in any office because of death, resignation, removal or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these By-Laws for regular appointments or elections to such offices.

- Section 7. President. The President shall be the chief executive officer of the Corporation, and, subject to the instructions of the Board of Directors, shall have general charge of the business, affairs and property of the Corporation and control over its other officers, agents and employees. He shall preside at all meetings of the members and of the Board of Directors at which he may be present. He shall sign, with the Secretary, any deeds or mortgages executed on behalf of the Corporation except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. The President shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.
- Section 8. Vice-President. At the request of the President, or in his absence or disability, the Vice-President and if there be more than one Vice-President, the Vice-President designated by the Board of Directors, or in the absence of such designation, the Vice-President designated by the President, shall perform all the duties of the President and when so acting shall have all the powers and be subject to all the restrictions upon the President. The Vice-Presidents shall perform such other duties and have such authority as from time to time may be assigned to them by the Board of Directors.
- Section 9. Secretary. The Secretary shall keep the minutes of the meetings of members and of the Board of Directors, and shall see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law. He shall be custodian of the records, books, reports, statements and other documents of the Corporation and of the seal of the Corporation, and see that the seal is affixed to all documents requiring such seal. He shall keep at the Corporation's registered office or its principal office in the State of North Carolina a record of the names and addresses of all the members entitled to vote. In general, he shall perform all duties and possess all authority incident to the office of Secretary, and he shall perform such duties and have such other authority as from time to time may be assigned to him by the Board of Directors.
- Section 10. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the Corporation. He shall keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose, and he shall cause a true statement of its assets and liabilities, as of the close of each fiscal year, and of the results of its operations for such fiscal year, all in reasonable detail, to be made and filed at the registered or principal office of the Corporation within four (4) months after the end of such fiscal year. The statement so filed shall be kept available for inspection by any member for a period of ten (10) years and the Treasurer shall mail or otherwise deliver a copy of the latest statement to any member upon

his written request for the same. He shall in general perform all duties and shall have all authority incident to the office of Treasurer and shall perform such other duties and have such other authority as from time to time may be assigned or granted to him by the Board of Directors. He may be required to give a bond for the faithful performance of his duties in such form and amount as the Board of Directors may determine.

- Section 11. Duties of Officers may be Delegated. In case of the absence of any officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being, provided a majority of the entire Board of Directors concurs therein.
- Section 12. Salaries of Officers. No officer of the Corporation shall be prevented from receiving a salary as such officer or from voting thereon by reason of the fact that he is also a director of the Corporation. The salaries of the officers of the Corporation, including such officers as may be directors of the Corporation, shall be fixed from time to time by the Board of Directors, except that the Board of Directors may delegate to any officer who has been given power to appoint subordinate officers or agents, as provided in Section 3 of this Article V, the authority to fix the salaries or other compensation of any such officers or agents appointed by him.

ARTICLE VI

CONTRACTS, LOAN, DEPOSITS, CHECKS, DRAFTS, ETC.

- Section 1. Contracts. Except as otherwise provided in these By-Laws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or to execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.
- Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name, unless and except as authorized by the Board of Directors. Any officer or agent of the Corporation thereunto so authorized may effect loans or advances for the Corporation and for such loans and advances may make, execute and deliver promissory notes, bonds or other evidences of indebtedness of the Corporation. Any such officer or agent, when thereunto so authorized, may mortgage, pledge, hypothecate or transfer as security for the payment of any and all loans, evidences of indebtedness and liabilities of the Corporation any real property, including surplus property, and all stocks, bonds, other securities and other personal property at any time held by the Corporation, and to that end may endorse, assign and deliver the same, and do every act and thing necessary or proper in connection therewith. Such authority may be general or confined to specific instances.

- Section 3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as the Board of Directors may select, or as may be selected by any officer or officers, agent or agents of the Corporation to whom such power may from time to time be given by the Board of Directors.
- Section 4. Checks, Drafts, Etc. All notes, drafts, acceptances, checks and endorsement or other evidences of indebtedness shall be signed by the President or a Vice-President and by the Secretary or Treasurer, or in such other manner as the Board of Directors from time to time may determine. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositories will be made by the President or Treasurer or by any officer or agent who may be designated by resolution of the Board of Directors in such manner as such resolution may provide.
- Section 5. Loans to Directors and Officers. No loan shall be made by the Corporation to any of its directors or officers. The directors who vote or assent to the making of such loans, shall be jointly and severally liable to the Corporation for the amount of such loan until the repayment thereof.

ARTICLE VII

MEMBERSHIP IN THE CORPORATION

- Section 1. Membership. The members of the Corporation shall consist of all the record owners of dwelling units in the Condominium known as Whispering Sands located in Nags Head, Dare County, North Carolina, a Declaration of which has been recorded in the Dare County Public Registry, which membership shall also include the Developer so long as it owns any unit in the Condominium. A person, firm, corporation, or entity capable of holding title to real estate in North Carolina automatically becomes a member of the Corporation upon a deed of conveyance conveying one or a portion of one of the dwelling units in Whispering Sands Condominium to such person, firm, corporation or entity being recorded in the Register of Deeds Office of Dare County, or upon the probate of the will of a deceased owner, the devisee named therein becomes a member, or upon the death of an owner intestate, his heirs at law automatically become members. The holder of legal title of any dwelling unit pursuant to any mortgage, deed of trust or other security agreement shall not be considered a member of the Corporation.
- Section 2. Terminating Membership. A member's membership in the Corporation is automatically terminated upon his death or upon the record title to his interest in his dwelling unit being transferred out of him in any manner, whether by a voluntary conveyance, a foreclosure for taxes due any governmental authority or foreclosure of a mortgage or deed of trust, or by execution against the real property to satisfy any lien of judgment. If the property of

Whispering Sands Condominium is removed from the Unit Ownership Act, North Carolina General Statutes, Chapter 47A, the Corporation shall automatically be dissolved and all memberships shall be terminated. Any assets of the Corporation remaining after the satisfaction of all liabilities of the Corporation shall be pro-rated among those members of the Corporation on the date the Condominium was removed from the Unit Ownership Act in the same percentages as the percentages of each member's undivided interest in the common elements of the Condominium bears to the total common elements of the Condominium.

Section 3. Transfer of Membership. Each membership in the Corporation shall be appurtenant to the ownership of a dwelling unit in Whispering Sands Condominium and no membership shall be transferred or assigned except upon the transfer of the record title to the dwelling unit itself.

Section 4. Suspension of Membership. The Board of Directors shall have the authority to suspend a member's rights of membership, which in effect shall deny that member the right to vote on any matter requiring a membership vote and further shall deny that member the right to the use of any of the recreational facilities of the surplus elements, if that member is in default in the payment of any assessment for common or surplus expenses levied by the Corporation, and said suspension shall remain in effect until such assessment has been paid. The Board of Directors further shall have the authority to suspend a member's membership, after due notice and hearing, for any violation of any rule or regulation established by the Declaration of Whispering Sands Condominium, these By-Laws or by the Board of Directors governing the use of the common and surplus elements and facilities, and said suspension shall remain in effect until said violation has been corrected, terminated or satisfied.

ARTICLE VIII

ADMINISTRATION OF THE CONDOMINIUM

Section 1. Management. The management of the Condominium shall be the responsibility of the Board of Directors pursuant to the general powers vested in said Board in Section 1 of Article III above. The Board of Directors shall be responsible for contracting with various individuals, firms and corporations, including the Developer, whether one or more, for the maintenance and operation of all the common elements of the Condominium, said contracts, except as herein set forth, to include a right of termination without penalty upon 90 days notice. The Board of Directors shall have authority to revise, alter or terminate all contracts, agreements, or dismiss any personnel, wherein the service to be performed is unsatisfactory or undesirable, or is not of the caliber of that contracted. The Board of Directors shall direct the Treasurer to pay all routine maintenance costs anticipated and set out in the

annual operating budget and also to pay for all services contracted for by the Board of Directors pursuant to the terms of any and all such contracts. All other expenditures shall be made only after the written consent has been obtained from a majority of the Board of Directors then in office. The Treasurer shall file such written consents with the books of the Corporation.

No contract shall be entered into by the Board of Directors regarding the management of any time share program involving the Condominium which shall exceed one year in duration, but said contract may be renewable from year to year.

During such time as the Developer shall have the reserved right to control and appoint the Board of Directors (as set forth in Section 2 of Article III herein), the Developer in order to assure proper maintenance during the development of the Condominium, by contract and agreement with the Association, shall reserve the right to be or select the entity or firm that will be employed for the maintenance of the common elements of the Condominium. The fees and charges for such maintenance shall be reasonable and comparable with the costs that would otherwise be charged by local persons, firms or other entities for the same or similar services. After such time as the transfer of the control of the Board of Directors, or an earlier delinquishment thereof, the aforementioned maintenance contract shall be let by the Association provided that by its term: it shall not exceed one year in duration, but may be automatically renewable unless terminated ninety days prior to the end of the contract; and said contract shall provide that it may be terminated at any time without cause or penalty upon ninety (90) days written notice.

Section 2. Common and Surplus Assessments. All dwelling owners shall pay their share of the common and surplus expenses according to the Declaration as determined by the budget which shall be adopted at each annual meeting of the members, or subsequently amended by any special meeting of the members, in monthly, quarterly, semi-annual or annual payments, said payments to be made in advance of the first day of the period for which said payment is made. The Developer shall pay its full share of common and surplus expenses for each completed and constructed dwelling unit it owns until legal title is transferred to a subsequent purchaser. "Completed and constructed" shall mean when a certificate of occupancy is issued by an appropriate government authority.

The Board of Directors shall, prior to the annual meeting of the members, prepare and adopt a budget for for the ensuing year showing anticipated receipts and disbursements for said year to be recommended to the membership for its adoption at its annual meeting. A copy of the proposed budget, indicating each unit owner's proposed assessment, shall be sent to each unit owner of each respective phase with the notice of the annual meeting.

The Board of Directors of the Association shall have the sole authority, without consent of the members, to prepare and adopt a budget for the surplus property, and assess the expenses thereof as determined by and in accordance with the Declaration.

The budget shall contain provisions for a reserve fund sufficient to meet the anticipated replacement of real and personal property, fixtures and equipment and other common elements that will be replaced due to ordinary wear and tear.

The Board of Directors may authorize a unit owner to pay his common and surplus assessment to a mortgagee of a first lien mortgage upon the condition that said mortgagee agrees to transfer over to the Association's Treasurer all such assessments so collected by it by the 20th day of each month. Any payments made pursuant to such authorization shall in no way affect the Association's right to a lien for unpaid common and surplus assessments as provided in the Declaration for any sums not aptly furnished the Association's Treasurer.

- Section 3. Administrative Regulations. The Board of Directors shall have the power and authority to adopt and amend administrative rules and regulations governing the details of the operation and use of the common and surplus areas and facilities and governing the personal conduct of the members and their guests or lessees thereon, and such rules and regulations shall remain in force and effect until rescinded or amended by the Board of Directors, or until repealed or altered by the members as hereinafter provided.
- Section 4. Receipts and Expenditures. The Board of Directors shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common and surplus elements, specifying and identifying the maintenance and repair expenses of the common and surplus elements and any other expenses incurred within the Condominium. Both said book and the vouchers accrediting the entries thereupon shall be available for examination by all Dwelling Owners, their duly authorized agents or attorneys and first mortgagees, at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good and accepted accounting practices.
- Section 5. Assessment Statements. The Board of Directors, upon request of a grantee of a dwelling unit, shall furnish said grantee a statement of the unpaid assessments against said grantee's grantor, and such grantee shall not be liable for, nor shall the unit conveyed to said grantee be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. The Board of Directors, upon request of a first mortgagee, shall furnish said mortgagee written notification of any default by said mortgagee's dwelling owner in the performance of such dwelling owner's obligation under the Unit Ownership Act, the Declaration and these By-Laws which is not cured within thirty (30) days.

ARTICLE IX

GENERAL PROVISIONS

- Section 1. Corporate Seal. The corporate seal shall be in such form as shall be approved from time to time by the Board of Directors.
- Section 2. Fiscal Year. The fiscal year of the corporation shall be established by resolution of the Board of Directors.
- Section 3. Dividends. No dividend shall be paid and no part of the income of the Corporation shall be distributed to the members, directors or officers.
- Section 4. Stock. The Corporation shall not have nor shall it issue shares of stock.
- Section 5. Waiver of Notice. Whenever any notice is required to be given to any member or director under the provisions of the North Carolina Non-Profit Corporation Act, or under the provisions of the Charter or By-Laws of this Corporation, a waiver thereof in writing signed by the person or person entitled to such notice whether before or after the time stated therein, shall be equivalent to the giving of such notice.
- Section 6. Inspection of Books and Records. Any member, his agent or attorney has the right to inspect all the books and records of this Corporation for any reasonable purpose at any reasonable time.
- Section 7. Amendments. Except as otherwise herein provided, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of those persons representing not less than $66 \frac{2}{3}\%$ of the undivided interest in the common elements present in person or proxy at a regular or special meeting of the members and by not less than two-thirds ($\frac{2}{3}$) of the members of the Board of Directors then in office. All members of the Corporation shall be bound by any amendment enacted as herein specified when the same is duly passed and set forth in an amended declaration, but said amendment shall not become operative until duly recorded in the Office of the Dare County Register of Deeds.

EXHIBIT F

DEVELOPMENT OF PLANS AND DESCRIPTION OF UNITS

Phase 1, Whispering Sands

(1) The proposed improvements on Phase 1, Whispering Sands are to be constructed by a Developer substantially in accordance with the plans therefore, which are attached as Exhibits F-1 through F-4 of this Declaration. The improvements consist of four adjoining two-story Dwelling Units of frame and concrete block construction (designated as Units 1, 2, 3, and 4 of Phase 1, Whispering Sands, on the aforementioned Exhibit F-2). The Dwelling Units are covered with cedar shingles on the front and rear. The exposed exterior side block wall is covered with a stucco finish. There is an entrance stairs under the first floor and an open deck on the first and second floors on the rear of the Dwelling Unit. Each of the attached Dwelling Units are separated by a common block wall along a portion of each Dwelling. Each Dwelling is built over an open space with the floor joist system being supported by concrete block and footings. Phase 1, Whispering Sands also includes landscaping, automobile parking areas and ingress and egress to streets.

(2) Each Dwelling Unit contains two bedrooms. Each unit located on Phase 1, Whispering Sands, is built from the same typical floor plan, containing approximately 1350 square feet (measured by outside walls) and consisting of the following (i) first floor - master bedroom with adjoining deck, master bath, bathing pool, second bedroom with adjoining bath, utility closet, and linen closet, and (ii) second floor - kitchen/dining room with bay window, great room with fireplace connected to outside deck, and powder room.

(3) The lower vertical boundary of each dwelling is a horizontal plane (or planes) the elevation of which coincides with the unfinished surface of the lowermost floors and the upper vertical boundary is a horizontal plane (or planes) the elevation of which coincides with the unfinished surface of the uppermost ceilings. The lateral boundaries of each dwelling are the vertical plane (or planes) the location of which coincides with the unfinished surface of the interior perimeter walls, including the windows and doors. Details of said floor plans are incorporated herein by reference to Exhibits F-1 through F-4 of this Declaration.

(4) All air conditioning and heating units, hot water heaters, and septic tanks, whether located inside or outside of the dwelling (including in limited common areas) which serve one dwelling unit exclusively shall be deemed part of the Dwelling Unit.

ATLANTIC OCEAN

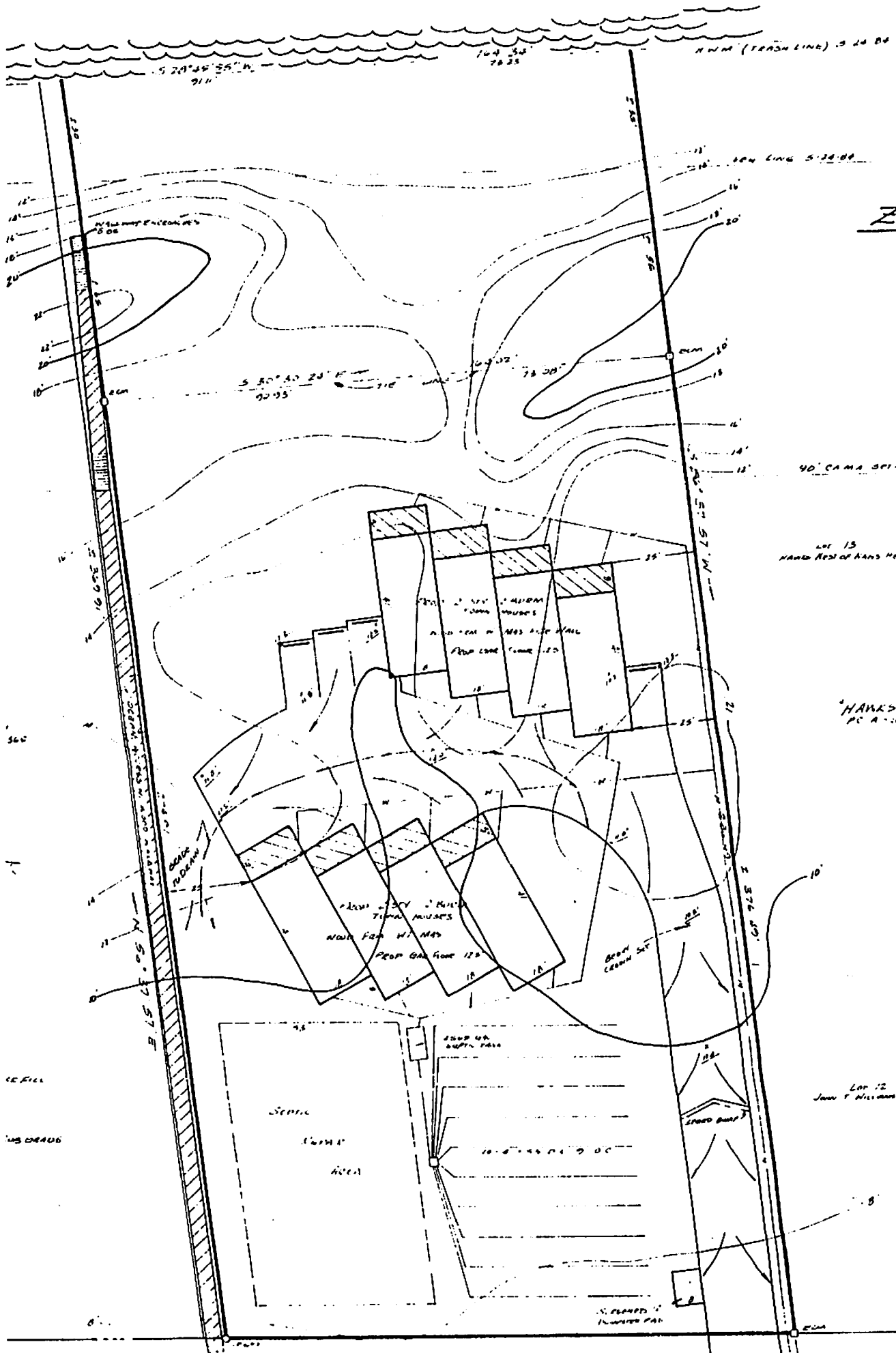


EXHIBIT E

BY-LAWS
OF
WHISPERING SANDS CONDOMINIUM ASSOCIATION

TABLE OF CONTENTS

	<u>Page</u>
Preamble	1
Article I	
Section 1. Principal Office	2
Section 2. Registered Office	2
Section 3. Other Offices	2
Article II	
Section 1. Place of Meetings	2
Section 2. Annual Meetings	2
Section 3. Substitute Annual Meeting	3
Section 4. Special Meeting	3
Section 5. Notice of Meetings	3
Section 6. Quorum	4
Section 7. Voting	4
Section 8. Informal Action by Shareholders	5
Article III	
Section 1. General Powers	5
Section 2. Number, Term of Office and Qualifications	5
Section 3. Election of Directors	6
Section 4. Cumulative Voting	6
Section 5. Removal of Directors	6
Section 6. Vacancies	7
Section 7. Compensation of Directors	7
Section 8. Committee	7
Article IV	
Section 1. Regular Meetings	7
Section 2. Special Meetings	7
Section 3. Place of Meetings	8
Section 4. Notice of Meetings	8
Section 5. Quorum and Manner of Acting	8
Section 6. Informal Action by Directors	8
Section 7. Resignation	8
Article V	
Section 1. Number of Officers	9
Section 2. Election, Term of Office and Qualification	9

Section 3. Subordinate Officers and Agents	9
Section 4. Removal	9
Section 5. Resignations	9
Section 6. Vacancies	9
Section 7. President	10
Section 8. Vice-President	10
Section 9. Secretary	10
Section 10. Treasurer	10
Section 11. Duties of Officers may be Delegated	11
Section 12. Salaries of Officers	11
 Article VI	
Section 1. Contracts	11
Section 2. Loans	11
Section 3. Deposits	12
Section 4. Checks, Drafts, Etc.	12
Section 5. Loans to Directors and Officers	12
 Article VII	
Section 1. Membership	12
Section 2. Terminating Membership	12
Section 3. Transfer of Membership	13
Section 4. Suspension of Membership	13
 Article VIII	
Section 1. Management	13
Section 2. Common and Surplus Assessments	14
Section 3. Administrative Regulations	15
Section 4. Receipts and Expenditures	15
Section 5. Assessment Statements	15
 Article IX	
Section 1. Corporate Seal	16
Section 2. Fiscal Year	16
Section 3. Dividends	16
Section 4. Stock	16
Section 5. Waiver of Notice	16
Section 6. Inspection of Books and Records	16
Section 7. Amendments	16

AMENDED AND RESTATED
BY-LAWS
OF
WHISPERING SANDS CONDOMINIUM ASSOCIATION

PREAMBLE

Section 1. Whispering Sands Condominium Association is a non-profit Corporation organized under the laws of the State of North Carolina.

Section 2. The purpose or purposes for which the Non-Profit Corporation is organized are:

(a) To manage and operate Whispering Sands Condominium, a condominium established, or to be established, by filing the Declaration therefore in the Office of the Register of Deeds of Dare County and to that end:

(i) To make and collect assessments against members to defray the costs, expenses and losses of the Condominium.

(ii) To use the proceeds of assessments in the exercise of its powers and duties.

(iii) To maintain, repair, replace and operate the Condominium property.

(iv) To purchase insurance upon the Condominium property and insurance for the protection of the Association and its members.

(v) To reconstruct improvements after casualty and to further improve the property.

(vi) To make and amend reasonable regulations respecting the use of the property in the Condominium.

(vii) To enforce by legal means the provisions of the Unit Ownership Act, the Declaration, these Articles, the By-Laws of the Association, and the regulations for the use of the Condominium property.

(viii) To contract for the management of the Condominium and to delegate to such manager all powers and duties of the Association except such as are specifically required by the Declaration to have approval of the Board of Directors or the membership of the Association.

(ix) To contract for the management or operation of portions of the common and surplus elements susceptible to separate management or operation, and to lease such portions.

(x) To employ personnel to perform the services required for proper operation of the Condominium.

(b) To perform and do any and all other acts permitted by the Non-Profit Corporation Act of the North Carolina General Statutes, Chapter 55A, necessary or desirable for the conduct and continuation of the management, operation and development of a condominium pursuant to the Unit Ownership Act of the North Carolina General Statutes, Chapter 47A.

Section 3. Definitions. The definitions of terms used in the North Carolina Unit Ownership Act and the Declaration of Unit Ownership of Whispering Sands, as amended, shall be applicable where such terms are used in these By-Laws.

ARTICLE I

OFFICES

Section 1. Principal Office. The principal office of the Corporation shall be located at N. C. Highway 158 By-Pass, P. O. Box 2319, Kitty Hawk, Dare County, North Carolina 27948.

Section 2. Registered Office. The registered office of the Corporation, which by law is required to be maintained in the State of North Carolina, shall be located at 203 Forest Hill Avenue, Rocky Mount, Nash County, North Carolina, 27801 or at such other place within the State of North Carolina as may, from time to time, be fixed and determined by the Board of Directors.

Section 3. Other Offices. The Corporation may have other offices at such places, either within or outside 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

MEETING OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at the place designated in the notice of such meeting, within or outside the State of North Carolina, or if no place is designated in said notice, the meeting shall be held at the principal office of the Corporation.

Section 2. Annual Meetings. The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at two o'clock P.M. on the second Saturday in November in each year, if not a legal holiday, and if a legal holiday, then on the next secular day following.

- Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in the manner provided for the call of a special meeting in accordance with the provisions of Section 4 of this Article II, and a substitute meeting so called shall be designated as and shall be treated, for all purposes, as the annual meeting.
- Section 4. Special Meetings. Special meetings of the members may be called at any time by the President, or any member of the Board of Directors, or by any member pursuant to the written request of the holders of not less than ten percent (10%) of all the undivided interest in the common elements of the Condominium.
- Section 5. Notice of Meetings. Written or printed notice stating the time and place of a meeting of members shall be delivered, personally or by mail, by or at the direction of the President, the Secretary or other person authorized to call such meeting, to each member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days prior to the date of such meeting. If mailed, such notice shall be directed to each member at the address of such member as set forth on the records of the Corporation, except that if any member shall have filed with the Secretary a written request that notices intended for such member be mailed to some other address, then all notices to such member shall be mailed to the address designated in such request. In the event the members of a co-owned unit have appointed a representative in their stead, said notice shall be mailed only to the named representative at his designated address so long as the appointment shall be in effect. The representative, and not the Association, shall thereafter have the obligation to advise, or not, the members he represents of the forthcoming meeting.

A statement of the business to be transacted at an annual or substitute annual meeting of members need not be set forth in the notice of such meeting, except that if any matter is to be considered or acted upon, other than the election of directors, on which the vote of members, is required under the provisions of the North Carolina Non-Profit Corporation Act or Chapter 47A of the North Carolina General Statutes, then a specific statement thereof shall be set forth in such notice.

In the case of a special meeting, the notice shall set forth the nature of the business to be transacted.

If a meeting shall be adjourned for more than thirty (30) days, notice of such adjourned meeting shall be given as in the case of an original meeting, and if the adjournment shall be for less than thirty (30) days, no notice thereof need be given, except that such adjournment shall be announced at the meeting at which the adjournment is taken.

Notice of a meeting need not be given if each member entitled to notice thereof shall, in person, or by attorney or representative thereunto duly authorized, waives notice thereof in writing, either before or after such meeting.

Section 6. Quorum. Except as otherwise provide by statute, or by the Charter of the Corporation or by these By-Laws, the presence in person or by proxy of sufficient members, or their appointed representative, who own not less than fifty percent (50%) of the undivided interest in the common elements of the Condominium shall be necessary to constitute a quorum for the transaction of business.

Section 7. Voting. At each meeting of members, the member or members, or their elected representative, who own one dwelling unit shall have one vote, collectively, in the affairs of the Corporation, and all questions, except as otherwise provided by statute or by the Charter of the Corporation, or by these By-Laws, shall be determined by a majority of the votes so cast by the unit owners, present or represented. When any unit is owned as tenants in common or as tenants by the entirety, said tenants may determine between or among themselves how the vote they are entitled to shall be cast. Provided, the Chairman of a meeting of the Association shall not accept any division of a vote that said owners would otherwise be entitled to cast if said tenants do not agree between or among themselves by at least a two-thirds (2/3) majority on how their vote should be cast.

Whenever the decision of the tenants in common or tenants by the entirety of a co-owned unit is required upon any matter which is the subject of a members meeting before the Association, the Board of Directors of the Association shall be authorized to recognize a duly appointed representative of said tenants. A duly appointed representative of said tenants may be elected upon a two-thirds (2/3) majority interest of the owners of said unit. Any representative so elected shall serve for a term of one year, or until such later time as his successor is elected. Any co-tenant shall have the right to call for an election as among the other co-tenants of a unit to remove an elected representative, at any time, or to fill a vacancy of a resigning representative. Removal of a representative shall require the vote of a majority in interest of the Owners of the Dwelling Unit. Notice of the authority and appointment of the representative shall be given in writing to the Association executed by the tenants of the unit representing a two-thirds (2/3) majority interest. Such notice given the Association shall remain in effect until such time as subsequent notice to the contrary is given in like manner.

Any member entitled to vote may vote by proxy, provided that the instrument authorizing such proxy to act shall have been executed in writing by the member or his duly authorized attorney. No proxy shall be valid after the expiration of eleven (11) months

from the date of its execution, unless the person executing it shall have specified therein the length of time it is to continue in force or limits its use to a particular meeting, and in any event, no proxy shall be valid after ten (10) years from the date of its execution. Each instrument designating a proxy shall be exhibited to the Secretary of the Meeting and shall be filed with the records of the Corporation.

Until such time as the earliest to occur of (i) the expiration of seven (7) years after the date of the recording of the Declaration, (ii) the date on which Dwelling Units equal to three-fourths (3/4) of the maximum developable units (as defined in the Declaration) have been completed and conveyed by the Developer, (iii) the date of the conveyance by the Developer of seventy-five percent (75%) of the development area, or (iv) the surrender by the Developer of the authority to appoint and remove members of the Board of Directors and officers, the Developer shall be deemed to be a member and shall be entitled three (3) votes per unit for each of the maximum developable units or portions thereof not yet completed or sold for all matters requiring general membership vote before the Association. Thereafter, the Developer shall be entitled to vote as a member in the same manner as a member to the extent of any interest it may own in a completed and unsold Dwelling Unit.

- Section 8. Informal Action by Members. Any action which may be taken by the members at a meeting thereof may be taken without a meeting if consent in writing, setting forth the action taken, shall be signed by all of the persons, or their authorized representatives, who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Corporation and shall be filed in the corporate minute book in like manner as minutes of a meeting. Any such consent shall have the same force and effect as a unanimous vote of the members, or their representatives.

ARTICLE III

BOARD OF DIRECTORS

- Section 1. General Powers. The property, affairs and business of the Corporation shall be managed by the Board of Directors.
- Section 2. Number, Term of Office and Qualifications. The number of Directors constituting the Board of Directors shall be three (3). Each director shall continue in office until the annual meeting of members held next after his election and until his successor shall have been elected and qualified, or until his death, or until he shall resign, or shall have become disqualified, or shall have been removed in the manner hereinafter provided.

The Developer shall have control of and the right to appoint and remove the Board of Directors thereof, or any officer or officers until the earliest to occur of (i) the expiration of seven (7) years after the date of the recording of the Declaration, (ii) the date on which Dwelling units equal to three-fourths (3/4) of the maximum developable units (as defined in the Declaration) have been completed and conveyed by the Developer, (iii) the date of conveyance by the Developer of seventy-five percent (75%) of the development area, or (iv) the surrender by the Developer of the authority to appoint or remove members of the Board of Directors and officers, by an express amendment to the Declaration and these By-Laws executed and recorded by the Developer.

Directors need not be residents of the State of North Carolina or members of the Corporation.

Section 3. Election of Directors. Subject to the right of the Developer in Section 2 of this Article, and except as provided in Section 6 of this Article III, the directors shall be elected at the annual meetings of members and the persons who shall receive a plurality of votes cast on a single ballot that includes the names of all the nominees for directors shall be the elected directors. If prior to voting for the election of directors, demand therefor shall be made by or on behalf of any members entitled to vote at such meeting, the election of directors shall be by ballot.

Section 4. Cumulative Voting. Every member entitled to vote at an election of directors shall have the right to vote one vote for as many persons as there are directors to be elected for whose election such member has a right to vote, or to cumulate such vote by giving one candidate as many votes as shall be equal to the number of such directors, or by distributing such votes on the same principal among any number of such candidates.

This right of cumulative voting shall not be exercised unless some member or proxy holder announces in open meeting, before the voting for the directors starts, such member's intention to so vote cumulatively, and if such announcement is made, the chair shall declare that all shares entitled to vote have the right to vote cumulatively and shall thereupon grant a recess of not less than one (1) nor more than four (4) hours, as he shall determine, or of such other period of time as is unanimously then agreed upon.

Section 5. Removal of Directors. The Board of Directors or any individual director elected may be removed from office, with or without cause, by a vote of members owning a majority of the percentages of the members' undivided interest in the common elements entitled to vote at an directors provided, however, that, except in the event the entire board shall be removed, a particular director may not be removed if the members voting against the removal would be sufficient to elect a director if such members voted cumulatively at an annual election. If any or all directors are so removed, new directors may be elected at the same meeting.

If the authorized number of directors shall be increased as permitted by these By-laws, no incumbent director shall have his term then in effect shortened.

- Section 6. Vacancies. A vacancy in the Board of Directors shall be filled only by election at an annual meeting of members or at a special meeting of members. In the event the members shall not elect a successor within ninety (90) days of the vacancy, a successor director may be elected by the majority of the remaining directors. Said successor shall serve in the interim until such time as the members shall elect a successor at an annual meeting.
- Section 7. Compensation of Directors. The Board of Directors may not cause the Corporation to compensate directors for their services as directors, but it may provide for the payment by the Corporation of all expenses incurred by directors in attending regular and special meetings of the Board.
- Section 8. Committee. The Board of Directors may, by the vote of a majority of the directors in office, designate one or more committees, each of which shall consist of two or more directors, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation, but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual director of any responsibility or liability imposed upon it or him by law.

A committee appointed pursuant to this Section 8 shall have no authority as to: the dissolution, merger or consolidation of the Corporation, the amendment of the Charter of the Corporation, the sale, lease or exchange of all or substantially all of the property of the Corporation, the designation of any such committee, the filling of vacancies on the Board of Directors or on any such committee, the amendment or repeal of the By-Laws, the adoption of new By-laws or the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

ARTICLE IV

MEETINGS OF DIRECTORS

- Section 1. Regular Meetings. A regular annual meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of members. In addition, the Board of Directors may provide by resolution for the holding of additional regular meetings.
- Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President, Vice-President or any director.

- Section 3. Place of Meetings. All meetings of the Board of Directors shall be held at the principal office of the Corporation, except that such meetings may be held at such other place, within or outside the State of North Carolina, as may be designated in Dare County as specified in the notice of such meeting, or as may be otherwise agreed upon in advance of the meeting by a majority of the directors.
- Section 4. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice.
- Special meetings shall be called on not less than three (3) days prior notice. Notice of a special meeting need not state the purpose thereof and such notice shall be directed to each director at his residence or usual place of business by mail, cable, telegram or may be delivered personally. The presence of a director at a meeting shall constitute a waiver of notice of that meeting except only when such director attends the meeting solely for the purpose of objecting to the transaction of any business thereat, on the ground that the meeting has not been lawfully called, and does not otherwise participate in such meeting.
- Section 5. Quorum and Manner of Acting. A majority of the number of directors then in office shall constitute a quorum for the transaction of any business at any meeting of the Board of Directors.
- Except as otherwise expressly provided in this Section, the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.
- The vote of a majority of the number of directors holding office shall be required to adopt a resolution appointing a committee pursuant to Section 8 of Article III of these By-Laws, and the vote of a two-thirds (2/3) majority of the directors then holding office shall be required to adopt, amend or repeal a By-Law.
- Section 6. Informal Action of Directors. Action taken by a majority of the directors without a meeting shall constitute Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.
- Section 7. Resignation. Any director may resign at any time by giving written notice to the President or Secretary of the Corporation. Such resignation shall take effect at the time specified therein, or if no time is specified therein, at the time such resignation is received by the President or Secretary of the Corporation unless it shall be necessary to accept such resignation before it becomes effective, in which event, the resignation shall take effect upon its acceptance by the Board of Directors. Unless otherwise specified therein, the acceptance of any such resignation shall not be necessary to make it effective.

ARTICLE V

OFFICERS

- Section 1. Number of Officers. The officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any two offices, or more, may be held by one person, except the offices of President and Secretary, but no officer shall sign or execute any document in more than one capacity.
- Section 2. Election, Term of Office and Qualifications. Each officer, except such officers as may be appointed in accordance with the provisions of Section 3 of this Article V, shall be chosen by the Board of Directors and shall hold office until the later of (i) the annual meeting of the Board of Directors held next after his election and (ii) the date his successor shall have been duly chosen and qualified, or until his death, or until he shall resign, or shall have been disqualified, or shall have been removed from office.
- Section 3. Subordinate Officers and Agents. The Board of Directors from time to time may appoint other officers or agents, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may delegate to any officer or agent the power to appoint any subordinate officers or agent and to prescribe his respective authority and duties.
- Section 4. Removal. Any officer elected or appointed may be removed by the persons authorized to elect or appoint such officer whenever in their judgment the best interest of the Corporation will be served thereby. The removal of any person from office shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.
- Section 5. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or the Secretary of the Corporation, or if he was appointed by an officer or agent in accordance with Section 3 of this Article V, by giving written notice to the officer or agent who appointed him. Any such resignation shall take effect upon its being accepted by the Board of Directors or by the officer or agent appointing the person so resigning.
- Section 6. Vacancies. A vacancy in any office because of death, resignation, removal or disqualification, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed by these By-laws for regular appointments or elections to such offices.

- Section 7. President. The President shall be the chief executive officer of the Corporation, and, subject to the instructions of the Board of Directors, shall have general charge of the business, affairs and property of the Corporation and control over its other officers, agents and employees. He shall preside at all meetings of the members and of the Board of Directors at which he may be present. He shall sign, with the Secretary, any deeds or mortgages executed on behalf of the Corporation except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent. The President shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.
- Section 8. Vice-President. At the request of the President, or in his absence or disability, the Vice-President and if there be more than one Vice-President, the Vice-President designated by the Board of Directors, or in the absence of such designation, the Vice-President designated by the President, shall perform all the duties of the President and when so acting shall have all the powers and be subject to all the restrictions upon the President. The Vice-Presidents shall perform such other duties and have such authority as from time to time may be assigned to them by the Board of Directors.
- Section 9. Secretary. The Secretary shall keep the minutes of the meetings of members and of the Board of Directors, and shall see that all notices are duly given in accordance with the provisions of these By-laws or as required by law. He shall be custodian of the records, books, reports, statements and other documents of the Corporation and of the seal of the Corporation, and see that the seal is affixed to all documents requiring such seal. He shall keep at the Corporation's registered office or its principal office in the State of North Carolina a record of the names and addresses of all the members entitled to vote. In general, he shall perform all duties and possess all authority incident to the office of Secretary, and he shall perform such duties and have such other authority as from time to time may be assigned to him by the Board of Directors.
- Section 10. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the Corporation. He shall keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose, and he shall cause a true statement of its assets and liabilities, as of the close of each fiscal year, and of the results of its operations for such fiscal year, all in reasonable detail, to be made and filed at the registered or principal office of the Corporation within four (4) months after the end of such fiscal year. The statement so filed shall be kept available for inspection by any member for a period of ten (10) years and the Treasurer shall mail or otherwise deliver a copy of the latest statement to any member upon

his written request for the same. He shall in general perform all duties and shall have all authority incident to the office of Treasurer and shall perform such other duties and have such other authority as from time to time may be assigned or granted to him by the Board of Directors. He may be required to give a bond for the faithful performance of his duties in such form and amount as the Board of Directors may determine.

- Section 11. Duties of Officers may be Delegated. In case of the absence of any officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being, provided a majority of the entire Board of Directors concurs therein.
- Section 12. Salaries of Officers. No officer of the Corporation shall be prevented from receiving a salary as such officer or from voting thereon by reason of the fact that he is also a director of the Corporation. The salaries of the officers of the Corporation, including such officers as may be directors of the Corporation, shall be fixed from time to time by the Board of Directors, except that the Board of Directors may delegate to any officer who has been given power to appoint subordinate officers or agents, as provided in Section 3 of this Article V, the authority to fix the salaries or other compensation of any such officers or agents appointed by him.

ARTICLE VI

CONTRACTS, LOAN, DEPOSITS, CHECKS, DRAFTS, ETC.

- Section 1. Contracts. Except as otherwise provided in these By-Laws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or to execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.
- Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name, unless and except as authorized by the Board of Directors. Any officer or agent of the Corporation thereunto so authorized may effect loans or advances for the Corporation and for such loans and advances may make, execute and deliver promissory notes, bonds or other evidences of indebtedness of the Corporation. Any such officer or agent, when thereunto so authorized, may mortgage, pledge, hypothecate or transfer as security for the payment of any and all loans, evidences of indebtedness and liabilities of the Corporation any real property, including surplus property, and all stocks, bonds, other securities and other personal property at any time held by the Corporation, and to that end may endorse, assign and deliver the same, and do every act and thing necessary or proper in connection therewith. Such authority may be general or confined to specific instances.

- Section 3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as the Board of Directors may select, or as may be selected by any officer or officers, agent or agents of the Corporation to whom such power may from time to time be given by the Board of Directors.
- Section 4. Checks, Drafts, Etc.. All notes, drafts, acceptances, checks and endorsement or other evidences of indebtedness shall be signed by the President or a Vice-President and by the Secretary or Treasurer, or in such other manner as the Board of Directors from time to time may determine. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositories will be made by the President or Treasurer or by any officer or agent who may be designated by resolution of the Board of Directors in such manner as such resolution may provide.
- Section 5. Loans to Directors and Officers. No loan shall be made by the Corporation to any of its directors or officers. The directors who vote or assent to the making of such loans, shall be jointly and severally liable to the Corporation for the amount of such loan until the repayment thereof.

ARTICLE VII

MEMBERSHIP IN THE CORPORATION

- Section 1. Membership. The members of the Corporation shall consist of all the record owners of dwelling units in the Condominium known as Whispering Sands located in Nags Head, Dare County, North Carolina, a Declaration of which has been recorded in the Dare County Public Registry, which membership shall also include the Developer so long as it owns any unit in the Condominium. A person, firm, corporation, or entity capable of holding title to real estate in North Carolina automatically becomes a member of the Corporation upon a deed of conveyance conveying one or a portion of one of the dwelling units in Whispering Sands Condominium to such person, firm, corporation or entity being recorded in the Register of Deeds Office of Dare County, or upon the probate of the will of a deceased owner, the devisee named therein becomes a member, or upon the death of an owner intestate, his heirs at law automatically become members. The holder of legal title of any dwelling unit pursuant to any mortgage, deed of trust or other security agreement shall not be considered a member of the Corporation.
- Section 2. Terminating Membership. A member's membership in the Corporation is automatically terminated upon his death or upon the record title to his interest in his dwelling unit being transferred out of him in any manner, whether by a voluntary conveyance, a foreclosure for taxes due any governmental authority or foreclosure of a mortgage or deed of trust, or by execution against the real property to satisfy any lien of judgment. If the property of

Whispering Sands Condominium is removed from the Unit Ownership Act, North Carolina General Statutes, Chapter 47A, the Corporation shall automatically be dissolved and all memberships shall be terminated. Any assets of the Corporation remaining after the satisfaction of all liabilities of the Corporation shall be pro-rated among those members of the Corporation on the date the Condominium was removed from the Unit Ownership Act in the same percentages as the percentages of each member's undivided interest in the common elements of the Condominium bears to the total common elements of the Condominium.

Section 3. Transfer of Membership. Each membership in the Corporation shall be appurtenant to the ownership of a dwelling unit in Whispering Sands Condominium and no membership shall be transferred or assigned except upon the transfer of the record title to the dwelling unit itself.

Section 4. Suspension of Membership. The Board of Directors shall have the authority to suspend a member's rights of membership, which in effect shall deny that member the right to vote on any matter requiring a membership vote and further shall deny that member the right to the use of any of the recreational facilities of the surplus elements, if that member is in default in the payment of any assessment for common or surplus expenses levied by the Corporation, and said suspension shall remain in effect until such assessment has been paid. The Board of Directors further shall have the authority to suspend a member's membership, after due notice and hearing, for any violation of any rule or regulation established by the Declaration of Whispering Sands Condominium, these By-Laws or by the Board of Directors governing the use of the common and surplus elements and facilities, and said suspension shall remain in effect until said violation has been corrected, terminated or satisfied.

ARTICLE VIII

ADMINISTRATION OF THE CONDOMINIUM

Section 1. Management. The management of the Condominium shall be the responsibility of the Board of Directors pursuant to the general powers vested in said Board in Section 1 of Article III above. The Board of Directors shall be responsible for contracting with various individuals, firms and corporations, including the Developer, whether one or more, for the maintenance and operation of all the common elements of the Condominium, said contracts, except as herein set forth, to include a right of termination without penalty upon 90 days notice. The Board of Directors shall have authority to revise, alter or terminate all contracts, agreements, or dismiss any personnel, wherein the service to be performed is unsatisfactory or undesirable, or is not of the caliber of that contracted. The Board of Directors shall direct the Treasurer to pay all routine maintenance costs anticipated and set out in the

The Board of Directors shall, prior to the annual meeting of the members, prepare and adopt a budget for the ensuing year showing anticipated receipts and disbursements for said year to be recommended to the membership for its adoption at its annual meeting. A copy of the proposed budget, indicating each unit owner's proposed assessment, shall be sent to each unit owner of each respective phase with the notice of the annual meeting.

Common and Surplus Assessments. All dwelling owners shall pay their share of the common and surplus expenses according to the Declaration as determined by the budget which shall be adopted at each annual meeting of the members, or subsequently amended by any special meeting of the members, in monthly, quarterly, semi-annual or annual payments, said payments to be made in advance of the first day of the period for which said payment is made. The Developer shall pay its full share of common and surplus expenses for each completed and constructed dwelling unit it owns until legal title is transferred to a subsequent purchaser. "Completed and constructed" shall mean when a certificate of occupancy is issued by an appropriate government authority.

Section 2.

During such time as the Developer shall have the reserved right to control and appoint the Board of Directors (as set forth in Section 2 of Article III herein), the Developer in order to assure proper maintenance during the development of the Condominium, shall reserve the right to be or select the entity or firm that will be employed for the maintenance of the common elements of the Condominium. The fees and charges for such maintenance shall be reasonable and comparable with the costs that would otherwise be charged by local persons, firms or other entities for the same or similar services. After such time as the transfer of the control of the Board of Directors, or an earlier relinquishment thereof, the aforementioned maintenance contract shall be let by the Association provided that by its term: it shall not exceed one year in duration, but may be automatically renewable unless terminated ninety days prior to the end of the contract; and said contract shall provide that it may be terminated at any time without cause or penalty upon ninety (90) days written notice.

annual operating budget and also to pay for all services contracted for by the Board of Directors pursuant to the terms of any and all such contracts. All other expenditures shall be made only after the written consent has been obtained from a majority of the Board of Directors then in office. The Treasurer shall file such written consents with the books of the Corporation. No contract shall be entered into by the Board of Directors regarding the management of any time share program involving the Condominium which shall exceed one year in duration, but said contract may be renewable from year to year.

The Board of Directors of the Association shall have the sole authority, without consent of the members, to prepare and adopt a budget for the surplus property, and assess the expenses thereof as determined by and in accordance with the Declaration.

The budget shall contain provisions for a reserve fund sufficient to meet the anticipated replacement of real and personal property, fixtures and equipment and other common elements that will be replaced due to ordinary wear and tear.

The Board of Directors may authorize a unit owner to pay his common and surplus assessment to a mortgagee of a first lien mortgage upon the condition that said mortgagee agrees to transfer over to the Association's Treasurer all such assessments so collected by it by the 20th day of each month. Any payments made pursuant to such authorization shall in no way affect the Association's right to a lien for unpaid common and surplus assessments as provided in the Declaration for any sums not aptly furnished the Association's Treasurer.

- Section 3. Administrative Regulations. The Board of Directors shall have the power and authority to adopt and amend administrative rules and regulations governing the details of the operation and use of the common and surplus areas and facilities and governing the personal conduct of the members and their guests or lessees thereon, and such rules and regulations shall remain in force and effect until rescinded or amended by the Board of Directors, or until repealed or altered by the members as hereinafter provided.
- Section 4. Receipts and Expenditures. The Board of Directors shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common and surplus elements, specifying and identifying the maintenance and repair expenses of the common and surplus elements and any other expenses incurred within the Condominium. Both said book and the vouchers accrediting the entries thereupon shall be available for examination by all Dwelling Owners, their duly authorized agents or attorneys and first mortgagees, at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good and accepted accounting practices.
- Section 5. Assessment Statements. The Board of Directors, upon request of a grantee of a dwelling unit, shall furnish said grantee a statement of the unpaid assessments against said grantee's grantor, and such grantee shall not be liable for, nor shall the unit conveyed to said grantee be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. The Board of Directors, upon request of a first mortgagee, shall furnish said mortgagee written notification of any default by said mortgagee's dwelling owner in the performance of such dwelling owner's obligation under the Unit Ownership Act, the Declaration and these By-laws which is not cured within thirty (30) days.

ARTICLE IX

GENERAL PROVISIONS

- Section 1. Corporate Seal. The corporate seal shall be in such form as shall be approved from time to time by the Board of Directors.
- Section 2. Fiscal Year. The fiscal year of the corporation shall be established by resolution of the Board of Directors.
- Section 3. Dividends. No dividend shall be paid and no part of the income of the Corporation shall be distributed to the members, directors or officers.
- Section 4. Stock. The Corporation shall not have nor shall it issue shares of stock.
- Section 5. Waiver of Notice. Whenever any notice is required to be given to any member or director under the provisions of the North Carolina Non-Profit Corporation Act, or under the provisions of the Charter or By-Laws of this Corporation, a waiver thereof in writing signed by the person or person entitled to such notice whether before or after the time stated therein, shall be equivalent to the giving of such notice.
- Section 6. Inspection of Books and Records. Any member, his agent or attorney has the right to inspect all the books and records of this Corporation for any reasonable purpose at any reasonable time.
- Section 7. Amendments. Except as otherwise herein provided, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of those persons representing not less than $66 \frac{2}{3}\%$ of the undivided interest in the common elements present in person or proxy at a regular or special meeting of the members and by not less than two-thirds ($\frac{2}{3}$) of the members of the Board of Directors then in office. All members of the Corporation shall be bound by any amendment enacted as herein specified when the same is duly passed and set forth in an amended declaration, but said amendment shall not become operative until duly recorded in the Office of the Dare County Register of Deeds.