

BYLAWS
OF
Corolla Shores HOA, Inc.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Corolla Shores HOA, Inc. (hereinafter referred to as the “Association”). The principal office of the corporation shall be **1314 S. Croatan Hwy Suite 301, Kill Devil Hills, NC 27948**; but meetings of the members and directors may be held at such places within the State of North Carolina as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. “Association” shall mean and refer to Corolla Shores HOA, Inc. its successors and assigns.

Section 2. “Properties” shall mean and refer to that certain real property described in the **Declaration** and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation.

Section 3. “Lot” shall mean and refer to any unimproved parcel of land within The Properties which is intended for use as a site for a single family detached dwelling, as shown upon any recorded subdivision map of any part of The Properties, with the exception of Common Properties or Limited Common Properties. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved property, i.e., a Dwelling Unit.

Section 4. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Dwelling Unit situated upon The Properties, but notwithstanding any applicable theory of any lien or mortgage law, shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

Section 5. The “Declarant” shall mean and refer to **CS Land Holding, LLC** and any person or entity who is specifically assigned the rights and interests of Declarant hereunder.

Section 6. “Declaration” shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Corolla Shores Subdivision in Monterey Shores Phase III, Section 1 and supplemental declarations and amendments thereto, if any, applicable to the Properties as recorded in the Office of the Register of Deeds of Currituck County, North Carolina.

Section 7. “Member” shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. "Board of Directors" or "Board" means the Board of Directors of the Association as provided in the Declaration.

Section 9. "Bylaws" mean the Bylaws of the Association as they now or hereafter exist.

Section 10. "Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties (or any other real property described or referred to in any declaration of covenants, conditions and restrictions to which The Properties are submitted or subjected) labeled as "Open Space," "Common properties", "Common Properties" or shown as Recreational Facilities, beach access, streets, roads or pedestrian walking easements (together with all improvements located thereon), and as such intended to be devoted to the common use and enjoyment of the Owners of the Lots and Dwelling Units, subject to special rights, if any, granted Owners of particular Lots or Dwelling Units, which are a part of the Properties.

Section 11. "Limited Common Area" or "Limited Common Properties" shall mean those portions of the Common properties, if any, that serve only a limited number of lots and such other similar areas as may be designated by the Association. Limited Common Area shall be maintained at the expense of the Owners of lots served thereby and not at the expense of the Association.

Section 12. "Manager" shall mean and refer to the Person employed or contracted by the Board of Directors as a professional manager, pursuant to the provisions of the Bylaws, to manage the affairs of the Association.

Section 13. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

ARTICLE III PURPOSES

The purposes for which the Association is organized are:

(a) To engage in any lawful activity for which corporations may be organized under Chapter 55A of the General Statutes of North Carolina.

(b) To provide for the ownership, management, development, maintenance and architectural control of the Properties.

(c) To provide for the ownership, management and maintenance of the Common Properties and to promote the safety and welfare of the Owners.

(d) To undertake the performance of the acts and duties incident to the ownership, management, development, maintenance and architectural control of the Properties and in particular of the Common Properties in accordance with the terms, provisions, conditions and authorizations contained in the Association's Articles of Incorporation and the Declaration.

ARTICLE IV
MEETING OF MEMBERS

Section 1. Annual Meetings: The annual meeting of Members shall be held in **October** of each year for the purpose of electing Directors of the Association and for the transaction of such other business as may be properly brought before the meeting. If the annual meeting shall not be held as designated by these bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 3 of this Article IV. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 2. Special Meetings: Special meetings of the Members may be called at any time by the President or by a majority of the Board of Directors, or upon the written request of Members holding not less than twenty five percent (25%) of all the votes entitled to be cast on any issue proposed to be considered at the meeting.

Section 3. Notice of Meetings: Written notice of each meeting of the Members shall be given to each Member entitled to vote thereat a copy of such notice neither fewer than ten (10) days nor more than sixty (60) days before the meeting date. The notice of meeting shall be addressed to the Member's address last appearing on the books of the Association and shall specify the place, date and time of the meeting and in the case of a special meeting, shall include a description of the matter or matters for which the meeting is called. Waiver by a Member in writing of the notice required herein signed by him before or after such meeting shall be equivalent to the giving of such notice.

Section 4. Quorum: The presence at the meeting of the Members entitled to cast, or of proxies entitled to cast, twenty five percent (25%) of the votes of the Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, the required quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Proxies. Members may vote either in person or by one or more proxies authorized by a written appointment of proxy signed by the Member or by his duly authorized attorney in fact prior to the commencement of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. If a proxy confers authority upon two or more persons and does not otherwise provide, a majority of them present at the meeting, or if only one is present then that one, may exercise all the powers conferred by the proxy. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place.

Section 6. Voting of Shares.

(a) The Association shall have two classes of voting membership:

Class A: Class A Members shall be all Owners of Lots or Dwelling Units, other than the Declarant. Any Class A Member shall be entitled to one vote for each Dwelling Unit or

Lot which he owns; provided, however, in the event of a merger, combination, or consolidation with another association, each Class A Member shall be entitled to the commensurate number of votes as a like-situated Class A member (or other equivalent class) in such other association.

Class B: The Class B Member shall be the Declarant, which shall be entitled to twenty (20) votes for each Lot or Dwelling Unit owned by it within The Properties (including any additions to the Existing Property). The Class B Membership shall cease and be converted to Class A Membership on the happening of one of the following events, whichever occurs first:

- (i) When the total votes outstanding in Class A Membership is greater to the total votes outstanding in the Class B Membership.
- (ii) April 30, 2025, or
- (iii) Declarant elects in writing to convert the Class B Membership to Class A Membership.

When more than one person or entity holds an interest in any Lot or Dwelling Unit, all such persons shall be Members, and the vote for such Lot or Dwelling Unit shall be exercised as they among themselves determine and such persons shall designate one (1) person to vote for their Lot or Dwelling Unit, but in no event shall more than one (1) vote be cast with respect to any such Lot except in the event of a merger, combination, or consolidation with another association, to the extent provided in Section 2(a). In no event shall the foregoing sentence be construed to prohibit the Class B Member from exercising four (4) votes for each Lot or Dwelling Unit owned by Declarant.

(b) If a quorum exists, action on a matter by the Members (except with respect to the election of directors) is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless a greater vote is required by law, the Articles of Incorporation, the Declaration or these Bylaws.

Section 7. Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the Members may be taken without a meeting if one or more written consents, describing the action so taken, shall be signed by all of the Members who would be entitled to vote upon such action at a meeting, and delivered to the Association for inclusion in the minutes or filing with the corporate records.

Section 8. Voting Lists. At least ten (10) days before each meeting of Members, the Secretary of the Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment, with the address of each Member and the number of votes to be exercised by each Member. This list shall be kept on file at the registered office of the Association for a period of ten days prior to such meeting, and shall be subject to inspection by any Member at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting.

ARTICLE V
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. General Powers. The affairs of the Association shall be managed by the Board of Directors, who need not be members of the Association, in accordance with the provisions of applicable law, the Articles of Incorporation, the Declaration and these Bylaws.

Section 2. Number, Term and Qualification. The number of Directors of the Association shall be not less than three or more than nine. The Members at any annual meetings may by resolution fix the number of Directors to be elected at the meeting; but in the absence of such resolution, the number of Directors elected at the meeting shall constitute the number of Directors of the Association until the next annual meeting of Members unless the number is changed by action of the Members or Directors. Each Director shall hold office until the next annual meeting of the Directors and until a successor is elected and qualifies. Directors need not be residents of the State of North Carolina.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of all of the Members. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor and until his or her successor is elected.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI
NOMINATION; ELECTION AND RESIGNATION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman (who shall be a member of the Board of Directors) and two or more Members. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations must be made from among the Members.

Section 2. Election. Directors shall be elected at any annual meeting of the Members or at a special meeting of the Members of which notice of the purpose to elect one or more Directors has been duly given. The election of Directors shall be a part of the order of business of each annual meeting of the Members. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3. Resignation. A Director may resign at any time by giving notice of his resignation in writing addressed to the President or the Secretary, or by presenting his written resignation in person at an annual or special meeting of Directors.

ARTICLE VII MEETINGS OF DIRECTORS

Section 1. Annual Meeting. The annual meeting of the Board of Directors shall be held in October of each year, immediately following the annual meeting of the Members, for the purpose of electing officers of the Association and the transaction of such other business as may be properly brought before the meeting. If the annual meeting is not held as designated by these bylaws, a substitute annual meeting may be called by or at the request of the President or a majority of the Board of Directors in accordance with the provisions of Section 4 of this Article VI, and such meeting shall be designated and treated for all purposes as the annual meeting.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors.

Section 3. Place of Meetings. Meetings of the Board of Directors may be held at the principal office of the Association or at such other place, either within or without the State of North Carolina, as shall either (i) be designated in the notice of the meeting or (ii) be agreed upon at or before the meeting by a majority of the Directors then in office.

Section 4. Notice of Meetings. The Secretary or other person or persons calling a meeting for which notice is required shall give notice at least five days before the meeting. Unless otherwise indicated in the notice, any and all business may be transacted at a meeting of the Board of Directors. Attendance by a Director at a meeting shall constitute a waiver of notice, except where a Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 5. Quorum. A majority of the Directors in office shall constitute a quorum for the transaction of business at a meeting of the Board of Directors.

Section 6. Manner of Acting. Except as otherwise provided by law or in the bylaws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. Action Without Meeting. Action taken by a majority of the Directors or members of a committee without a meeting is nevertheless Board or committee action if written consent to the action in question is signed by all of the Directors or of the members of the committee, as the case may be, and filed with the minutes of the proceedings of the Board or committee, whether done before or after the action is taken.

Section 8. Meeting by Conference Telephone. Any one or more Directors or members of a committee may participate in a meeting of the Board or committee by means of a conference telephone or similar communications device which allows all persons participating in the meeting to hear each other, and such participation in a meeting shall be deemed presence in person at such meeting.

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers: The Board of Directors shall have the following powers:

(a) Adopt and publish rules and regulations governing the use of the Common Properties facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof.

(b) Suspend the voting rights and the right of the use of the recreational facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association and for an infraction of the published rules and regulations for the period of the infraction plus 60 days.

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

(d) 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.

(e) Employ or contract for a Manager, an independent contractor or such other employees as they deem necessary and to prescribe their duties. If a Manager is employed or contracted, the Board may delegate the power to such Manager to sign routine checks on the Association's checking account to pay routine and recurring bills and costs and as may be set forth in the contract of the Manager or as set forth in the resolution of the Directors from time to time.

(f) Contract with any Person to maintain and restore the Common Properties.

(g) Procure adequate insurance, including hazard and/or liability insurance, for Common Properties and facilities, Directors liability insurance, and such other insurance as it shall deem necessary and appropriate; and include the cost of such insurance in the annual assessment of the Members. The desired insurance coverage may be approved by the Members if the Directors so desire.

Section 2. Duties. It shall be the duty of the Board of Directors to perform the following:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a report thereof to the Members at the annual meeting of the Members or at any special meeting when such report is requested in writing by twenty five percent (25%) of the voting Members who are entitled to vote.

(b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of the due date, or when they deem necessary.

(2) Send written notice of each assessment amount to every Owner subject thereto at least fifteen (15) days in advance of each due date.

(3) Foreclose the lien against any property for which assessments (including late fees) have not been paid within thirty (30) days after the due date and/or to bring an action at law against the Owner personally obligated to pay the same.

(d) Issue, or cause an appropriate officer or Association Manager to issue, upon demand by any Person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association.

(f) Officers and employees having fiscal responsibilities may be bonded, as the Board or the membership may deem appropriate.

(g) Cause the Common Properties to be maintained.

(h) Appoint such committees as are provided for in these Bylaws and/or the Declaration, and such other committees shall be appropriate, desirable or necessary for the proper administration and performance of the Association.

(i) 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 and the Properties.

(j) Exercise all powers as provided in the Declaration.

ARTICLE IX OFFICERS AND THEIR DUTIES

Section 1. Titles. The officers of the Association shall be a President, a Secretary and a Treasurer. The Board of Directors may also elect one or more additional Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers, and such other officers as it shall deem necessary. Except as otherwise provided in these bylaws, the additional officers shall have the authority and perform the duties as from time to time may be prescribed by the Board of

Directors. Any two or more offices may be held by the same individual, but no officer may act in more than one capacity where action of two or more officers is required.

Section 2. Election and Term. The officers of the Association shall be elected by the Board of Directors at the annual meeting. Each officer shall hold office until the next annual meeting and until a successor is elected and qualifies.

Section 3. Removal. Any officer or agent or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Association will be served, but removal shall be without prejudice to any contract rights of the individual removed.

Section 4. Vacancies. Vacancies among the officers may be filled and new offices may be created and filled by the Board of Directors.

Section 5. President. The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall supervise and control the management of the Association in accordance with these Bylaws. The President shall sign, with any other proper officer, instruments which may be lawfully executed on behalf of the Association, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution shall be delegated by the Board of Directors to some other officer or agent. In general, the President shall perform all duties incident to the office of President and such other duties as may be assigned by the Board of Directors from time to time.

Section 6. Vice Presidents. The Vice Presidents shall exercise the powers of the President during that officer's absence or inability to act. Any action taken by a Vice President in the performance of the duties of the President shall be presumptive evidence of the absence or inability to act of the President at the time the action was taken. The Vice Presidents shall have such other powers and perform such other duties as may be assigned by the Board of Directors.

Section 7. Treasurer. The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse the same under the direction of the Board of Directors; provided, that the Board may appoint a custodian or depository for any such funds or securities, and the Board may designate those persons upon whose signature or authority such funds may be disbursed or transferred. The Treasurer shall in general perform the duties incident to the office and such other duties as may be assigned from time to time by the President or the Board of Directors.

Section 8. Assistant Treasurers. Each Assistant Treasurer shall have such powers and perform such duties as may be assigned by the Board of Directors, and the Assistant Treasurers shall exercise the powers of the Treasurer during that officer's absence or inability to act.

Section 9. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of the Board of Directors and shall give all notices required by law and these bylaws. The Secretary shall have general charge of the corporate books and records and of the corporate seal and shall affix the corporate seal to any lawfully executed instrument requiring it. The Secretary shall sign such instruments as may require the signature of the Secretary and in general shall perform all the duties incident to the office of Secretary and such other duties as may be assigned from time to time by the President or by the Board of Directors.

Section 10. Assistant Secretaries. Each Assistant Secretary shall have such powers and perform such duties as may be assigned by the Board of Directors, and the Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability to act.

ARTICLE X COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee as provided by the Declaration, and a Nominating Committee as provided by the Bylaws. In addition, the Board of Directors shall appoint such other committees as deemed appropriate in carrying out its purposes.

ARTICLE XI INDEMNIFICATION

Section 1. General Policy. It shall be the policy of the Association to indemnify to the maximum extent permitted by Chapter 55A of the General Statutes of North Carolina the Directors, officers and committee members of the Association, and persons who serve or have served at the request of the Association as directors or officers of another corporation, including Manager, association, partnership, joint venture, trust or other enterprise, against judgments, penalties, settlements and other liabilities incurred by them in connection with any pending, threatened or completed action, suit or proceeding, whether civil, criminal, investigative or administrative (a "proceeding") and against reasonable expenses (including attorneys' fees) in connection with any proceeding, where such liabilities and litigation expenses were incurred incident to the good faith performance of their duties.

Section 2. Use of Association Funds for Indemnification. The Association may advance expenses in connection with any proceeding to any such person in accordance with applicable law. The use of funds of the Association for indemnification shall be deemed a proper expense of the Association.

ARTICLE XII BOOKS AND RECORD

The books, records and papers of the Association shall at all times and during reasonable business hours, by appointment, be subject to inspection by any Member. The Declaration (together with the Architectural Guidelines referenced therein), the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, (or other designated location, as determined by the Board of Directors) where copies may be purchased at a reasonable cost.

ARTICLE XIII ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid within thirty (30) days of the due date shall be delinquent. Interest shall begin to accrue at the rate of 18% per annum (or such higher rate allowed by applicable law) once delinquent and until

judgment is obtained, and the Association may bring an action at law against the Owner personally obligated to pay the same and foreclose the lien against the property; and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Board of Directors may from time to time adopt a late charge to be imposed on delinquent assessment accounts not in excess of 10% of the assessment due which may be assessed monthly until such time as the assessment and all late fees are paid in full. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Properties or abandonment of his Lot.

ARTICLE XIV AMENDMENTS

Section 1. These Bylaws may be amended at an annual or special meeting of the Members, by a vote of a majority of Members present in person or by proxy at which a quorum is present, provided the notice of such meeting shall state the proposed amendment to be voted on in a reasonable manner to give notice thereof. Mortgage holder approval shall not be necessary to amend the Bylaws.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and Bylaws, the Declaration shall control.

ARTICLE XV MISCELLANEOUS

Section 1. Seal. The seal of the Association shall bear the name of the Association and the letters "N.C."

Section 2. Waiver of Notice. Whenever a notice is required to be given to a Director or other person under the provisions of these bylaws, the Articles of Incorporation or by applicable law, a waiver in writing, signed by the person or persons entitled to the notice, whether before or after the time stated in the notice, shall be equivalent to giving the notice.

Section 3. Checks. All checks, drafts or orders for the payment of money shall be signed by the officer or officers or other individuals that the Board of Directors may from time to time designate.

Section 4. Bond. The Board of Directors may by resolution require any or all officers, agents or employees of the Association to give bond to the Association, with sufficient sureties, conditioned upon the faithful performance of the duties of their offices or positions, and to comply with such other conditions as may from time to time be required by the Board.

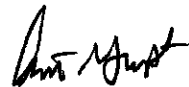
Section 5. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 6. Fiscal Year. The fiscal year of the Association shall be the period ending on December 31 of each year.

Section 7. Earnings. No part of the net earnings of the Association shall inure to the benefit of its Members, Directors, officers, or other Persons except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the Association.

Section 8. Notice. Except as expressly provided herein, any notice required to be sent to any Member, Owner, or Director, under the provisions of these Bylaws, shall be deemed to have been properly sent when emailed and a "read message receipt" is generated, to the last known email address of the person who appears as Member or Owner on the records of the Association at the time of such mailing or mailed, postpaid, U.S. Mail, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. Notice to any one of the Owners, if title to a Lot or Dwelling Unit is held by more than one, shall constitute notice to all Owners of a Lot or Dwelling Unit.

IN WITNESS WHEREOF, the Secretary of the Corolla Shores HOA, Inc. has hereunto set his hand this the 6th day of December, 2013, following adoption by the Board.



Secretary