

BY-LAWS
OF
QUEENS GRANT TOWNHOUSES, INC.

(A NON-PROFIT CORPORATION)

ARTICLE I.

GENERAL

SECTION 1. THE NAME. The name of the corporation is QUEENS GRANT TOWNHOUSES, INC., hereinafter referred to as "Association".

SECTION 2. THE PRINCIPAL OFFICE. The principal office of the Association shall be QUEENS GRANT TOWNHOUSES, Northern Boulevard, (N.C. Highway No. 50) Box 69, Topsail Beach, North Carolina 28445, or at such other place as may be subsequently designated by the Board of Directors.

ARTICLE II.

DEFINITIONS

SECTION 1. "ASSOCIATION" - shall mean and refer to QUEENS GRANT TOWNHOUSES, INC., its successors and assigns.

SECTION 2. "PROPERTIES" - shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 3. "COMMON AREA" - shall mean all property owned by the Association for the common use and enjoyment of the Owners.

SECTION 4. "LOT" - shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

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

SECTION 6. "DECLARANT" - shall mean and refer to ISLAND DEVELOPMENT CORPORATION, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

SECTION 7. "DECLARATION" - shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Pender County, North Carolina.

SECTION 8. "MEMBER" - shall mean and refer to those persons entitled to membership as provided in the Declaration.

SECTION 9. "OTHER DEFINITIONS" - all definitions set forth in the Declaration shall be applicable herein, unless otherwise defined herein.

ARTICLE III.

MEETINGS OF MEMBERSHIP

SECTION 1. PLACE. All meetings of members shall be held at the office of the Association or such other place as may be stated in the notice.

SECTION 2. ANNUAL MEETINGS.

(a) The annual meeting of the members shall be held at Topsail Beach, North Carolina, in each year

(b) Regular annual meetings shall be held on the last Saturday in April in each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, unless otherwise determined by the Board.

(c) All annual meetings shall be held at such hour as is determined by the Board.

(d) At the annual meeting, the members shall elect the new members of the Board of Directors and transact such other business as may properly come before the meeting.

(e) Written notice of the annual meeting shall be served upon or mailed to each member entitled to vote at such address as appears on the books of the Association at least ten (10) days but not more than fifty (50) days prior to the meeting.

SECTION 3. MEMBERSHIP LIST: At least ten (10) days but not more than fifty (50) days before every annual meeting, a complete list of members entitled to vote at such meeting, arranged numerically by classes, with the address of each, shall be prepared by the Secretary. Such list shall be produced and kept for ten (10) days and throughout the annual meeting at the office of the Association, and shall be opened to examination by any member.

SECTION 4. SPECIAL MEETINGS:

(a) Special meetings of the members for any purposes, unless otherwise prescribed by statute or by the Articles of Incorporation may be called at any time by the President or by the Board of Directors, or upon written request of one-third (1/3) of the members, regardless of class. Such request shall state the purpose or purposes of the proposed meeting.

(b) Written notice of special meeting of members, stating the time, place, and purpose thereof, shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the books of the Association, at least ten (10) days before such meeting.

(c) Business transacted at all special meetings shall be confined to the purposes stated in the notice thereof, unless seventy-five per cent (75%) of the members present at such meeting, in person, or by proxy, consent to the transaction of business not stated in the notice.

SECTION 5. QUORUM: Over fifty per cent (50%) of the total number of votes entitled to be cast by Class A and Class B members, present in person, or represented by proxy, shall be requisite to and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise required by statute, by the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any such meeting of the members, the members entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

SECTION 6. VOTE REQUIRED TO TRANSACT BUSINESS: When a quorum is present at any meeting, a majority of the votes cast, in person or represented by written proxy filed with the Secretary in advance of the meeting, unless the question is one upon which by express provision of law, the Articles of Incorporation, the Declaration, or these By-Laws, a different vote is required, in which case, such express provision shall govern and control the decision of such question.

SECTION 7. RIGHT TO VOTE: Each owner of a Class A membership in good standing shall be entitled to one vote. The vote of the Class B membership shall be as prescribed in the Declaration. At any meeting of the members, every member having the right to vote shall be entitled to vote in person or by proxy. Such proxy shall be valid only for such meeting or subsequent adjourned meetings thereof. If more than one (1) person or entity own a membership all such owners shall file certificate with the Secretary naming the person authorized to cast the vote for such membership. If the

certificate is not on file, the vote of a co-owner present shall be accepted as the vote of all co-owners, unless another co-owner objects,

SECTION 8. WAIVER AND CONSENT: Whenever the vote of members at a meeting is required or permitted by an provision of law, the Articles of Incorporation, the Declaration, or these By-Laws to be taken in connection with any action of the Association, the meeting and vote of members may be dispensed with, if all members who would have been entitled to vote upon the action of such meeting, if such meeting were held, shall consent in writing to such action.

SECTION 9. ORDER OF BUSINESS: The order of business at the annual meeting of the members and as far as practical at other meetings of the members, will be:

- (a) Roll call and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of prior meeting;
- (d) Officers' reports;
- (e) Committee reports;
- (f) Approval of budget;
- (g) Elections of Directors;
- (h) Unfinished business;
- (i) New business;
- (j) Adjournment.

Robert's Rules of Order shall be applicable to the conduct of all meetings of members.

ARTICLE IV.

BOARD OF DIRECTORS

SECTION 1. NUMBER: The affairs of this Association shall be managed by a Board of Directors. The number of directors which shall constitute the Board of Directors (the "Board") shall be specified in the Articles of Incorporation and these By-Laws. Until succeeded by Directors elected at the first annual meeting of members, the number constituting the Board shall be three (3). Thereafter, the number of Directors shall be not less than three (3) or more than six (6).

SECTION 2. TERM OF OFFICE: Each Director shall be elected to serve for a term of three (3) years, or until his successor shall be elected and shall qualify, except that the first election at the first annual meeting shall provide for one (1) Directors for one (1) year, one (1) Directors for two (2) years and one Directors for three (3) years.

SECTION 3. VACANCY AND REPLACEMENT: If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect of which such vacancy occurred.

SECTION 4. REMOVAL: Directors may be removed with our without cause, by a majority vote of the members of the Association. No Director shall serve on the Board after his membership in the Association shall be terminated for any reason whatsoever.

SECTION 5. POWERS: The property and business of the Association shall be managed by the Board, which may exercise all corporate powers prescribed or not specifically prohibited by law, the Articles of Incorporation, or the Declaration. The powers of the Board shall specifically include, but not be limited to, the following:

- (a) To make and collect regular and special assessments and establish the time within which payment of same shall be due.
- (b) To adopt and publish Rules and Regulations governing the use of the Common Areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.

(c) To suspend the voting rights and right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published Rules and Regulations.

(d) To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration.

(e) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(f) To purchase the necessary equipment and tools required in the maintenance, care and preservation of the property of the Association.

(g) To insure and keep insured the property of the Association in the manner set forth in the Declaration against loss from fire and/or other casualty, and the Association against public liability, and to purchase such other insurance as the Board may deem advisable.

(h) To collect delinquent assessments by suit or otherwise, abate nuisances and enjoin or seek damages from members or any person for violation of these By-Laws of the terms and conditions of the Declaration.

(i) To employ and compensate such persons, firms and corporations as may be required for the maintenance and preservation of the property.

(j) To acquire, own, hold, pledge, sell, transfer or lease a townhouse unit in the name of the Association or its designee.

(k) To contract for management of the Association and to delegate to such other party all powers and duties of the Association except those specifically required by the Declaration to have specific approval of the Board or the members.

(l) To impose a special assessment (against any owner), not to exceed Fifty Dollars (\$50.00) for each occurrence, for the violation by the owner or his guest of any Rule or Regulation adopted by the Board or the breach of any By-Law contained herein, or the breach of any provision of the Declaration.

SECTION 6. LIABILITY: The Directors shall not be liable to the owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct, bad faith, or gross negligence.

SECTION 7. COMPENSATION: Neither Directors nor officers shall receive compensation for their services as such, however, the Board of Directors may order reimbursement of any officer or Director for expenses incurred for and on behalf of the Association.

SECTION 8. MEETINGS:

(a) The first meeting of each Board newly elected by the members shall be held immediately upon adjournment of the meeting at which such election was held, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board shall be held at the same place as the members' meeting, and immediately before or after the adjournment of same.

(b) Special meetings shall be held whenever called by the direction of the President or a majority of the Board. The Secretary shall give notice of each special meeting either personally, by mail or telegram, at least three (3) days before the date of such meeting, but the Directors may, in writing, waive notice of the calling of the meeting, before or after such meeting.

(c) A majority of the Board shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business, and the act of a majority present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at the meeting, the Directors then present may adjourn the meeting without notice, other than announcement at the meeting, until a quorum shall be present.

SECTION 9. ORDER OF BUSINESS. The order of business at all meetings of the Board shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of last meeting;
- (d) Consideration of communications;
- (e) Elections of necessary Directors and officers;
- (f) Reports of officers and employees;
- (g) Reports of committees;
- (h) Unfinished business;
- (i) Original resolutions and new business;
- (j) Adjournment.

SECTION 10. ANNUAL STATEMENT. The Board shall present, no less often than at the annual meeting, a full and clear statement of the business and financial conditions of the Association.

ARTICLE V.

OFFICERS

SECTION 1. EXECUTIVE OFFICERS. The executive officers of the Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected annually by and from the Board. No two offices may be held by one person, except Secretary and Treasurer. If the Board so determines, there may be more than one Vice President.

SECTION 2. SUBORDINATE OFFICERS. The Board may appoint such other officers and agents from the membership as it may deem necessary and such officers and agents shall have such authority and perform such duties as from time to time may be prescribed by the Board.

SECTION 3. TENURE OF OFFICERS—REMOVAL. All officers shall be subject to removal, with or without cause, at any time by action of the Board, which may delegate to an officer the authority to dismiss employees, agents or contractors.

SECTION 4. THE PRESIDENT.

(a) The President shall preside at all meetings of the members and Directors; he shall have general and active management of the business of the Association; he shall see that all orders and resolutions of the Board are carried into effect; he shall execute bonds, mortgages, other instruments and contracts requiring a seal, under the seal of the Association.

(b) He shall exercise general control and direction of all the other officers of the Association in the performance of their corporate duties.

(c) He shall submit a report of the operations of the Association for the fiscal year to the Directors whenever called for by them, and to the members at the annual meeting, and from time to time shall report to the Board all matters within his knowledge of interest to the Association.

(d) He shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of an Association.

SECTION 5. THE VICE PRESIDENT. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

SECTION 6. THE SECRETARY.

(a) The Secretary shall keep the minutes of the members and of the Board's meetings in one or more books provided for that purpose.

(b) The Secretary shall see that all notices are fully given in accordance with the provisions of these By-Laws, the Declaration or as required by law.

(c) The Secretary shall be custodian of the corporate records and of the seal of the Association and shall see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-Laws.

(d) The Secretary shall keep a register of the name, telephone number and post office address of each member.

(e) In general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

SECTION 7. THE TREASURER.

(a) The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association, in such depositories as may be designated by the Board.

(b) The Treasurer shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association. Such records shall be open to inspection by members at all reasonable times.

(c) The Treasurer may be required to give the Association at the Association's cost, a bond in a sum and with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the Association, in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association.

(d) With the approval of the Board, the Treasurer shall be authorized to delegate all or part of his authorities to competent accounting, collection or management personnel, pursuant to written definition of the authorities delegated, but in such event, the Treasurer shall retain full responsibility.

SECTION 8. VACANCIES. If the office of any officer becomes vacant by reason of death, resignation, disqualification or otherwise, the President shall choose a successor or successors who shall hold office for the unexpired term.

SECTION 9. RESIGNATIONS. Any officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Board of Directors, unless some time be fixed in the resignation, and then from that date. The acceptance of a resignation by the Board shall not be required to make it effective.

ARTICLE VI.

NOTICES

SECTION 1. DEFINITION. Whenever under the provisions of the law, the Declaration, the Articles of Incorporation or these By-Laws, notice is required to be given to any Director or member, it shall not be construed to mean personal notice; but such notice may be given to such Director or member in writing by depositing the same in a post office or letter box in a postpaid, sealed envelope addressed as appears on the books of the Association.

SECTION 2. SERVICE OF NOTICE—WAIVER. Whenever any notice is required to be given under the provisions of the law, the Declaration, the Articles of Incorporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

SECTION 3. ADDRESS. The address of the Association for notice is Queens Grant Townhouses, Inc., Northern Boulevard (N.C. Highway No. 50) P. O. Box 69, Topsail Beach, North Carolina, 28445.

ARTICLE VII.

FINANCES

SECTION 1. FISCAL YEAR. The fiscal year shall be from May 31 through June 1.

SECTION 2. CHECKS. All checks or demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3. DETERMINATION OF ASSESSMENTS.

(a) The Board shall determine, from time to time, the amount of money required for the proper and adequate maintenance and preservation of the property of the Association and all other costs of operating the business of the Association, including insurance premiums, and accounting and legal fees; and the Board shall thereupon adopt an annual budget which shall be the basis for all regular assessments against members of this Association. Until the first annual meeting of members, the Board's budget need not be approved by the members; however, the budget adopted by the Board as the basis for all such regular assessments for all calendar years beginning in 1983 must be approved by the members at the annual meeting of the Association.

(b) The Board is specifically empowered on behalf of the Association to make and collect assessments and to maintain repair, renovate and replace any of the property of the Association. Assessments shall be payable periodically as determined by the Board.

(c) Special assessments as described in the Declaration may be imposed by the Board as authorized in and by the Declaration; and such special assessments shall be levied and paid by the members in the same manner as provided herein for regular annual assessments, subject to the provisions of the Declaration.

(d) When the Board has determined the amount of any assessment, the Secretary of the Association shall mail or present a statement of the assessment to each of the members. All assessments shall be payable to the Association, and upon request, the Treasurer or his designated agent, shall give a receipt for each payment made.

(e) All assessments not paid when due shall bear interest at the highest lawful rate of interest.

ARTICLE VIII.

SEAL

The seal of the Association shall have inscribed thereon the name of the Association, the year of its organization, and the words "Non-Profit". Such seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise.

ARTICLE IX.

DEFAULT

SECTION 1. ENFORCEMENT OF LIEN FOR ASSESSMENTS: In the event a member does not pay any sums, charges or assessments required to be paid to the Association by the due date, the Association, acting through its Board, may enforce its lien for assessments, or take such other action to recover the sums, charges or assessments to which it is entitled, in accordance with the Declaration and the law.

SECTION 2. GOVERNMENTAL LIENS AND ASSESSMENTS: In the event that an owner fails to pay any tax or assessment lawfully assessed by any governmental subdivision within which the property is situated, by the date such tax or assessment is due, the Board may pay the same from the funds of the Association and assess such owner for the amount paid, plus interest thereon.

SECTION 3. LEGAL COSTS: In the event such legal action is brought against a member and results in a judgment for the Association, the member shall pay the Association's reasonable attorney's fees, costs of collection and court costs.

SECTION 4. FORECLOSURE: If the Association becomes the owner of a townhouse unit as a purchaser by reason of foreclosure, it shall offer such unit for sale and at such time as a sale is consummated, it shall deduct from the proceeds of such sale all sums of money due it for assessments and charges, plus interest, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the unit, including the expense of advertising. All monies remaining after deducting the foregoing items of expenses shall be paid to the former owner of said unit.

SECTION 5. OTHER REMEDIES: In the event a violation of the provisions of the Declaration or these By-Laws continues for thirty (30) days after notice from the Association to the unit owner to correct said violation, the Association on its own behalf, or by and through its Board of Directors, may being appropriate action to enjoin such violation or may enforce the provisions of the Declaration or these By-Laws, or may sue for damages, or take such other courses of action, or other legal remedy as it or they may deem appropriate.

SECTION 6. INTENT: Each member, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default and abatement of nuisance, regardless of the harshness of the remedy available to the Association and regardless of the availability of any other equally adequate legal remedies. It is the intent of all members to give the Association a method and procedure which will enable it at all times to operate on a business like basis, to collect those monies due and owing it from the members, and to preserve each member's right to enjoy his membership, free from reasonable restraint and nuisance.

ARTICLE X.

RULES AND REGULATIONS

In addition to the other provisions of these By-Laws, the Rules and Regulations adopted by the Board together with any subsequent changes, shall govern the use of the facilities and property of the Association and the conduct of all members, their assignees, lessees, and guests. Any further modifications in the Rules and Regulations may be made by the Board in accordance with Article IV, Section 5 of the By-Laws.

ARTICLE XI.

JOINT OR COMMON OWNERSHIP

Membership may be held in the name of more than one owner. In the event ownership is in more than one person, all of the joint or common owners shall be entitled collectively to only one vote in the management of the affairs of the Association, and the vote may not be divided between joint or common owners. The manner of determining who shall cast such vote shall be as set forth in Article III, Section 7.

ARTICLE XII.

INDEMNIFICATION

The Association may indemnify any person made a part to an action by reason of his being or having been a Director or officer of the Association, against the reasonable expenses including attorney's fees actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein, except in relation to such matters as to which such Director or officer is adjudged to have been guilty of gross negligence or misconduct in the performance of his duty to the Association.

ARTICLE XIII.

AMENDMENT

These By-Laws may be amended at any time by the affirmative vote of two-thirds (2/3) of the members at a meeting duly called for that purpose at which a quorum of more than fifty per cent (50%) is present in person or by proxy; provided that the notice of such meeting shall contain a copy of the proposed amendment verbatim which has been approved by a majority of the Directors.

ARTICLE XIV.

CONSTRUCTION

Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, whenever the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

The foregoing were adopted as the By-Laws of QUEENS GRANT TOWNHOUSES, INC., at the meeting of its Board of Directors held on the _____ day of _____, 1981.

Secretary of Meeting of Board of Directors of
Queens Grant Townhouses, Inc.

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BY-LAWS
OF
QUEENS GRANT TOWNHOUSES, INC.

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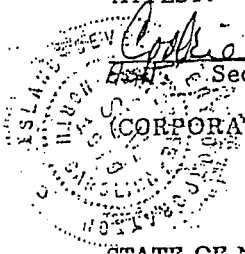
611-153

IN WITNESS WHEREOF, ISLAND DEVELOPMENT CORPORATION, the Declarant herein, has caused this Declaration to be signed in its corporate name by its President and attested by its Secretary and sealed with its corporate seal, all on the day and year first above written.

ISLAND DEVELOPMENT CORPORATION

BY: *Shirley S. Miller*
Vice President

ATTEST:



Cookie G. Tighman
Asst. Secretary
(CORPORATE SEAL)

STATE OF NORTH CAROLINA
COUNTY OF *New Hanover*

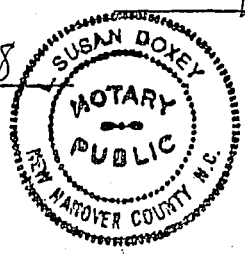
I, *L. Susan Dorey*, a Notary Public in and for the aforesaid County and State do hereby certify that *Cookie G. Tighman* personally appeared before me this day and acknowledged that *6* he is the *Asst.* Secretary of ISLAND DEVELOPMENT CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the said corporation, the foregoing instrument was signed in its name by its *Vice* President, sealed with its corporate seal, and attested by himself as its *Asst.* Secretary.

WITNESS my hand and notarial seal, this the *27th* day of May, 1983.

My Commission Expires:

March 24, 1988

(NOTARIAL SEAL)



L. Susan Dorey
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF PENDER

The foregoing certificate(s) of *L. Susan Dorey*,
and *Kathy B. Redmond*, Notary(ies) Public is/are certified to be correct. This the *27* day of May, 1983.

HUGH OVERSTREET, JR. - REGISTER OF DEEDS

BY: *Geneva Shady*
Deputy/Assistant

617-153

STATE OF NORTH CAROLINA)
COUNTY OF PENDER)

JOINDER AND CONSENT

JAMES C. STEADMAN, TRUSTEE, and UNITED CAROLINA BANK, a North Carolina Banking Corporation, join in this Declaration of Covenants, Conditions, and Restrictions for Queens Grant Townhouses for the sole purpose of subjecting and subordinating to said Declaration, the liens of those certain deeds of trust to JAMES C. STEADMAN, TRUSTEE, recorded in Book 1199 at Pages 278, 281, 284 and 287 in the Office of the Register of Deeds of Pender County, North Carolina.

James C. Steadman (SEAL)
JAMES C. STEADMAN, TRUSTEE

UNITED CAROLINA BANK:

BY: [Signature]
Vice President

ATTEST:
[Signature]
Assistant Secretary

(CORPORATE SEAL)

STATE OF NORTH CAROLINA)
COUNTY OF NEW HANOVER)

I, a Notary Public of the County and State aforesaid, certify that JAMES C. STEADMAN, TRUSTEE personally appeared before me this day and acknowledged the execution of the foregoing instrument.

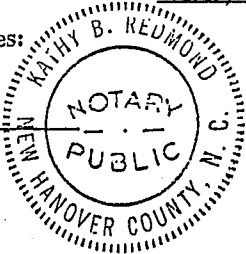
WITNESS my hand and official stamp or seal, this 27th day of May, 1983.

Kathy B. Redmond
Notary Public

My Commission Expires:

March 17, 1985

(NOTARIAL SEAL)



STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, a Notary Public of the County and State aforesaid, certify that [Signature], personally came before me this day and acknowledged that she is Assistant Secretary of UNITED CAROLINA BANK, a North Carolina Banking Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by her as its Assistant Secretary.

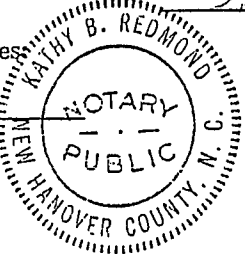
WITNESS my hand and official stamp or seal, this 27th day of May, 1983.

Kathy B. Redmond
Notary Public

My Commission Expires:

March 17, 1985

(NOTARIAL SEAL)





Doc No: 20031213
Recorded: 12/05/2017 01:44:22 PM
Fee Amt: \$26.00 Page 1 of 14

Pender County North Carolina
Sharon Lear Willoughby, Register of Deeds
BK 4655 PG 2257 - 2270 (14)

Prepared By & Return to: Charles D. Meier, Marshall, Williams & Gorham, LLP
P.O. Drawer 2088, Wilmington, NC 28402



STATE OF NORTH CAROLINA
COUNTY OF PENDER

FIRST AMENDMENT TO THE BYLAWS OF QUEENS GRANT TOWNHOUSES

This First Amendment to the Bylaws of Queens Grant Townhouses ("Amendment") is made and entered into as of this 29 day of November, 2017 by Queens Grant Townhouses, Inc., a North Carolina nonprofit corporation ("Association").

WITNESSETH:

A. The Association is the property owners' association charged with the responsibility for the operation of that certain real property known as Queens Grant Townhouses located in Pender County, North Carolina, and described in a Declaration recorded in Book 617, Page 153, a First Amendment recorded in Book 712, Page 34, and a Second Amendment recorded in Book 4407, Page 235, Pender County Registry ("Declaration"), including, but not limited to, the addition of real property subject to said Declaration, this Amendment being effective and applicable to all such additions.

B. The bylaws of the Association, which were not recorded, but are attached hereto as Exhibit 1, ("Bylaws") provide in Article XIII that the Bylaws can be amended by an affirmative vote of two-thirds(2/3) of the Members at a meeting duly called for that purpose for which a quorum of more than fifty (50%) is present in person or by proxy, provided that the

notice shall contain a copy of the proposed amendment verbatim which has been approved by a majority of the Directors.

C. The Amendment set forth below has been adopted by an affirmative vote of two-thirds(2/3) of the Members at a meeting duly called for that purpose for which a quorum of more than fifty (50%) was present in person or by proxy, that the notice contained a copy of the proposed amendment verbatim which had been approved by a majority of the Directors, or by ballot in accordance with G.S. 55A-7-08 , and has otherwise been properly adopted and approved as required by the Declaration, Bylaws and Articles of Incorporation, as applicable.

D. That the President or Vice President of the Association has been duly authorized and empowered to execute this Amendment and to cause the same to be recorded in the Pender County Registry as the binding act of the Association, its Owners and Board of Directors.

Now therefore, in consideration of the recitals set forth above, and as the act and deed of the Association, its Owners and Board of Directors, the Bylaws are hereby amended and modified as set forth below:

1. ARTICLE II, DEFINITIONS, SECTION 1, is deleted in its entirety and the following inserted in lieu thereof:

SECTION 1. "ASSOCIATION"- shall mean and refer to "QUEENS GRANT SOUND SIDE ASSOCIATION", a North Carolina non-profit corporation, formerly known as "Queens Grant Townhouses, Inc."

2. ARTICLE VII, FINANCES, SECTION 1, FISCAL YEAR, is deleted in its entirety and the following inserted in lieu thereof:

SECTION 1. FISCAL YEAR. The fiscal year shall be from January 1 through December 31.

END OF AMENDMENTS

Except as amended, the Declaration, as may have been previously amended, shall remain in full force and effect.

The undersigned, being the _____ President of the Association, does, by his/her execution hereof, certify that this Amendment has been adopted by an affirmative vote of two-thirds(2/3) of the Members at a meeting duly

called for that purpose for which a quorum of more than fifty (50%) was present in person or by proxy, that the notice contained a copy of the proposed amendment verbatim which had been approved by a majority of the Directors, or by ballot in accordance with G.S. 55A-7-08 , and has otherwise been properly adopted and approved as required by the Declaration, Bylaws and Articles of Incorporation, as applicable.

Queens Grant Townhouses, Inc.

By: *Martin B Jarvis Jr*
Martin B Jarvis Jr President

=====

STATE OF NORTH CAROLINA
COUNTY OF New Hanover

I, Gina L. Gilb, notary public, do hereby certify that Martin B Jarvis Jr. (name of officer), personally appeared before me this day and acknowledged that he/she is President (title of officer) of the Association and that he/she, being authorized to do so, executed the foregoing on behalf of the Association.

Witness my hand and official seal this the 29th day of November, 2017.

Gina L Gilb
Notary Public
My Commission Expires: 05/13/2022

(Notary Seal)

GINA L. GILB
Notary Public
New Hanover Co., North Carolina
My Commission Expires May 13, 2022

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OF
QUEENS GRANT TOWNHOUSES, INC.

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BY-LAWS
OF
QUEENS GRANT TOWNHOUSES, INC.
(A NON-PROFIT CORPORATION)

ARTICLE I.

GENERAL

SECTION 1. THE NAME. The name of the corporation is QUEENS GRANT TOWNHOUSES, INC., hereinafter referred to as "Association".

SECTION 2. THE PRINCIPAL OFFICE. The principal office of the Association shall be QUEENS GRANT TOWNHOUSES, Northern Boulevard, (N.C. Highway No. 50) Box 59, Topsail Beach, North Carolina 28445, or at such other place as may be subsequently designated by the Board of Directors.

ARTICLE II.

DEFINITIONS

SECTION 1. "ASSOCIATION" - shall mean and refer to QUEENS GRANT TOWNHOUSES, INC., its successors and assigns.

SECTION 2. "PROPERTIES" - shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 3. "COMMON AREA" - shall mean all property owned by the Association for the common use and enjoyment of the Owners.

SECTION 4. "LOT" - shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

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

SECTION 6. "DECLARANT" - shall mean and refer to ISLAND DEVELOPMENT CORPORATION, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

SECTION 7. "DECLARATION" - shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Pender County, North Carolina.

SECTION 8. "MEMBER" - shall mean and refer to those persons entitled to membership as provided in the Declaration.

SECTION 9. "OTHER DEFINITIONS" - all definitions set forth in the Declaration shall be applicable herein, unless otherwise defined herein.

ARTICLE III.

MEETINGS OF MEMBERSHIP

SECTION 1. PLACE. All meetings of members shall be held at the office of the Association or such other place as may be stated in the notice.

SECTION 2. ANNUAL MEETINGS.

(a) The annual meeting of the members shall be held at Topsail Beach, North Carolina, in each year

(b) Regular annual meetings shall be held on the last Saturday in April in each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, unless otherwise determined by the Board.

(c) All annual meetings shall be held at such hour as is determined by the Board.

(d) At the annual meeting, the members shall elect the new members of the Board of Directors and transact such other business as may properly come before the meeting.

(e) Written notice of the annual meeting shall be served upon or mailed to each member entitled to vote at such address as appears on the books of the Association at least ten (10) days but not more than fifty (50) days prior to the meeting.

SECTION 3. MEMBERSHIP LIST: At least ten (10) days but not more than fifty (50) days before every annual meeting, a complete list of members entitled to vote at such meeting, arranged numerically by classes, with the address of each, shall be prepared by the Secretary. Such list shall be produced and kept for ten (10) days and throughout the annual meeting at the office of the Association, and shall be opened to examination by any member.

SECTION 4. SPECIAL MEETINGS:

(a) Special meetings of the members for any purposes, unless otherwise prescribed by statute or by the Articles of Incorporation may be called at any time by the President or by the Board of Directors, or upon written request of one-third (1/3) of the members, regardless of class. Such request shall state the purpose or purposes of the proposed meeting.

(b) Written notice of special meeting of members, stating the time, place and purpose thereof, shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the books of the Association, at least ten (10) days before such meeting.

(c) Business transacted at all special meetings shall be confined to the purposes stated in the notice thereof, unless seventy-five per cent (75%) of the members present at such meeting, in person, or by proxy, consent to the transaction of business not stated in the notice.

SECTION 5. QUORUM: Over fifty per cent (50%) of the total number of votes entitled to be cast by Class A and Class D members, present in person, or represented by proxy, shall be requisite to and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise required by statute, by the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any such meeting of the members, the members entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

SECTION 6. VOTE REQUIRED TO TRANSACT BUSINESS: When a quorum is present at any meeting, a majority of the votes cast, in person or represented by written proxy filed with the Secretary in advance of the meeting, unless the question is one upon which by express provision of law, the Articles of Incorporation, the Declaration, or these By-Laws, a different vote is required, in which case, such express provision shall govern and control the decision of such question.

SECTION 7. RIGHT TO VOTE: Each owner of a Class A membership in good standing shall be entitled to one vote. The vote of the Class B membership shall be as prescribed in the Declaration. At any meeting of the members, every member having the right to vote shall be entitled to vote in person or by proxy. Such proxy shall be valid only for such meeting or subsequent adjourned meetings thereof. If more than one (1) person or entity own a membership all such owners shall file certificate with the Secretary naming the person authorized to cast the vote for such membership. If the

certificate is not on file, the vote of a co-owner present shall be accepted as the vote of all co-owners, unless another co-owner objects,

SECTION 8. WAIVER AND CONSENT: Whenever the vote of members at a meeting is required or permitted by an provision of law, the Articles of Incorporation, the Declaration, or these By-Laws to be taken in connection with any action of the Association, the meeting and vote of members may be dispensed with, if all members who would have been entitled to vote upon the action of such meeting, if such meeting were held, shall consent in writing to such action.

SECTION 9. ORDER OF BUSINESS: The order of business at the annual meeting of the members and as far as practical at other meetings of the members, will be:

- (a) Roll call and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of prior meeting;
- (d) Officers' reports;
- (e) Committee reports;
- (f) Approval of budget;
- (g) Elections of Directors;
- (h) Unfinished business;
- (i) New business;
- (j) Adjournment.

Robert's Rules of Order shall be applicable to the conduct of all meetings of members.

ARTICLE IV.

BOARD OF DIRECTORS

SECTION 1. NUMBER: The affairs of this Association shall be managed by a Board of Directors. The number of directors which shall constitute the Board of Directors (the "Board") shall be specified in the Articles of Incorporation and these By-Laws. Until succeeded by Directors elected at the first annual meeting of members, the number constituting the Board shall be three (3). Thereafter, the number of Directors shall be not less than three (3) or more than six (6).

SECTION 2. TERM OF OFFICE: Each Director shall be elected to serve for a term of three (3) years, or until his successor shall be elected and shall qualify, except that the first election at the first annual meeting shall provide for one (1) Directors for one (1) year, one (1) Directors for two (2) years and one Directors for three (3) years.

SECTION 3. VACANCY AND REPLACEMENT: If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect of which such vacancy occurred.

SECTION 4. REMOVAL: Directors may be removed with our without cause, by a majority vote of the members of the Association. No Director shall serve on the Board after his membership in the Association shall be terminated for any reason whatsoever.

SECTION 5. POWERS: The property and business of the Association shall be managed by the Board, which may exercise all corporate powers prescribed or not specifically prohibited by law, the Articles of Incorporation, or the Declaration. The powers of the Board shall specifically include, but not be limited to, the following:

(a) To make and collect regular and special assessments and establish the time within which payment of same shall be due.

(b) To adopt and publish Rules and Regulations governing the use of the Common Areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.

(c) To suspend the voting rights and right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published Rules and Regulations.

(d) To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration.

(e) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(f) To purchase the necessary equipment and tools required in the maintenance, care and preservation of the property of the Association.

(g) To insure and keep insured the property of the Association in the manner set forth in the Declaration against loss from fire and/or other casualty, and the Association against public liability, and to purchase such other insurance as the Board may deem advisable.

(h) To collect delinquent assessments by suit or otherwise, abate nuisances and enjoin or seek damages from members or any person for violation of these By-Laws of the terms and conditions of the Declaration.

(i) To employ and compensate such persons, firms and corporations as may be required for the maintenance and preservation of the property.

(j) To acquire, own, hold, pledge, sell, transfer or lease a townhouse unit in the name of the Association or its designee.

(k) To contract for management of the Association and to delegate to such other party all powers and duties of the Association except those specifically required by the Declaration to have specific approval of the Board or the members.

(l) To impose a special assessment (against any owner), not to exceed Fifty Dollars (\$50.00) for each occurrence, for the violation by the owner or his guest of any Rule or Regulation adopted by the Board or the breach of any By-Law contained herein, or the breach of any provision of the Declaration.

SECTION 6. LIABILITY: The Directors shall not be liable to the owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct, bad faith, or gross negligence.

SECTION 7. COMPENSATION: Neither Directors nor officers shall receive compensation for their services as such, however, the Board of Directors may order reimbursement of any officer or Director for expenses incurred for and on behalf of the Association.

SECTION 8. MEETINGS:

(a) The first meeting of each Board newly elected by the members shall be held immediately upon adjournment of the meeting at which such election was held, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board shall be held at the same place as the members' meeting, and immediately before or after the adjournment of same.

(b) Special meetings shall be held whenever called by the direction of the President or a majority of the Board. The Secretary shall give notice of each special meeting either personally, by mail or telegram, at least three (3) days before the date of such meeting, but the Directors may, in writing, waive notice of the calling of the meeting, before or after such meeting.

(c) A majority of the Board shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business, and the act of a majority present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at the meeting, the Directors then present may adjourn the meeting without notice, other than announcement at the meeting, until a quorum shall be present.

SECTION 9. ORDER OF BUSINESS. The order of business at all meetings of the Board shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of last meeting;
- (d) Consideration of communications;
- (e) Elections of necessary Directors and officers;
- (f) Reports of officers and employees;
- (g) Reports of committees;
- (h) Unfinished business;
- (i) Original resolutions and new business;
- (j) Adjournment.

SECTION 10. ANNUAL STATEMENT. The Board shall present, no less often than at the annual meeting, a full and clear statement of the business and financial conditions of the Association.

ARTICLE V.

OFFICERS

SECTION 1. EXECUTIVE OFFICERS. The executive officers of the Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected annually by and from the Board. No two offices may be held by one person, except Secretary and Treasurer. If the Board so determines, there may be more than one Vice President.

SECTION 2. SUBORDINATE OFFICERS. The Board may appoint such other officers and agents from the membership as it may deem necessary and such officers and agents shall have such authority and perform such duties as from time to time may be prescribed by the Board.

SECTION 3. TENURE OF OFFICERS—REMOVAL. All officers shall be subject to removal, with or without cause, at any time by action of the Board, which may delegate to an officer the authority to dismiss employees, agents or contractors.

SECTION 4. THE PRESIDENT.

(a) The President shall preside at all meetings of the members and Directors; he shall have general and active management of the business of the Association; he shall see that all orders and resolutions of the Board are carried into effect; he shall execute bonds, mortgages, other instruments and contracts requiring a seal, under the seal of the Association.

(b) He shall exercise general control and direction of all the other officers of the Association in the performance of their corporate duties.

(c) He shall submit a report of the operations of the Association for the fiscal year to the Directors whenever called for by them, and to the members at the annual meeting, and from time to time shall report to the Board all matters within his knowledge of interest to the Association.

(d) He shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of an Association.

SECTION 5. THE VICE PRESIDENT. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

SECTION 6. THE SECRETARY.

(a) The Secretary shall keep the minutes of the members and of the Board's meetings in one or more books provided for that purpose.

(b) The Secretary shall see that all notices are fully given in accordance with the provisions of these By-Laws, the Declaration or as required by law.

(c) The Secretary shall be custodian of the corporate records and of the seal of the Association and shall see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-Laws.

(d) The Secretary shall keep a register of the name, telephone number and post office address of each member.

(e) In general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

SECTION 7. THE TREASURER.

(a) The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association, in such depositories as may be designated by the Board.

(b) The Treasurer shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association. Such records shall be open to inspection by members at all reasonable times.

(c) The Treasurer may be required to give the Association at the Association's cost, a bond in a sum and with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the Association, in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association.

(d) With the approval of the Board, the Treasurer shall be authorized to delegate all or part of his authorities to competent accounting, collection or management personnel, pursuant to written definition of the authorities delegated, but in such event, the Treasurer shall retain full responsibility.

SECTION 8. VACANCIES. If the office of any officer becomes vacant by reason of death, resignation, disqualification or otherwise, the President shall choose a successor or successors who shall hold office for the unexpired term.

SECTION 9. RESIGNATIONS. Any officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Board of Directors, unless some time be fixed in the resignation, and then from that date. The acceptance of a resignation by the Board shall not be required to make it effective.

ARTICLE VI.

NOTICES

SECTION 1. DEFINITION. Whenever under the provisions of the law, the Declaration, the Articles of Incorporation or these By-Laws, notice is required to be given to any Director or member, it shall not be construed to mean personal notice; but such notice may be given to such Director or member in writing by depositing the same in a post office or letter box in a postpaid, sealed envelope addressed as appears on the books of the Association.

SECTION 2. SERVICE OF NOTICE—WAIVER. Whenever any notice is required to be given under the provisions of the law, the Declaration, the Articles of Incorporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

SECTION 3. ADDRESS. The address of the Association for notice is Queens Grant Townhouses, Inc., Northern Boulevard (N.C. Highway No. 50) P. O. Box 69, Topsail Beach, North Carolina, 28445.

ARTICLE VII.

FINANCES

SECTION 1. FISCAL YEAR. The fiscal year shall be from May 31 through June 1.

SECTION 2. CHECKS. All checks or demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3. DETERMINATION OF ASSESSMENTS.

(a) The Board shall determine, from time to time, the amount of money required for the proper and adequate maintenance and preservation of the property of the Association and all other costs of operating the business of the Association, including insurance premiums, and accounting and legal fees; and the Board shall thereupon adopt an annual budget which shall be the basis for all regular assessments against members of this Association. Until the first annual meeting of members, the Board's budget need not be approved by the members; however, the budget adopted by the Board as the basis for all such regular assessments for all calendar years beginning in 1983 must be approved by the members at the annual meeting of the Association.

(b) The Board is specifically empowered on behalf of the Association to make and collect assessments and to maintain repair, renovate and replace any of the property of the Association. Assessments shall be payable periodically as determined by the Board.

(c) Special assessments as described in the Declaration may be imposed by the Board as authorized in and by the Declaration; and such special assessments shall be levied and paid by the members in the same manner as provided herein for regular annual assessments, subject to the provisions of the Declaration.

(d) When the Board has determined the amount of any assessment, the Secretary of the Association shall mail or present a statement of the assessment to each of the members. All assessments shall be payable to the Association, and upon request, the Treasurer or his designated agent, shall give a receipt for each payment made.

(e) All assessments not paid when due shall bear interest at the highest lawful rate of interest.

ARTICLE VIII.

SEAL

The seal of the Association shall have inscribed thereon the name of the Association, the year of its organization, and the words "Non-Profit". Such seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise.

ARTICLE IX.

DEFAULT

SECTION 1. ENFORCEMENT OF LIEN FOR ASSESSMENTS: In the event a member does not pay any sums, charges or assessments required to be paid to the Association by the due date, the Association, acting through its Board, may enforce its lien for assessments, or take such other action to recover the sums, charges or assessments to which it is entitled, in accordance with the Declaration and the law.

SECTION 2. GOVERNMENTAL LIENS AND ASSESSMENTS: In the event that an owner fails to pay any tax or assessment lawfully assessed by any governmental subdivision within which the property is situated, by the date such tax or assessment is due, the Board may pay the same from the funds of the Association and assess such owner for the amount paid, plus interest thereon.

SECTION 3. LEGAL COSTS: In the event such legal action is brought against a member and results in a judgment for the Association, the member shall pay the Association's reasonable attorney's fees, costs of collection and court costs.

SECTION 4. FORECLOSURE: If the Association becomes the owner of a townhouse unit as a purchaser by reason of foreclosure, it shall offer such unit for sale and at such time as a sale is consummated, it shall deduct from the proceeds of such sale all sums of money due it for assessments and charges, plus interest, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the unit, including the expense of advertising. All monies remaining after deducting the foregoing items of expenses shall be paid to the former owner of said unit.

SECTION 5. OTHER REMEDIES: In the event a violation of the provisions of the Declaration or these By-Laws continues for thirty (30) days after notice from the Association to the unit owner to correct said violation, the Association on its own behalf, or by and through its Board of Directors, may bring appropriate action to enjoin such violation or may enforce the provisions of the Declaration or these By-Laws, or may sue for damages, or take such other courses of action, or other legal remedy as it or they may deem appropriate.

SECTION 6. INTENT: Each member, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default and abatement of nuisance, regardless of the harshness of the remedy available to the Association and regardless of the availability of any other equally adequate legal remedies. It is the intent of all members to give the Association a method and procedure which will enable it at all times to operate on a business like basis, to collect those monies due and owing it from the members, and to preserve each member's right to enjoy his membership, free from reasonable restraint and nuisance.

ARTICLE X.

RULES AND REGULATIONS

In addition to the other provisions of these By-Laws, the Rules and Regulations adopted by the Board together with any subsequent changes, shall govern the use of the facilities and property of the Association and the conduct of all members, their assignees, lessees, and guests. Any further modifications in the Rules and Regulations may be made by the Board in accordance with Article IV, Section 5 of the By-Laws.

ARTICLE XI.

JOINT OR COMMON OWNERSHIP

Membership may be held in the name of more than one owner. In the event ownership is in more than one person, all of the joint or common owners shall be entitled collectively to only one vote in the management of the affairs of the Association, and the vote may not be divided between joint or common owners. The manner of determining who shall cast such vote shall be as set forth in Article III, Section 7.

ARTICLE XII.

INDEMNIFICATION

The Association may indemnify any person made a part to an action by reason of his being or having been a Director or officer of the Association, against the reasonable expenses including attorney's fees actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein, except in relation to such matters as to which such Director or officer is adjudged to have been guilty of gross negligence or misconduct in the performance of his duty to the Association.

ARTICLE XIII.

AMENDMENT

These By-Laws may be amended at any time by the affirmative vote of two-thirds (2/3) of the members at a meeting duly called for that purpose at which a quorum of more than fifty per cent (50%) is present in person or by proxy; provided that the notice of such meeting shall contain a copy of the proposed amendment verbatim which has been approved by a majority of the Directors.

ARTICLE XIV.

CONSTRUCTION

Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, whenever the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

The foregoing were adopted as the By-Laws of QUEENS GRANT TOWNHOUSES, INC., at the meeting of its Board of Directors held on the _____ day of _____, 1984.

Secretary of Meeting of Board of Directors of
Queens Grant Townhouses, Inc.