

BY-LAWS OF

RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME, PURPOSE AND APPLICABILITY

1.1 Name. The name of this non-profit, non-stock membership corporation shall be RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as "Association".

1.2 Purpose. The purpose of the Association shall be to administer, manage, and operate the condominium property, in accordance with the Unit Ownership Act, the Non-profit Corporation Act of North Carolina, this Declaration, and the Articles of Incorporation and these By-Laws, as may be amended from time to time. The Association shall not engage in any activities other than those directly related to administration of the condominium property and the Unit Owners' responsibility with respect to the same.

1.3 Applicability. These By-Laws are applicable to the property known as RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC., as such property is described on EXHIBIT A attached to that certain Declaration creating Unit Ownership and Establishing Restrictions, Covenants, and Conditions for RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC. These By-Laws are binding on all present or future Owners, tenants, guests, residents, or other persons occupying or using the facilities of such condominium property. The mere acquisition, rental, or act of occupancy of any part of the condominium property will signify that these By-Laws are accepted, ratified, and will be complied with. The provisions of the Declaration creating Unit Ownership and Establishing Restrictions, Covenants, and Conditions for RESORT RODANTHE HOMEOWNERS ASSOCIATION, INC. regarding the governing and administration of the Association are incorporated herein by reference.

ARTICLE II

DEFINITIONS

The definition of words contained in the DECLARATION, Article II shall apply to those words and terms as used in these By-Laws.

ARTICLE III

OFFICERS, REGISTERED AGENT, SEAL, FISCAL YEAR

3.1 Principal Office, Registered Office. The principal office of the Association shall be located at 3608 N. Croatan Highway, Kitty Hawk, NC 27949 or such other places as the Board of Directors may designate from time to time.

3.2 Registered Agent. The Initial Registered Agent for the Unit Owners for matters incident to the condominium property and the Initial Registered Agent for the Association is David L. Perrot, whose address is 3608 N. Croatan Highway, Kitty Hawk, NC 27949. The Registered Agent for the Association shall also be the Registered Agent for the Unit Owners. The individual serving as Registered Agent may be removed from office and replaced at any time by vote of the Board of Directors of the Association.

3.3 Seal. The seal of the Association shall contain the name of the Association, the word "Seal", and such other words and figures as desired by the Board of Directors. When obtained, the seal shall be impressed in the margin of the minutes of the Initial meeting of the Board of Directors.

4.6 Quorum; Adjournment If No Quorum. A quorum shall consist of members present, in person or by proxy, entitled to cast at least forty percent (40%) of the total votes in the Association. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present.

4.5 Notice of Meetings. The Secretary shall give to each Unit Owner a notice of each annual or regularly scheduled meeting of the Unit Owners at least twenty-one but not more than thirty days, and of each special meeting of the Unit Owners at least seven days, but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof. The giving of notice in the manner provided in this Section and Section 11.2 of the By-Laws shall be considered service of notice.

(B) Not later than sixty (60) days after the termination of the Declarant Control Period, a special meeting of the Unit Owners Association shall be held at which a majority of the members of the Board of Directors shall be elected by the Unit Owners.

(A) The President shall call a special meeting of the Unit Owners Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by at least two units. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

4.4 Special Meetings.

4.3 Place of Meetings. Meetings of the Unit Owners Association shall be held at the principal office of the Unit Owners Association or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Directors.

4.2 Annual Meetings. The annual meetings of the Unit Owners Association shall be held at least seventy-five days before the beginning of each fiscal year on such date other than Sunday or legal holiday as may be established by the Board of Directors. At such annual meetings, members of the Board of Directors shall be elected by the Unit Owners in accordance with the requirements of Section 5.4 of these By-Laws. During the Declarant Control Period, the declarant shall be entitled to designate members of the Board of Directors not elected pursuant to Section 4.4. If the special meeting held pursuant to Section 4.4 is held within six months of a scheduled annual meeting, the annual meeting shall not be held until the following year.

4.1 Qualification. Membership in the Association shall be confined to and consist of the Unit Owners. Membership shall be appurtenant to and inseparable from unit ownership. No Unit Owner shall be required to pay any consideration whatsoever for his membership. Membership in the Association shall inure automatically to Unit Owners upon acquisition of the fee simple title, whether encumbered or not, to any one or more units. The date of registration of the conveyance in the Dare County Registry of the unit in question shall govern the date of ownership of each particular unit. However, in the case of death, the transfer of ownership shall occur on the date of death in the case of intestacy, or date of probate of the will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased Owner died intestate.

MEMBERSHIP

ARTICLE IV

3.4 Fiscal Year. The fiscal year of the Association shall be January 1 through December 31.

5.1 Initial Board. The first Board shall consist of three (3) persons selected by the Declarant whose names are set forth in the Articles and successors to any thereof elected by the members.

5.2 Number and Qualifications of Directors. The Board shall consist of not less than three (3) nor more than nine (9) natural persons, as determined at any annual meeting by the members. Declarant during the Declarant Control Period as defined in Article II Paragraph 12 of the Declaration Creating Unit Ownership for RESORT RODANUM THE CONDOMINIUM, A Condominium shall have the right to designate three (3) Directors for each term during the Declarant

DIRECTORS  
ARTICLE V

4.10 Prohibition of Cumulative Voting. There shall be no cumulative voting.

4.9 Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereto. The President may appoint a person to serve as parliamentarian at the meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these By-Laws or the Condominium Act. All votes shall be called by tellers appointed by the President or other officer presiding over the meeting.

4.8 Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, the Secretary of the Association, the Declarant or his mortgagee, or in the case of a non-resident Unit Owner, the lessee of such Unit Owner's unit, his attorney or management agent. Proxies shall be duly executed in writing, shall be witnessed, and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such unit. Except with respect to proxies in favor of a mortgagee, no proxy shall in any event be valid for a period in excess of one hundred eighty days after the execution thereof.

(C) No Unit Owner may vote at any meeting of the Association or be elected to or serve on the Board of Directors if payment of the assessment on his unit is delinquent more than thirty days and the amount necessary to bring his account current has not been paid at the time of such meeting or election. There shall be no cumulative voting.

(B) Except where a greater number is required by the Condominium Act, the Declaration or these By-Laws, a majority of the Unit Owners is required to adopt decisions at any meeting of the Association.

(A) The total votes in the Association are allocated to units by the Declaration. The votes allocated to the unit may be cast by the Unit Owner of that unit. When there is more than one Unit Owner of a unit, the vote for that unit shall be cast as they shall determine. The vote allocated to a unit shall not be split but shall be voted as a single whole. If there is more than one Unit Owner of a unit and said Unit Owners cannot agree on how to vote for that unit, such vote shall be cast, and the dispute shall be resolved by arbitration. The Association shall not be entitled to cast the votes allocated to the unit owned by it.

4.7 Voting.

Control period, which Director as designated by the Declarant shall not be required to be Unit Owners as provided by § 47C-3-103 of the Act. The remaining members and all the Board of Directors beyond the Declarant control period shall be Unit Owners where the individual nominee of a Unit Owner which is other than an individual.

5.3 Election of Directors. At the first annual meeting of the members, and at each subsequent annual meeting, the members shall elect the Directors by a majority of the votes cast in the election.

5.4 Term. The terms of the Directors shall be staggered so that at least one (1) but not more than three (3) Directors are elected at any one meeting and so that no Director's term is less than one (1) year nor more than three (3) years. The Directors shall establish rules to implement the provisions of this section. Once elected, a Director shall hold office until his successor has been duly elected and has qualified.

5.5 Removal. Any Director may be removed, with or without cause, by a vote of the members entitled to cast at least sixty-six percent (66%) of the total votes in the Association, at a special meeting called for such purpose, and a successor may then be elected by the members to serve for the balance of the removed Director's term.

5.6 Vacancies. Any vacancy in the Board arising by death or resignation of a Director shall be filled by act of the remaining Directors, whether or not constituting a quorum, and a Director so elected shall serve for the unexpired term of his predecessor in office.

5.7 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, or telegraph, at least seventy-two (72) hours prior to the meeting.

5.8 Special Meetings. Special meetings of the Board may be called by the President and shall be called by the President or the Secretary and held within ten (10) days after written request therefor signed by two (2) Directors is delivered to any other Director or the President or the Secretary. Not less than seventy-two (72) hours notice of such special meeting shall be given personally or by mail, telephone, or telegraph to each Director, provided that in case the President or any Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

5.9 Quorum; Adjournment. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. The signing by a Director of the minutes of a meeting shall constitute the presence of such Director at that meeting for the purpose of determining a quorum.

5.10 Manner of Acting. Each Director shall be entitled to one (1) vote. The act of a majority of the Directors present at a meeting shall constitute the act of the Board unless the act of a greater number is required by the provisions of applicable law, the Declaration or these By-Laws.

5.11 Board Action Without Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if

such action is authorized in a writing, setting forth the action taken, signed by all Directors.

5.12 Compensation of Directors Restricted. Directors shall receive no compensation for their services, but may be paid for out-of-pocket expenses incurred in the performance of their duties as Directors.

5.13 Powers and Duties of Board. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the common law, applicable statutes, the Act, the Declaration, and these By-Laws, as any thereof may from time to time be amended. Such powers and duties shall be exercised in accordance with the provisions of applicable law, the Declaration, the Articles, and these By-Laws and shall include, but not be limited to, the following:

(a) To prepare and provide to members annually, a report containing at least the following:

(1) A statement of any capital expenditures in excess of two percent (2%) of the current budget or five thousand dollars (\$5,000.00), whichever is greater, anticipated by the Association during the current year or succeeding two (2) fiscal years.

(11) A statement of the status and amount of any reserve or replacement fund and any portion of the fund designated for any specified project by the Board.

(111) A statement of the financial condition of the Association for the last fiscal year.

(1v) A statement of the status of any pending suits or judgments in which the Association is a party.

(v) A statement of the insurance coverage provided by the Association in accord with the requirements of Article XII of these By-Laws.

(vi) A statement of any unpaid assessments payable to the Association, identifying the unit and the amount of the unpaid assessments.

(b) To adopt and amend budgets and to determine, and collect assessments to pay the Common Expenses.

(c) To regulate the use of, and to maintain, repair, replace, modify and improve the Common Elements.

(d) To adopt and amend rules and regulations and to establish reasonable penalties for infractions thereof for the general welfare and safety of RESORT RODAN THE HOMEOWNERS ASSOCIATION, INC.

(e) To enforce the provisions of the Declaration, the Articles, these By-Laws, the Act, and rules and regulations by all legal means, including injunction and recovery of monetary penalties.

(f) To hire and terminate managing agents and to delegate to such agents such powers and duties as the Board shall determine, except as are specifically required by the Declaration, the Articles, these By-Laws, or the Act, to be done by the Board or the members. Notwithstanding the foregoing, the property, including each unit, shall at all times be managed by a single managing agent. The single managing agent shall not have authority to lease any part of a unit without the approval of the Unit Owner.

(g) To hire and terminate agents and independent contractors.

6.4 Removal. Any officer may be removed, with or without cause, and without notice, by the Board.

6.3 Term. Each officer shall serve until his successor has been duly elected and has qualified.

6.2 Election of Officers. Officers of the Association shall be elected by the Board. Election shall be held annually at the first meeting of the Board held after the annual meeting of the members, except that the first Board shall elect officers as soon as practicable after filing of the Declaration.

6.1 Designation of Officer. The officers of this Association shall be a President, a Vice President, a Secretary, and a Treasurer. A person may hold one or more of such offices at one time, except that the President shall not at the same time hold another office in the Association.

OFFICERS

ARTICLE VI

(g) To act as liaison with the Board of Directors of Hatteras High Condominium in the administration of the common elements of Resort Rodanthe.

(p) To impose charges for late payment of assessments and after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, these By-Laws, or the rules and regulations.

(o) To provide for indemnification of the Association's officers and directors and maintain officers' and directors' liability insurance.

(n) To impose and collect reasonable charges, including reasonable costs and attorneys' fees, for the evaluation, preparation and recordation of amendments to the Declaration, resale certificates required by Chapter 47C-4-107 of the Act, or certificates of unpaid assessments.

(m) To grant leases, licenses, concessions and easements through and over the Common Elements.

(l) To impose and receive payments, fees and charges for the use, rental or operation of the Common Elements other than the Limited Common Elements, except for elevators, stairways, hallways and other portions of the Common Elements which provide access to the units.

(k) To buy units, in foreclosure of an assessment lien, or at any other time or for any other reason, and to sell, lease, mortgage, and otherwise deal in units from time to time owned by the Association.

(j) To borrow money for the maintenance, repair, replacement, modification or improvement of common elements and to pledge and pay assessments, and any and all other revenue and income, for such purpose.

(i) To establish and dissolve and liquidate, from time to time, reserve accounts for any purpose.

(h) To institute, defend, intervene in, or settle any litigation or administrative proceedings in its own name on behalf of itself or two (2) or more unit Owners on matters affecting the Condominium, the Common Elements, or more than one unit.

8.1 Common Expenses. Common Expenses shall mean and include all sums declared Common Expenses by the Act, or by any specific provision of these By-Laws or the Declaration, and shall include, without limitation, the following: real estate taxes, and other governmental assessments or charges against the property until the units are separately assessed; premiums including any deductible

COMMON EXPENSES, ASSESSMENTS AND LIENS

ARTICLE VIII

The Association shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as permitted by the appropriate sections of the North Carolina General Statutes, as now enacted or hereafter amended.

INDemnIFICATION OF DIRECTORS AND OFFICERS

ARTICLE VII

6.8 Compensation of Officers Restricted. No officer shall be compensated for his services in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing his duties.

6.7 Execution of Agreements, etc. All agreements, deeds, mortgages, or other instruments shall be executed by any two (2) officers, or by such other person or persons as may be designated by the Board.

(d) Treasurer. The Treasurer shall have custody of all intangible property of the Association, including funds, securities, and evidences of indebtedness; shall keep the books of the Association in accordance with good accounting practices and principles, and, upon request, shall submit them, together with all vouchers, receipts, records, and other papers to the Board for examination and approval; shall deposit all moneys and other valuable effects in depositories designated by the Board; and shall perform all other duties incident to the office of a treasurer of a corporation.

(c) Secretary. The Secretary shall keep the minutes of all meetings and actions of the Board and of the members; shall give all required notices to the Directors and members; shall keep the records of the Association, except those kept by the Treasurer; shall perform all other duties incident to the office of a secretary of a corporation; and shall perform such other duties required by the Board or the President.

(b) Vice President. The Vice President shall perform such duties of the President as shall be assigned to him or her by the President, and in the absence of the President shall perform the duties and functions of the President.

(a) President. The President shall be the chief executive officer of the Association; shall have all of the powers and duties incident to the office of a president of a corporation, including, but not limited to, the duty to preside at all meetings of the Board and of the members, and the general supervision of officers; In the management of the business and affairs of the Association; and shall see that all actions and resolutions of the Board are carried into effect.

6.5 Powers and Duties of Officers.

6.5 Vacancy. Any vacancy in any office shall be filled by the Board, and an officer elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

8.5 Assessment A Lien. Every assessment shall constitute a lien upon each unit assessed from the date the assessment is levied, prior to all other liens except only (1) real estate taxes and other governmental assessments or charges against the unit and (2) liens and encumbrances recorded before the recording of the Declaration. Assessments shall be payable when notice thereof is given, but shall not be delinquent if paid at the times and in the amounts specified by the Board in the notice of assessment. Except for special assessments, one quarter (1/4) of the assessment shall be paid on or before the first (1st) day of each January, April, July and October of each calendar year.

8.6 Assessment after adoption. Such assessment shall be deemed levied upon notice thereof given by the Board. Year shall be given by the Board to each member as soon as of the assessment against each unit for such balance of the fiscal year shall be given by the Board to each member as soon as after said date of substantial completion, and notice of the amount considered, shall be prepared and adopted as soon as practicable systems serving more than one unit of the initial building to be substantial completion of all structural components and mechanical fiscal year of the Association, commencing on the date of prepared and adopted by the Board only for the balance of the then that the first budget after creation of the Condominium shall be deemed levied upon the giving of such notice. Provided, however, charged on delinquent payments thereof. The assessment shall be based upon such budget and may also state the interest to be member notice of the assessment made against that member's unit board shall provide each member with a copy, and shall give each Declaration. After preparation and adoption of each such budget, the for reserves. The interim budget has been prepared by the Expenses, together with amounts considered necessary by the Board thereon estimates of the amount necessary to pay the budget, including 1, 1991, the Board shall prepare and adopt a budget, including each fiscal year, beginning with the fiscal year beginning January 8.4 Preparation of Budget and Levying of Assessment. For

8.3 Allocation of Common Surplus. Any common surplus, including funds in reserve accounts, may be allocated to each unit in accordance with its percentage of Common Expenses, and, if allocated, shall be owned by the Unit Owner of that unit, and, if allocated, may be paid to the Unit Owner or credited against that unit's share of common expenses subsequently assessed.

8.2 Obligation of Members to Pay Assessments; Amount of Levy. Until the Association levies a Common Expense assessment, Declarant shall pay all accrued expenses of the Condominium. Thereafter, each Unit Owner shall be personally and severally liable for the Common Expenses that are levied against his unit while a Unit Owner. Each unit shall be assessed in accordance with that unit's percentage of Common Expenses as allocated by the Declaration, as amended.

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7.9 Obligation of Members to Pay Assessments; Amount of Levy. Until the Association levies a Common Expense assessment, Declarant shall pay all accrued expenses of the Condominium. Thereafter, each Unit Owner shall be personally and severally liable for the Common Expenses that are levied against his unit while a Unit Owner. Each unit shall be assessed in accordance with that unit's percentage of Common Expenses as allocated by the Declaration, as amended.

7.8 Obligation of Members to Pay Assessments; Amount of Levy. Until the Association levies a Common Expense assessment, Declarant shall pay all accrued expenses of the Condominium. Thereafter, each Unit Owner shall be personally and severally liable for the Common Expenses that are levied against his unit while a Unit Owner. Each unit shall be assessed in accordance with that unit's percentage of Common Expenses as allocated by the Declaration, as amended.

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(a) Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be

8.9 Common Expenses Associated with Limited Common Elements or Benefiting Less Than All Units.

Special assessments made pursuant to this Section shall be a Common Expense, shall be deemed levied upon notice thereof being given to the members subject to such special assessment, and shall be payable as determined by the Board and as set out in such notice.

(c) Payment of costs and expenses incurred in curing defaults pursuant to Section 14.1 and 14.5 hereof.

(b) Alterations, improvements, and additions to the Common Elements; provided, however, that any such special assessment involving an expenditure in excess of Ten Thousand and zero Hundred and No/100 Dollars (\$10,000.00) shall be first approved by the members entitled to cast at least fifty percent (50%) of the total votes in the Association at a regular or special meeting of the Association.

(a) Maintenance, repair, restoration and reconstruction of the Common Elements, and operation of the Condominium.

8.8 Special Assessments. In addition to the assessments levied pursuant to Section 8.4, the Board, in its discretion, may levy special assessments at such other and additional times as in its judgement are required for:

The reserve fund for repairs and replacements shall be established by the Board beginning with the fiscal year beginning January 1, 1990 and shall be funded thereafter by regular installments rather than by extraordinary special assessments. The reserve funds described above shall be maintained only in such amounts as deemed necessary or desirable by the Board, subject, however, to the preceding sentence. To the extent maintained, funds therein shall be held in such accounts, and with such depositories as the Board, in its discretion, selects.

(d) Working Capital Fund. All funds, if any, received by the Association for the initial working capital fund of the Association, to defray unforeseen expenses and/or the cost of additional equipment or services deemed necessary or desirable by the Board, shall be maintained in and segregated in this fund for the use and benefit of the Association.

(c) Maintenance Fund. To this fund shall be credited collections of assessments for all Common Expenses for the current year as well as common profits and surplus from the previous year, and not to be credited to either of the above reserve funds.

(b) General Operating Reserve Fund. To this fund shall be credited all sums collected to provide a reserve for purposes of providing a measure of financial stability during period of special stress, and may be used to meet deficiencies from time to time as a result of delinquent payments of assessments and other contingencies.

(a) Reserve Fund for Repairs and Replacements. To this fund shall be credited all sums collected for the purpose of effecting repairs and replacements of structural elements and mechanical equipment, and other Common Elements of the Condominium.

8.7 Funds and Reserves. All sums collected by the Association from assessments shall be accounted for as follows:

Payments shall be made to the Association, or as the Board may from time to time otherwise direct.

assessments being collected from the date incurred until paid. fees, with interest thereon at the same rate as charged on the shall pay all costs of collection, including reasonable attorneys' interest, and the members so sued and liable for such assessment of any delinquent assessment, or installment thereof, together with the Association may sue to obtain a money judgment for the amount in addition to the foregoing, and without waiting its lien,

The lien granted to the Association may be foreclosed in the same manner that real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina, and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable general lien from the Owner of any condominium unit from the date on which payment of any assessment or installment thereof became delinquent, and the Association shall be entitled to the appointment of a receiver to collect the same.

such advances made for such purpose. be entitled to interest at the highest rate allowed by law on any to preserve and protect its lien and the Association shall further which may be required to be advanced by the Association in order payments on account of superior mortgages, liens or encumbrances Association shall further secure such advances for taxes, and as the assessment to which they relate. The lien granted to the connection with any unpaid assessments shall have the same priority times or interest levied or collected by the Association in 47C-3-116 of the Act. All fees, late charges, attorneys' fees, and payable in full, with interest, without further notice, and may that unit, may be declared by the Board to be immediately due that assessment, and all other assessments then a lien against installment thereof, remains delinquent for ten (10) days, then 8.12 Default and Enforcement. If any assessment, or

the Board. Owners. For such certificate a reasonable fee may be charged by the request and shall be binding upon the Association and all unit shall be furnished within seven (7) business days after receipt of assessments currently levied against his unit. The certificate agent, a recordable certificate setting forth the amount of unpaid written request, shall furnish to a Unit Owner, or his authorized name and address of the member or members, all assessments levied, and the amount of all assessments unpaid. The Association, upon office of the Association for inspection at all reasonable times set forth upon a roll of the units, which shall be available in the 8.11 Assessment Roll; Certificate. All assessments shall be

or the obligation of members to pay such assessment. in levying an assessment shall not in any way affect its validity deficiencies or inadequacies in the procedure followed by the Board levied, or as the Board may otherwise advise in writing. Also, any Section 8.4 in the same amount and at the same periodic times as continue to pay the assessment then previously levied pursuant to levied by the Board pursuant to Section 8.4 each member shall determined and levied by the Board. Until a new assessment is members' obligation to pay assessments whenever the same shall be assessments, shall not constitute a waiver or release of the the Board in preparing any budget, and to levy or in levying deficiencies in procedure. The failure of the Board or delay of 8.10 Failure to Prepare Budget and Levy Annual Assessment;

units benefited in proportion to their Common Expense Liability. (b) In addition, the Association may assess any item of Common Expenses benefiting less than all of the units against the expense was incurred.

assessed against the unit, or in equal shares to the units, to which such Limited Common Element was allocated at the time the

9.4 Meeting and Decision of Association. Upon filing of an appeal, a special meeting of the members of the Association shall be called. The notice of meeting shall be sent out within thirty (30) days after such filing. The meeting may be continued from days after such filing, and the meeting shall be held within thirty

notice of the Board's decision. be filed with the Secretary within ten (10) days of the date of the Association meeting on the work proposal. The written request must be given to the Association by filing a signed written request for an appeal in the Association, may appeal the decision of the total votes in the Association, or more of the work, or persons representing ten percent (10%) or more of the work, or persons representing ten percent (10%) or more of the

9.3 Appeal to Association. The Unit Owner proposing to decision shall be given to said Unit Owner and all members. to consent or not to consent to such work. Written notice of such sixty (60) days after such meeting, the Board shall decide whether the meeting or at such later time but, in any event, not later than shall receive such testimony and evidence as it deems appropriate. At a notice of a special Board meeting. At the meeting, the Board shall be given to all members of the Association in the same manner as and fees and charges are received. Notice of such meeting shall work which shall be within fifteen (15) days after such information Board, the Board shall set a date for a meeting on the proposed all such information and any fees and charges requested by the proposed work as the Board may reasonably request. Upon receiving for the work, and (iii) such additional information relative to the Association. With such notice shall be given (i) a statement of notice to the Board of his intent to do such work and request and receive the written consent thereto of the Board or, on appeal, the of the kind set out in Section 9.1, the Unit Owner shall give 9.2 Notice to and Consent of Board. Prior to doing any work

9.1 Procedure. If any Unit Owner desires to (1) relocate the boundaries of his unit pursuant to Chapter 47C-2-114 of the Act, (ii) remove partitions or create apartments pursuant to Chapter 47C-2-113 of the Act, or (iii) make any improvements or alterations to his unit which impair the structural integrity or mechanical systems of, or lessen the support of any portion of, the Condominium, the procedure set out in this Article shall be followed. No Unit Owner shall paint or alter the exterior of his unit, including the doors and windows, nor shall any Unit Owner paint or alter the exterior of RESORT RODANTEE without the prior written consent of the Board of Directors as hereinafter set forth.

RELOCATION AND ALTERATION OF UNITS

ARTICLE IX

8.13 Interest on Delinquent Assessments. Assessments, or Installments thereof, paid before they become delinquent, shall not bear interest, but all delinquent sums shall bear interest at the rate set forth in the notice levying the assessment, not exceeding the rate of interest allowed by the Act, from the date delinquent until paid. If no interest rate is set forth in such notice, such interest rate shall be the maximum allowed by the Act. All payments upon account shall be the maximum allowed by the Act. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent. All such interest shall have the same priority as the assessment on which such interest accrues.

All persons, firms or corporations who shall acquire by whatever means, any interest in the ownership of any condominium unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice to the lien rights granted to the Association and shall acquire such interest in any condominium unit expressly subject to such lien rights.

(b) By the Unit Owner. Every Owner shall perform promptly all maintenance and repair work within his condominium unit which, if omitted would affect the Condominium, either in its entirety or in part belonging to other Owners, every Owner being expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each condominium unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans, or other appliances or equipment (both inside and outside components), including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his condominium unit. Such Owner shall further be responsible and liable for the maintenance, repair and replacement of the exterior surfaces of any and all walls, ceilings and floors within his unit, including painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his condominium unit. Whenever the Owner of a condominium unit is obligated to maintain, replace or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement except that the Owner of such condominium unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. The Owner of a condominium unit who has exclusive use of any Limited Common Area and Facility shall maintain such at his own expense, unless said Common Elements have been specifically designated by the Board of Directors as maintenance responsibility of the Association. All glass doors, window frames, panes and

(a) By the Board of Directors. The Board of Directors shall be responsible for the maintenance, repair and replacement (unless, it in the opinion of not less than eighty percent (80%) of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Unit Owner) of all of the Common Elements, the cost of which shall be charged to all Unit Owners as a Common expense.

**MAINTENANCE, REPAIR AND REPLACEMENT**

**ARTICLE X**

9.7 Controlling procedure. The procedure set out in this Article shall control over any contrary provisions in the Act.

9.6 Conditions. The Board or, on appeal, the Association, may impose conditions, on any consent to such work to protect the Common elements, units and the Condominium, and to insure that the provisions of the Act, Declaration and these By-Laws are complied with, including, without limitation, the furnishing to the Association of payment and performance bonds, or other security acceptable to the Board, to ensure that the proposed work is timely completed pursuant to the plans and specifications therefor and all costs thereof paid.

9.5 Fees. The Board may require the Unit Owner proposing to do the work to pay reasonable fees and charges to cover the costs incurred by the Association in giving notice of and holding meetings pursuant to this Article.

The provisions of Article IV hereof shall apply to such meeting. At such meeting the members shall decide to consent or not to consent to such work. The decision of the Association shall be final.



(c) Changes to Rules and Regulations. Each unit and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each unit Owner.

(B) Use of Swimming Pool. The Board of Directors shall adopt rules and regulations pertaining to the use of the swimming pool which shall be binding upon all Owners and guests. These rules shall be observed by all Owners who shall also use their best efforts to see that they are observed by members of their family, guests, invitees, servants, lessees and persons over whom they exercise control and/or supervision. These rules pertaining to the use of the swimming pool shall be mailed to each of the unit Owners after the same have been adopted by the Board of Directors.

(11) No exterior signage on the Units including signage within the common areas shall be allowed unless the same has been approved in writing by the Board of Directors upon a written application submitted by an owner requesting signage which application shall set forth the dimensions of the sign and the language to be included on the sign. This prohibition applies to "For Sale" as well as "For Rent" signs. Owner or Owner's Agent shall have the right to have one (1) "For Rent" no greater than six inches by six inches (6" x 6") in that space so designated on the main entrance sign for Resort Rodanthe.

(10) Refuse and bagged garbage shall be deposited only in the area provided therefor.

(9) No person shall obstruct, alter or in any way modify the established drainage from on, or over, any unit, Common Element, or Limited Common Element.

(8) Each Owner shall be responsible for maintaining a minimum heat of fifty-five (55) degrees in their unit for the purpose of preventing the freezing of water pipes and resulting damage thereto. If the unit Owner is a non-resident during the winter months, then said unit Owner shall be responsible for appointing someone to take periodic inspections for the purpose of insuring that the heating unit within said unit is properly working and maintaining a minimum degree temperature of fifty-five (55) degrees.

(7) No person shall do any act to modify or change the landscaping of the Common Elements including the planting or removing of any shrubbery or trees, without the express written authority of the Board of Directors. The Board of Directors, at its discretion, may adopt and promulgate rules and regulations regarding the preservation of trees and other natural resources and wildlife upon the property.

or unreasonable disturbance or noise may be permanently removed from the property upon ten (10) days written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. Any unit Owner who keeps or maintains any pet upon any portion of the property shall be deemed to have indemnified and agreed to hold the Association, each unit Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium.

ARTICLE XII

INSURANCE

12.1 Authority to Purchase; Notice.

(a) Except as otherwise provided in Section 12.5, all insurance policies relating to the Property shall be purchased by the Board of Directors prior to the conveyance of a condominium unit to any party other than Declarant. The Board of Directors shall not be liable for failure to obtain any coverages required by this Article XII or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are available only at a demonstrably unreasonable cost. The Board of Directors shall promptly furnish to each unit Owner written notice of the procurement of, subsequent changes in, or termination of, insurance coverages obtained on behalf of the Association.

(b) Each such policy shall provide that:

- (1) The insurer waives any right to claim by way of subrogation against the Declarant, the Association, the Board of Directors, the Managing Agent or the unit Owners, and their respective agents, employees, guests and, in the case of the unit Owners the members of their households;
- (2) Such policy shall not be cancelled, invalidated or suspended due to the conduct of any unit Owner (including his invest, agents or employees) or of any member, officer or employee of the Board of Directors or the Managing Agent without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect and neither shall have so cured such defect within sixty (60) days after such demand;
- (3) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least sixty (60) days prior written notice to the Board of Directors and to all Mortgagees.

(c) All policies of insurance shall be written by reputable companies authorized to do business in the State of North Carolina. Physical damage policies shall be in form and substance and with carriers acceptable to Mortgagees holding a majority of the Mortgagees (based upon one vote for each Mortgage owned).

(d) The deductible, if any, on any insurance policy purchase the Board of Directors shall be a Common Expense, except where the claim is for components of a unit.

12.2 Physical Damage Insurance.

(a) The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, windstorm, debris removal, cost of demolition and water damage endorsements, insuring the entire property including fixtures and appliances initially installed by the Declarant but not including furniture, wall coverings, furnishings or other personal property supplied or installed by unit Owners, and covering the interests of the Association, the Board of Directors and all unit Owners and their Mortgagees, as their interests may appear, (subject, however, to the loss payment and adjustment provisions in favor of the Board of Directors as Insurance Trustee contained in Section 12.6 and 12.7), in an amount not less than eighty percent (80%) of the replacement cost of the insured property (exclusive of the Land, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined

(a) A cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured;

12.3 Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage and errors and omissions coverage for directors) and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring any member of the Board of Directors, the Managing Agent, each unit Owner and the Declarant against any liability to the public or to the unit Owner (and their invitees, agents and employees) arising out of, or incident to the ownership and/or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and contain:

(c) A duplicate original of the policy of physical damage insurance and all renewals thereof, and any sub-policies or certificates and endorsements issued hereunder, together with proof of payment of premiums, shall be delivered by the insurer to any mortgagee requesting the same, at least thirty (30) days prior to expiration of the then current policy. Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board of Directors may determine, of the then current replacement cost of the property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Section 12.2. All mortgages shall be notified promptly of any event giving rise to a claim under such policy arising from damage to such unit. Elements in excess of one percent (1%) of the then current replacement cost of the property. The Mortgagee of a unit shall be notified promptly of any event giving rise to a claim under such policy arising from damage to the Common Elements in excess of one percent (1%) of the then current replacement cost of the property. The Mortgagee of a unit shall be notified promptly of any event giving rise to a claim under such policy arising from damage to such unit.

(3) That any "no other insurance" clause expressly exclude individual unit Owners' policies from its operation so that the physical damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual unit Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual unit Owners or their Mortgagees, unless otherwise required by law.

(2) The following endorsements (or equivalents): (1) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or unit Owner or their agents when such act or neglect is not within the control of the insured, or the unit Owners collectively; nor by any failure of the insured, or the unit Owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or the unit Owners collectively, have no control); (2) "contingent liability from operation of building laws or codes"; (3) "increased cost of construction" or "condominium replacement cost"; and (4) "agreed amount" or elimination of co-insurance clause; and

(1) A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these By-Laws not to do so;

(b) Such policy shall also provide:

annually by the Board of Directors with the assistance of the insurance company affording such coverage). The liability insurance is to cover liability which might arise out of the use, ownership, or maintenance of the Common Elements.



12.5 Separate insurance. Each unit Owner shall have the right, at his own expense, to obtain insurance of his own unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability as well as upon any improvements made by him to his unit under coverage normally called "improvement and detachment coverage"; provided, however, that no unit Owner shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all unit Owners, may realize under any insurance policy maintained by the Board of Directors or to cause any insurance coverage maintained by the Board of Directors to be brought into contribution with insurance coverage obtained by a unit Owner. All such policies shall contain waivers of subrogation. No unit Owner shall obtain separate insurance policies on the Condominium except as provided in this Section 12.5.

(d) such other insurance as the Board of Directors may determine or as may be requested from time to time by a majority of the unit Owners.

(c) workers' compensation insurance to the extent necessary to meet the requirements of law;

(b) as required by any governmental or quasi-governmental agency, including without limitation the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, Flood Insurance in accordance with the then applicable regulations of such agency;

(3) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

(2) be written in an amount not less than one-half (1/2) the total annual condominium assessments for the year or the amount required by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greater; and

(1) name the Association as an obligee;

(a) adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association, including the Managing Agent. Such fidelity bonds shall:

12.4 Other insurance. The Board of Directors shall obtain and maintain:

(a) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a unit Owner because of negligent acts of the Association or of another unit Owner. The Board of Directors shall review such limits once a year, but in no event shall such insurance be less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than One Million Dollars (\$1,000,000.00).

(d) deletion of the normal products exclusion with respect to events sponsored by the Association; and

(c) host liquor liability coverage with respect to events sponsored by the Association;

(b) hired and non-owner vehicle coverage;

(a) The proceeds of insurance collected on account of casualty, and the sums received by the Board of Directors as Insurance Trustee from collections of assessments against unit Owners on account of such casualty, shall constitute a construction

13.3 Disbursements of Construction Funds.

(c) Plans and specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the property, subject to any modifications required by changes in applicable governmental regulations, and using compatible building materials and technology to the extent feasible.

(b) Assessments. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a Common Expense and a special assessment therefore shall be levied.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of the building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring such portion (including any damaged units and any floor coverings and kitchen and bathroom fixtures and appliances installed by Declarant, but not including any other furniture, furnishings, fixtures or equipment installed by the unit Owner in the unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors as Insurance Trustee determines to be necessary.

13.2 Procedure for Reconstruction and Repair.

13.1 When Repair and Reconstruction are Required. Except as otherwise provided in Section 13.4, in the event of damage to or destruction of all or any part of the building as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration of the building, including any damaged units, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the unit Owners in the units. Notwithstanding the foregoing, each unit Owner shall have the right to supervise the interior redecorating of his own unit.

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

ARTICLE XIII

12.7 Unavailability of Insurance. In the event any required insurance is not available, the Board of Directors must deliver notice of that fact to all of the Owners.

(b) The sole duty of the Board of Directors as Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these By-Laws, for the benefit of the insured and their beneficiaries thereunder.

(a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Association, the unit Owners, their mortgagees and their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board of Directors as "Insurance Trustee" to be applied pursuant to the terms of Article XII.

12.6 Insurance Trustee.

13.4 When Reconstruction is Not Required. In the event the Board of Directors elects not to repair insubstantial damage to the Common Elements, the Board of Directors shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed among all unit Owners

Any such certificate shall be delivered to the Board of Directors as Insurance Trustee promptly after request.

(3) All other matters concerning the holding and disbursing of any construction fund.

(2) The name of the payee and the amount to be paid with respect to disbursement from any construction fund whether surplus funds or Owners; and

(1) Whether the damaged property is required to be reconstructed and repaired;

(d) Certificate. The Board of Directors as Insurance Trustee shall be entitled to rely upon a certificate executed by the President of Vice President, and the Secretary certifying:

(c) Common Elements. When the damage is to both Common Elements and units, the insurance proceeds shall be applied first to the cost of repairing those portions of the Common Elements which enclosed and service the units, then to the cost of repairing the other Common Elements and thereafter to the cost of repairing the units.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all unit Owners in proportion to their Percentage Interests and shall be distributed in accordance with the provisions of Section 3-113 of the Act.

(2) If the estimated cost of reconstruction and repair is fifty thousand dollars (\$50,000.00) or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in North Carolina and employed by the Board of Directors as Insurance Trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (i) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

Fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

14.2 Notice of Default and Failure to Cure. In the event of any such default or failure, the Board shall serve upon or mail to the defaulting member, and to each first mortgagee of that member's unit, a written notice of default, a written notice specifying the nature of the default, the cure thereof, and the time within which the cure shall be effected. Within the time limit specified in the notice the defaulting member may cure the default by requesting a hearing before the Board. If a hearing is so requested, the Board shall thereafter serve upon or mail to the defaulting member, and to each first mortgagee which was entitled to notice of the default as above provided, a notice specifying the time and place for such hearing. At the hearing, the Board shall take such evidence and hear such testimony as it deems necessary or desirable. The Board shall not exercise any remedies or relief from the default until the hearing is over and the Board has made its determination and served upon or mailed the notice to the defaulting member and each such first mortgagee. The hearing may be continued from time to time as determined by the Board. Upon taking such evidence and hearing, such testimony as the Board, at its sole option, to waive the default, or to proceed immediately to levy a fine or penalty, or to exercise any one or more of the remedies available to the Board in such default. The Board shall serve upon or mail to the defaulting member, and to each first mortgagee which was entitled to notice of the default as above provided, a copy of the determination. If the defaulting member (1) does not request a hearing within the time limit specified in the original notice of default given pursuant to this Section, or (2) so requests a hearing, but fails to cure the default to the extent not waived by the Board) within the extended time, or (3) requests a hearing after the extended time, the Board shall have the right to suspend the right of a defaulting unit owner to vote as a member of the Association until the default is cured.

14.3 Default and Remedies. A default in or failure to comply with any of the terms, conditions, obligations, and provisions of the Act, the Declaration, these By-Laws, the Articles, or the rules and regulations as the same may be amended from time to time, by any unit owner or occupant, shall be grounds for relief that may include, without limitation, an action to recover fines and penalties as determined by the Board, sums due for damages, an injunction, or any other relief, interest, and which relief may be sought by the Association or aggrieved unit owner, or by any person or class of persons as may be directed. Also, if any member fails to perform any obligations under the Act, the Declaration, these By-Laws, the Articles, or the rules and regulations, then the Association may, but is not limited to, perform the same for the member's account, and for that purpose may enter upon his unit, may make necessary repairs, and incur expenses or other sums necessary to cure the default, and for such expenses and costs may levy a special assessment against the unit owned by such defaulting member. The Association shall be entitled to suspend the right of a defaulting unit owner to vote as a member of the Association until the default is cured.

CONDOMINIUM, ENFORCEMENT, FINES AND PENALTIES  
 ARTICLE XIV

14.4 Insurance. In proportion to their respective percentage interest. If the Condominium shall be terminated pursuant to "Act", the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the Board of Directors as Insurance Interest among all unit owners in proportion to their respective percentage interests, after first paying out of the share of each unit owner, to the extent sufficient therefore, the amount of any unpaid liens on his unit in the order of priority of such liens.

RESORT RODAN THE HOMEOWNERS ASSOCIATION, INC.  
BY: *[Signature]* President  
(SEAL)

IN WITNESS WHEREOF, the Interim Board of Directors appointed by the Declarant has caused these By-Laws to be signed and sealed by its duly authorized officers, as its act and deed, on that date set forth within the acknowledgment hereof.

An amendment to these By-Laws shall be made and approved in the manner, and shall be subject to the same restrictions relative to requiring prior written consent of first mortgages, as set forth in Article X of the Declaration, and once made, shall become effective when recorded in the same manner and place as an amendment to the Declaration.

AMENDMENT

ARTICLE XV

14.7 Assessment Liens. Assessment liens shall be enforced pursuant to Article VIII hereof and not pursuant to this Article.

14.6 Nonwaiver of Covenants. The failure of the Association or of any member thereof to enforce any term, provision, right, covenant, or condition that may be granted by the Declaration, those By-Laws, the Articles, the rules and regulations or the Act, as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of the Association or a member to enforce such term, provision, right, covenant, or condition in the future, irrespective of the number of violations or breaches thereof that may have occurred.

14.5 Recovery of Attorneys' Fees and Costs. In any proceeding arising because of an alleged default by a member, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees as may be allowed by the court, with interest thereon at the highest rate allowed by law at the time the costs are incurred until paid.

14.4 Injunction. Any person or class of persons entitled to seek relief for any such default or failure may obtain a temporary restraining order, injunction or similar relief, without first using the procedure established by Section 14.2 hereof, if such default or failure creates an emergency or a situation dangerous to persons or property.

14.3 Remedy of Abatement in Addition to Other Remedies. In the event a member fails to effect the cure specified by the Board within the time period set out in (1) or (11) of Section 14.2 hereof, whichever is applicable, where the default is a structure, thing, or condition existing in or on the premises of the member's unit, the Board, or its duly authorized representative, shall have the right to enter upon the premises of the member's unit in which, on which, or as to which, such default exists, and summarily to abate and remove, at the defaulting member's expense (and levy an assessment therefor as provided in Section 14.1 hereof), the structure, thing, or condition constituting the default, and the Board, the Association, and their agents, employees, and representatives shall not thereby be deemed guilty of any manner of trespass.

shall serve upon or mail to the defaulting member, and to each such first mortgagee which was entitled to notice of the default as above provided, a written notice of such member's failure to effect a cure, and the Board may then proceed to take such action as it deems necessary to obtain relief.

[STAMP/SEAL]



My Commission Expires 10-5-90.

*Patricia A. Loughry*  
Notary Public

WITNESS my hand and official stamp or seal, this the 23rd day of October, 1989.

I, a Notary Public of the County and State aforesaid, certify that William E. Kelly, personally came before me this day and acknowledged that he is Secretary of RESORT RODANTRHE HOMEOWNERS ASSOCIATION, INC., a North Carolina Corporation, and that by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its Corporate Seal and Attested by himself, as its Secretary.

NORTH CAROLINA  
DARE COUNTY

[CORPORATE SEAL]



*William E. Kelly*  
Secretary

