

**AMENDED AND RESTATED BYLAWS  
OF  
SNUG HARBOR PROPERTY OWNERS ASSOCIATION**

**ARTICLE I  
PLAN OF COMMON PROPERTY CONTROL**

**Section 1. Lands Affected.** Yeopim Beach Corporation was owner of certain lands in Bethel Township, Perquimans County, North Carolina, which it developed as the subdivision known as Snug Harbor Beach. Lots in the 14 sections of the subdivision were sold by Yeopim Beach Corporation subject to various Declarations of Restrictive Covenants recorded in the Perquimans County Registry in: Deed Book 56, Pages 524 and 528; Deed Book 57, Pages 31 and 329; Deed Book 58, Page 271; and Deed Book 60, Pages 27 and 147.

Prior to its dissolution, Yeopim Beach Corporation deeded all of the common property in the subdivision as well as all of its powers, rights and responsibilities regarding the subdivision to Snug Harbor Property Owners Association. That Association, with the approval and consent of the owners of record of the majority of lots in the subdivision, declared an Amended Declaration of Covenants, Conditions and Restrictions (hereinafter "the Declaration") which is recorded in the Perquimans County Registry in Book 168, Page 183.

**Section 2. Name.** The lands on which said Declaration is imposed shall be known as Snug Harbor Beach.

**Section 3. Applicability of Bylaws.** All present and future owners, mortgagees, lessees and occupants within the Property, and their agents, servants, and employees, and any other persons who may make use of the facilities of the Property in any manner, are subject to these Bylaws and to the Rules and Regulations adopted pursuant hereto, and to any amendments to these Bylaws upon the same being duly adopted.

The acceptance of a deed or conveyance to, or the entering into a lease to, or the act of occupancy of, any Lot within the Property by any person shall conclusively establish the acceptance and ratification by such person of these Bylaws (and any Rules and Regulations adopted pursuant hereto), the Articles of Incorporation, and the Declaration as they may be amended from time to time, and shall constitute and evidence an agreement by such persons to comply with those governing documents.

**ARTICLE II  
DEFINITIONS**

**Section 1.** "Association" shall mean and refer to Snug Harbor Property Owners Association, the association of lot owners of Snug Harbor Beach.

**Section 2.** The "Property" shall mean all of the lands and appurtenances, subjected to the Declaration, which lands are more fully described in said Declaration and all additional property thereto, as may be hereafter brought within the jurisdiction of the Association.

**Section 3.** "Declaration" shall mean and refer to that instrument recorded in Book 168, Page 183, Perquimans County Registry, as from time to time amended.

**Section 4.** "Board" shall mean the Board of Governors of the Association.

**Section 5.** "Rules and Regulations" shall mean those written actions of the board, duly adopted, and amendments thereto, interpreting and applying the provisions of the Declaration and

these Bylaws and establishing and prescribing the administration, management, use, operation, and maintenance of the Common Area and Buildings, including, but not limited to, the establishment and imposition of fines, fees and penalties for violation of the Declaration, Bylaws or Rules and Regulations.

Section 6. "Lot" shall mean and refer to any plot of land shown on any recorded subdivision map of the Property and designated for separate ownership or occupancy.

Section 7. "Lot Owner" or "Owner" shall mean and refer to any person, corporation, partnership, association, trust or other legal entity, or any combination thereof who, or which, owns a Lot, but excluding those having such interest merely as security for performance of an obligation.

Section 8. "Common Area" shall be all that area within the Property other than the described Lots, as defined in the Declaration and from time to time thereafter designated by written recorded instrument as Common Area and owned by the Association for the common use and enjoyment of the Owners, including limited common areas, if any.

Section 9. "Common Expenses" shall be those expenses of the Association which are necessary to perform the duties of the Association relative to the costs of administration, operation, care, upkeep, maintenance, repair and construction of the Common Areas, including, without limitation, reserves for repair, reconstruction or replacement, as prescribed by these Bylaws.

### ARTICLE III NAME AND LOCATION OF CORPORATION

Section 1. The name of this corporation is Snug Harbor Property Owners Association.

Section 2. The principal office of the Association is located at Snug Harbor Beach on Snug Harbor Road, NC Route 1340, Perquimans County, North Carolina, with a mailing address of Post Office Box 392, Hertford, NC 27944.

Section 3. The registered office of the Association may, but need not be, identical with the principal office, but shall be located in North Carolina.

Section 4. The Association may have such other offices, either within or without the State of North Carolina, as the Board may from time to time determine or as the affairs of the Association may require.

### ARTICLE IV MEMBERSHIP

Section 1. Members. The authorized membership of the Association shall consist of the Owners, as previously defined herein, of any lot in Snug Harbor Beach and such additions thereto as may hereinafter be brought within the jurisdiction of the Association.

Section 2. Member in Good Standing. A member in good standing shall mean an Owner who shall be current with regard to any and all annual or special assessments or dues, not in violation of the Declaration or these Bylaws, and as such shall be entitled to all of the rights and privileges afforded herein. All members shall be issued membership cards to evidence their being in good standing and shall produce same upon request by any member of the Board or its duly appointed agent(s).

### ARTICLE V MEETINGS OF MEMBERS

Section 1. Annual Meetings. An annual meeting of the Association shall be held for the purpose of electing members of the Board of Governors and for the transaction of such other business as may be properly brought before the meeting. The Annual meetings shall be held on the second Saturday of November of each year at a time designated by the Board.

Section 2. Substitute Annual Meetings. If an annual meeting is not held on the day designated in the Bylaws, a substitute annual meeting may be called in the same manner as a special meeting. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 3. Special Meetings. Special meetings of the Association may be called at any time by the President, a majority of the members of the Board of Governors or by the President upon written demand of at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting, pursuant to N.C. Gen Stat. § 55A-7-02. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

Section 4. Place of Meetings. All meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the membership as may be designated by the Board.

Section 5. Notice of Meetings. Notice of the place, date and time of each annual, regular and special meeting of members shall be delivered personally or by mail to each member entitled to vote. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears in the records of the Association, with postage thereon prepaid. If mailed, notice shall be given to each member no fewer than 10, or, if mailed by other than first class, registered or certified mail, no fewer than 30, nor more than 60 days before the meeting.

Notice of an annual or regular meeting shall include a description of any matter or matters that shall be approved by the members. Notice of a special meeting shall include a description of the matter or matters for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the reconvening of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it shall not be necessary to give notice of the reconvening of the adjourned meeting other than by an announcement at the meeting at which the adjournment is effective.

Section 6. Quorum. A quorum for any annual, substitute annual or special meeting of the Association shall consist of those votes cast in person or by mail or by proxy at any such meeting.

Section 7. Voting members; proxies. There shall be one person with respect to each Lot or apportioned Parcel, as that term is defined in the Declaration, who shall be entitled to vote the voting interest of that Lot or Parcel at any meeting of the Association, herein referred to as the "voting member". The voting member may be the Owner of a Lot or Parcel, or an Owner designated by a majority of the several Owners of a Lot or Parcel, or may be some other person designated by such Owner or Owners to act as proxy on his or their behalf and who need not be an Owner. Designation of a proxy shall be made in writing to the Secretary and shall be revocable at any time prior to the meeting by actual notice to the Secretary by the Owner or a majority of the Owners. Once a meeting has been commenced a Lot Owner may not revoke a proxy given except by written notice of revocation delivered to the person presiding over the meeting.

A proxy is void if not dated, and a proxy shall terminate at the time specified in the proxy.

Section 8. Voting rights; cumulative voting. The vote cast by, or on behalf of, the Owner or Owners of a Lot shall be that voting interest specified in the Declaration. In all elections for members of the Board of Governors, no voting member shall be entitled to vote on a cumulative voting basis for the governor or governors to be elected, and the candidate or candidates receiving

the highest number of votes with respect to the number of offices to be filled shall be deemed elected.

Section 9. Waiver of notice. Any Lot Owner, at any time, may waive notice of any meeting of the Association in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Lot Owner at any meeting of the Association shall constitute a waiver of notice by him of the time and place thereof except where a Lot Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the voting members are present at any meeting of the Association, no notice shall be required, and any business may be transacted at any meeting.

Section 10. Informal action by Lot Owners. Any action which may be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such an action at a meeting and filed with the Secretary of the Association to be kept in the Association minute book.

## ARTICLE VI BOARD OF GOVERNORS

Section 1. General Powers. The Association shall be managed and directed by the Board of Governors of the Association or by such executive committees as the Board may establish pursuant to these Bylaws. If any of the authority of the Board of Governors is vested in any committee, one member of each such committee shall be a Board member.

Section 2. Number and Qualification. The Board shall consist of nine (9) Governors, each serving a three-year term, beginning January 1 following the annual meeting, staggered such that three (3) Governors are elected each year.

Section 3. Election of Governors. Written nominations for the Board of Governors shall be signed and delivered to the Secretary not later than forty-five (45) days prior to the annual meeting, the persons being nominated having given their prior consent to such nomination. Additional nominations shall be accepted from the floor at the annual meeting and shall be accorded the right to a write-in candidate for voting purposes in the election. (Floor nominations run the risk of being outweighed by any mail-in ballots).

For each annual meeting, only three (3) governors shall be elected for a three-year term to replace those governors who have a present expiring term. A governor may not be elected for more than two (2) consecutive terms.

Voting shall be by written ballot in person, by proxy or by mail ballot. All mail ballots must be received prior to the meeting. A voting quorum shall consist of those votes cast. The candidate or candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed elected. Determination shall be by Ballot Committee, which shall be an ad hoc committee of the Board of Governors consisting of the treasurer and three (3) members in good standing of the Association appointed to the Ballot Committee by the Board, which members may, but need not be, members of the Board of Governors. It is specifically provided that no person appearing on a ballot shall serve on the Ballot Committee. Such determination shall be conclusive on all parties. The Secretary shall notify the membership of such voting results by mail, the same as a notice of meeting.

Section 4. Removal. All members of the Board of Governors are expected to participate in meetings and to perform their responsibilities to the maximum extent possible. Absence from meetings may be excused upon notification to the Association office by telephone, mail or to the President of the Board of Governors. Notification should be made at least twenty-four (24) hours

in advance of the scheduled meeting. Three (3) consecutive unexcused absences will be cause for removal of the Governor from the Board. Notification of removal shall be in writing, and the vacancy shall be filled as prescribed in Article VI, Section 5.

Section 5. Vacancies. Vacancies in the Board of Governors shall be filled by a vote of the majority of the remaining governors and a person so elected shall be a Governor until his successor is elected at the termination of the filled term of office.

Section 6. Executive committees. The Board of Governors may, by resolution adopted by a majority of the number of governors fixed by these Bylaws, designate two or more governors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Governors in the management of the Property.

Section 7. Powers. The Board of Governors shall have the powers necessary for the administration of the affairs of the Association as specified by law, the Declaration or these Bylaws, and may do all such acts and things, except such acts as by law, by the Declaration, or by these Bylaws may not be delegated to the Board of Governors.

Section 8. Duties. It shall be the duty of the Board of Governors to:

(a) Administer, operate, maintain and repair the Common Areas consistent with the standards of maintenance provided further herein in Article IX.

(b) Enter upon any Lot and perform any repairs, maintenance or construction for which the Association is responsible at reasonable times and hours and with as little inconvenience to the Lot Owner as practicable. The Association shall repair any damages to the Lot caused by such repair, maintenance or construction, and all costs incurred in performing these duties shall be a Common Expense of the Association, unless the Board shall determine that the repairs, maintenance or construction was necessitated by the negligence, misuse, unlawful act, or act in violation of the Declaration, these Bylaws or the Rules and Regulations of the Association by the Lot Owner, its family members, guests, invitees, tenants or contract purchasers, in which event such costs may be assessed against the Lot Owner, as by the Declaration prescribed.

(c) Determine the Common Expenses arising from the costs of administration, operation, care, upkeep, maintenance, repair and construction of the Common Areas, including, without limitation, reserves for repair, reconstruction or replacement.

(d) Fix and assess in the manner provided by law and in the Declaration, the proportionate part of the Common Expenses of each Lot Owner within the Property.

(e) Collect and enforce the collection of Common Expenses in the manner provided by law and in the Declaration, including, but not limited to legal proceedings for the enforcement of liens and provide written evidence of payment upon request therefor.

(f) Employ, supervise and dismiss personnel, managers or independent contractors necessary to the maintenance and operation of the Common Elements.

(g) Adopt, amend, publish and enforce reasonable Rules and Regulations that it deems advisable and necessary for the proper administration, operation, maintenance, conservation, and beautification of the Property and for the health, comfort, safety, and general welfare of the Owners and occupants of the Lots. Copies of the published Rules and Regulations and amendments thereto shall be given to all the Owners and occupants and the Association and Property shall be administered, operated and maintained in conformity with such rules and regulations.

(h) Designate depositories for Association funds and the officers, agents and/or employees having the authority to deposit and withdraw such funds; and, in its discretion, to require such officers, agents or employees to be bonded in such amounts as it deems necessary.

(i) Sign all mortgages, deeds of trust, agreements, contracts, vouchers for payment of

expenditures, deeds and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the President and the Secretary.

(j) Procure and maintain adequate insurance of such nature and in such amounts as is provided in the Declaration, and such other insurance as the Board may deem necessary or appropriate, including, without limitation hazard insurance, liability insurance and officers and governors liability coverage.

(k) Appoint such committees as are provided for in these Bylaws and the Declaration or as otherwise deemed appropriate by the Board, including, but not limited to a Ballot Committee and an Architectural Committee.

(L) Exercise their powers in good faith and do and perform such other matters and things not expressly prohibited by law, the Declaration, or these Bylaws as are necessary and appropriate to the proper administration, operation and maintenance of the Association.

(m) Prepare an annual budget in which there shall be established the assessments of each Lot Owner for the Common Expenses.

(n) Pay all taxes, charges and assessments which are or may become liens against any part of the Common Elements, and assess the same against the members and their respective Lots.

(o) To enforce by legal means or proceedings the provisions of the Articles of Incorporation, the Bylaws, and Declaration and the Rules and Regulations promulgated hereunder.

(p) To review and to approve architectural changes, alterations or modifications of Lots and the improvements thereon, in accordance with the authority and guidelines provided in the Declaration.

(q) To establish fines and penalties for late payment of assessments and for violations of the Declaration, Bylaws and the Rules and Regulations and to provide for the suspension of voting rights of any member, or its Lots occupants as well as the right to use any amenities or recreational facilities during any period in which such member shall be in default in the payment of any assessment levied by the Association and to suspend such voting rights and other privileges for a period not to exceed 60 days after notice and hearing for other infractions.

(r) To impose reasonable charges for services especially provided to one or more Lot Owners which charges or costs should not otherwise be a Common Expense.

(s) To institute, defend or intervene on behalf of the Association in litigation or administrative procedures affecting the Property.

(t) To cause additional improvements to be made to the Common Areas.

(u) To grant easements, leases, licenses and concessions through or over the Common Areas.

Section 9. Persons who may serve. Every elected member of the Board shall be a Lot Owner in good standing unless the Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, in which event any officer, governor, agent or employee of such corporation, partner of such partnership, beneficiary or trustee of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board.

Section 10. Indemnification. Members of the Board of Governors together with officers and employees of the Association shall be indemnified by the Association to the extent allowed pursuant to North Carolina General Statutes Chapter 55A, the North Carolina Non-Profit Corporations Act.

ARTICLE VII  
MEETINGS OF GOVERNORS

Section 1. Regular meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Governors, but at least one such meeting shall be held every two (2) months during the fiscal year. Notice of regular meetings of the Board of Governors shall be given to each Governor personally or by mail, telephone or telegraph at least ten (10) days prior to the date named for such meeting.

Section 2. Special meetings. Special meetings of the Board may be called by or at the request of the President or by written request of at least two-thirds of the Governors. Notice of such meetings shall be given to each Governor personally or by telephone, telegraph or electronic mail at least forty-eight hours prior to the meeting. In emergency situations only, special meetings of the Board may be called verbally or by telephone without prior notice and the Board may act by written, telephone or verbal ballot. Minutes summarizing the meeting shall be recorded.

Section 3. Quorum. A majority of the number of Governors fixed by these Bylaws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Governors. If, at any meeting of the Board of Governors, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At a subsequent meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice.

Section 4. Manner of acting. Except as otherwise provided in this section, the act of the majority of the Governors present at a meeting at which a quorum is present shall be the act of the Board of Governors. A vote of a majority of the number of Governors fixed by the Bylaws shall be required to adopt a resolution constituting an executive committee.

Section 5. Organization. Each meeting of the Board of Governors shall be presided over by the President and in the absence of the President, by the Vice President, and in the absence of the Vice President, by any person selected to preside by vote of the majority of the Governors present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and the Assistant Secretary, any person designated by the presiding officer of the meeting shall act as Secretary of the meeting.

Section 6. Informal Action of Governors. Any action taken by a majority of the Governors without a meeting shall constitute Board action if written consent to the action in question is signed by all the Governors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

## ARTICLE VIII OFFICERS

Section 1. Designation. The principle officers of the Association shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Governors. The Governors may appoint any assistant officers and such other officers or committees as in their judgment may be necessary; they need not be elected Board members, but such officers shall be in an advisory capacity to the Board of Governors only and shall maintain no authority to commit the Association in any way.

Section 2. Election and Term. The officers of the Association shall be elected annually by the new Board of Governors at the organization meeting of each new Board and shall hold office at the pleasure of the Board. Each officer shall hold office for a period of one (1) year or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualified.

Section 3. Removal. Upon an affirmative vote of the majority of the Board of Governors, any officer may be removed for cause and his successor elected at any regular meeting of the Board of Governors or any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chairman of the Board of Governors of the Association. The President shall, when present, preside at all meetings of the Board and of the Association, and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed from time to time by the Board. The President shall prepare, execute (with the Secretary), certify, and record amendments to the Declaration on behalf of the Association. The President shall be an ex officio member of all Executive Committees except a Nomination Committee.

Section 5. Vice President. The Vice President, and if there be more than one, the Vice Presidents shall, in the absence or disability of the President, have the powers and perform the duties of said office. In addition, each Vice President shall perform such other duties and have such other powers as shall be prescribed by the President or by the Board of Governors.

Section 6. Secretary. The Secretary shall keep accurate records of the acts and minutes of the proceedings of all meetings of the Association and of the Board. The Secretary shall give, or cause to be given, all notices required by law and these Bylaws, and the Secretary shall have general charge of the minute books and records of both the Association and of the Board. The Secretary shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him from time to time by the President or by the Board of Governors.

The Board of Governors shall provide a suitable corporate seal containing the name of the corporation, which seal shall be in the charge of the Secretary. If so directed by the Board of Governors, a duplicate of the seal may be kept and used by the President.

Section 7. Treasurer. The Treasurer shall have the responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and books belonging to the Association, and shall present an itemized record of receipts, disbursements and bank balances at each regular meeting of the Board of Governors. The Treasurer shall also have primary responsibility for composing the annual budget of the Association as a basis for the Board's levying the annual assessments.

#### ARTICLE IX OPERATION OF THE PROPERTY

Section 1. Determination of common expenses and fixing of common expense. The Board of Governors, from time to time, and at least annually, shall prepare a budget for the Common Areas, determine the amount of the "Common Expenses" (as defined herein) payable by the Lot Owners to meet the expenses of the Common Areas, and shall use such budget as a basis for levying the annual assessments against each lot as set forth in the Declaration. A part of the Common Expenses of the Common Areas shall include, among other things, and without limitation: maintenance, improvement and repair expenses of the Common Areas; administrative expenses of the Association; attorney fees; all premiums for insurance obtained pursuant to the provisions of the Declaration or Bylaws; and other expenses including, the promotion of health, safety, aesthetic integrity, recreation and welfare of the Owners, pursuant to the Declaration, Bylaws and/or rules and regulations of the Association. The budget of the Association in the discretion of the Board, and as necessary, may include, without limitation, amounts for: funding deficits for any prior year; a reserve for working capital; a reserve for maintenance and replacement; and a general operating reserve.



Section 2. Payment of Common Expenses. All Lot Owners shall be obligated to pay the Common Expenses assessed by the Board of Governors pursuant to the provisions of Section 1 of this Article at such time or times as the Board shall determine, by way of the annual assessment levied by the Board. No Lot Owner shall be liable for the payment of any part of the Common Expenses assessed against his Lot subsequent to a consummated sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Lot. A purchaser of a Lot shall be jointly and severally liable with the seller for the payment of the Common Expenses assessed against such Lot prior to the acquisition by the purchaser of such Lot, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor. Provided, that a first-lien mortgagee or other purchaser of a Lot at a foreclosure sale of such Lot shall not be liable for, and such Lot shall not be subject to, a lien for the payment of Common Expenses assessed prior to such foreclosure sale, and such unpaid Common Expenses shall be deemed to be Common Expenses collectible from all of the Lot Owners, including such purchaser, his successors and assigns.

Section 3. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the development, improvement, maintenance and operation of the Common Areas and any and all such other properties as may be acquired by the Association dedicated for the use and enjoyment of the Lot Owners within the subdivision. The assessments shall be used to promote the health, safety, aesthetic integrity, recreation and welfare of the Lot Owners as reflected in the Common Expenses formulated by the Board of Governors in accordance with these Bylaws.

Section 4. Administration of Assessments. Assessments shall be determined, imposed, levied and collected by the Association pursuant to the procedures prescribed in the Declaration, subject to the following provisions regarding the annual budget:

The Board of Governor will devise and bring before the membership for their approval at the annual meeting a rate schedule of assessments to support the budget for the coming fiscal year. Before the Board of Governors can levy the annual assessment for the upcoming year, such assessment and supporting budget must be approved by majority vote of the members in attendance, in person, by mail or proxy, at any annual meeting at which there is a quorum present.

Section 5. Statement of Common Expenses. The Board of Governors shall promptly provide any Lot Owner, its grantee or contract purchaser making written request therefor, a written statement of all unpaid Common Expenses or assessments due from such Lot Owner.

Section 6. Maintenance and Repair.

(a) Maintenance and Lots. All maintenance and repairs to any Lot, ordinary or extraordinary (other than maintenance of and repairs to any portion thereof required to be maintained by the Association) shall be made by the Owner of such Lot.

(b) Maintenance of Common Areas. All maintenance, repairs and replacements to the Common Areas, whether located inside or outside of the Lots (unless necessitated by the negligence, misuse or neglect of a Lot Owner, his guests, lessees, employees, servants or invitees, in which case such expense shall be charged to such Lot Owner), shall be made by the Board and shall be charged to all Lot Owners as a Common Expense of the Property.

(c) Standards of Maintenance. The Association shall carry out its duties to maintain the Common Areas of the Association according to the following minimum standards:

i. All buildings maintained by the Association as Common Areas, including, but not limited to, the Clubhouse, comfort station and maintenance building, shall be maintained in a functional and safe manner in accordance with all applicable health, sanitation and other local ordinances.

ii. Boat ramps, bulkheads and any piers maintained by the Association as Common Areas shall be maintained in accordance with applicable Perquimans County and federal regulations for such structures and facilities and shall be maintained so as not to be a navigational hazard for boats and free of personal hazards.

iii. Recreational areas maintained by the Association as Common Areas, including, but not limited to, parks, pool, tennis courts, basketball court, ball field and other areas that may be acquired for the use of the owners, shall be maintained in a condition appropriate for their intended use and in a safe and sanitary condition, free of personal hazards.

iv. Roads within the Property which are maintained by the Association as Common Areas shall be maintained in accordance with the minimum standards for unimproved secondary roads as established by the North Carolina Department of Transportation.

v. Parking lots shall be maintained in a serviceable, safe and sanitary condition, free of personal hazards.

Section 7. Use of Common Areas. The Common Areas shall be used only for the purposes for which they are intended in furnishing services and facilities for the enjoyment of the Lots.

Section 8. Rules of Conduct. Rules and Regulations concerning the use of the Common Areas may be promulgated and amended by the Board. Copies of such Rules and Regulations shall be furnished by the Board to each Lot Owner, and all amendments and new Rules and Regulations shall be furnished to Lot Owners prior to the time that amendment or new rule or regulation becomes effective.

Section 9. Utility charges. All charges for utilities used in connection with the maintenance and use of the Common Areas shall be a Common Expense, with the exception of Section P comfort station utilities which shall be apportioned annually against Lots P-6 through P-96.

#### ARTICLE X RECORDS AND AUDITS

The Board of Governors or the manager shall keep detailed records of actions of the Board and the manager, minutes of the meetings of the Board of Governors, minutes of meetings of the Association, and financial records and books of accounts, including a chronological listing of receipts and expenditures, which, among other things, shall contain the amount of each assessment of the Common Expenses against each Lot, the date when due, and amounts paid thereon, and the balance remaining unpaid, and including maintenance and repair expenses of the Common Areas and any other expenses incurred. The financial records and books of account shall be available for examination by any Lot Owner or his duly authorized agent or attorney at convenient hours on working days by prior arrangement with the Board or the manager.

The Board shall have the authority to order an outside audit of all receipts and expenditures of the Association and Property. If so ordered, such audit shall be rendered by the Board to all Lot Owners on or before the 90th day following the close of each fiscal year, covering the preceding year. All books and records shall be kept in accordance with good and accepted accounting practices. A copy of the audit, if ordered by the Board, shall be furnished to all mortgagees of Lots who have requested the same.

#### ARTICLE XI AMENDMENT OF BYLAWS

Section 1. Amendment. These Bylaws may be amended by majority vote of members, voting in person, by absentee ballot or by Proxy at any regular or special meeting duly called with notice. A statement of any proposed amendment which has been considered and recommended by the Bylaws Committee and approved by the Board of Governors shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon.

Section 2. Effectiveness. Such amendment shall be executed in the name of the Association by the President of the Association and attested by the Secretary and shall be recorded in the Office of the Register of Deeds of Perquimans County. No such amendment shall be effective until duly recorded as aforesaid.

ARTICLE XII  
DISSOLUTION

Upon dissolution of the corporation, the Board of Governors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation in accordance with the provisions of North Carolina General Statutes Chapter 55A, the North Carolina Non-Profit Corporations Act.

First adopted 11/9/96 at General Meeting of the Membership. Recorded Book 175, Page 97, Perquimans County Registry.

**RECORD OF AMENDMENTS**

11/8/97 – At General Meeting of the Membership, Article V, Section 1, Word “properly” substituted for “property”: Article VI, Section 4, penultimate sentence modified: Article VI, Section 8, paragraph 8, word “Association” substituted for “Property”: Article VII, Section 2, requirements for notice of special meeting modified.

11/14/98 – At General Meeting of the Membership, Article IX, Section 1, second sentence modified.

CERTIFICATION OF VALIDITY OF AMENDED AND RESTATED BYLAWS  
OF SNUG HARBOR PROPERTY OWNERS ASSOCIATION

By authority of its Board of Governors, Snug Harbor Property Owners Association hereby certifies that the foregoing Amended and Restated Bylaws have been approved by vote of a majority of a quorum of members entitled to vote, including those present and those voting by mail or by proxy, at a meeting of the Association duly called and held on the 14<sup>th</sup> day of November 1998 and is, therefore, a valid amendment of the existing Bylaws for Snug Harbor Property Owners Association.

SNUG HARBOR PROPERTY  
OWNERS ASSOCIATION

*Emerson Cullings*  
By: Emerson Cullings  
President

ATTEST:

*John McQuillin*  
John McQuillin  
Secretary

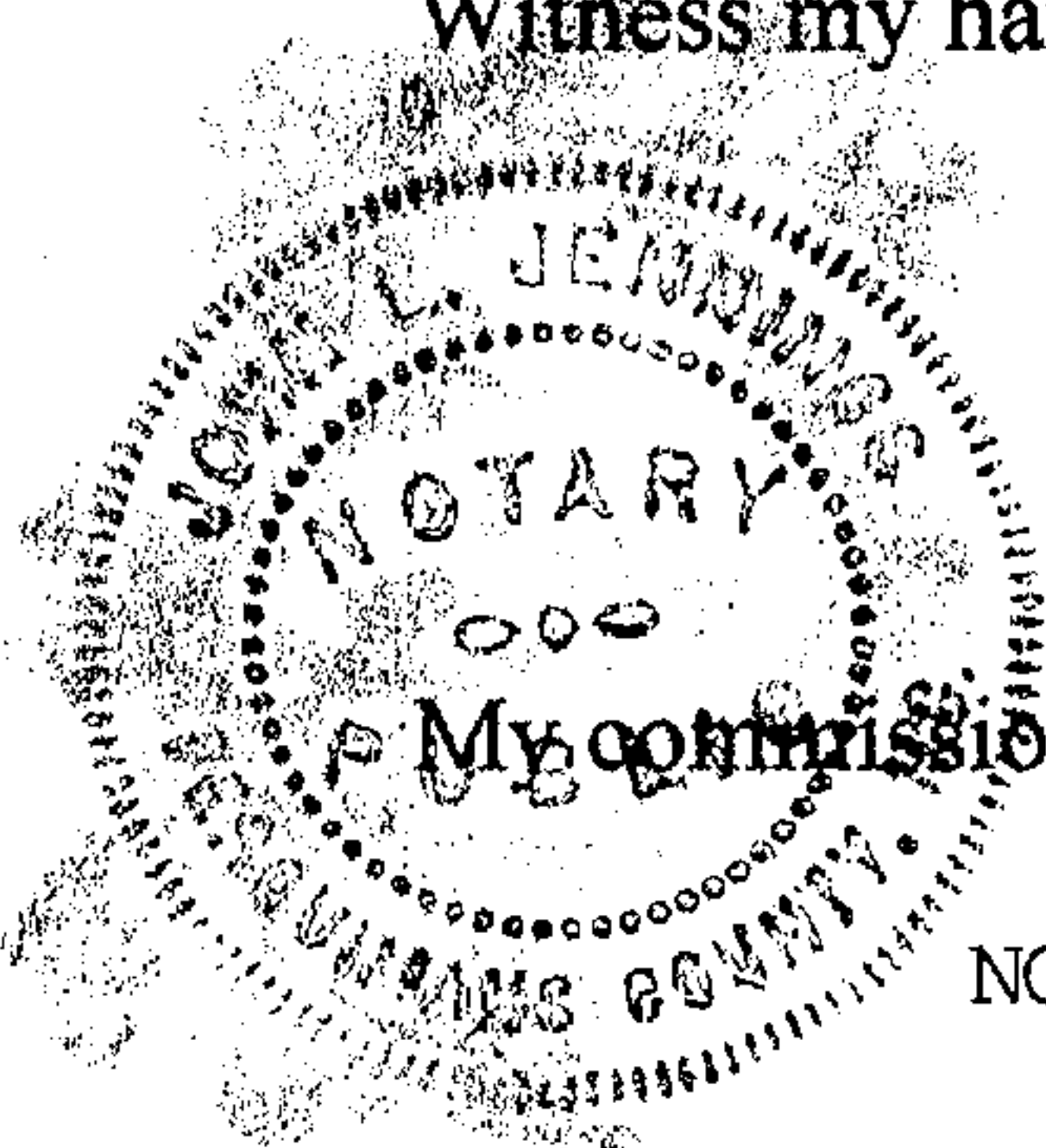
ACKNOWLEDGEMENT

NORTH CAROLINA  
PERQUIMANS COUNTY

I, John L. Jennings, Notary Public for said County and State, certify that John McQuillin personally came before me this day and acknowledged that he is Secretary of Snug Harbor Property Owners Association, a corporation, and that the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and official seal, this the 9<sup>th</sup> day of December 1998.

*John L. Jennings*  
John L. Jennings  
Notary Public



My commission expires 8/14/2000

NORTH CAROLINA, PERQUIMANS COUNTY

The foregoing certificate of JOHN L. JENNINGS, a Notary Public of Perquimans County, NC is certified to be correct. This 9th day of December, 1998.

DEBORAH S. REED, REGISTER OF DEEDS

FILED in Perquimans County, NC  
on Dec. 9, 1998 at 2:53:14 PM

Deborah S. Reed  
Register of Deeds

BY *Jacqueline J. Johnson*  
Deputy