

Exhibit "D"
By-Laws of
Reefs Owners Association

Index to By-Laws

Article I – Plan of Apartment Ownership	
Section 1. Unit Ownership	3
Section 2. By-Laws Applicability	3
Section 3. Personal Application	3
Section 4. Definitions	4
Article II – General Provisions	
Section 1. Identification	4
Section 2. Fiscal Year	4
Section 3. Seal	4
Section 4. Contracts	4
Section 5. Members, Qualifications	5
Article III – Voting, Majority of Owners, Quorum, Proxies	
Section 1. Voting	5
Section 2. Majority of Owners	6
Section 3. Quorum	6
Section 4. Proxies	6
Section 5. Designation of Voting Representative	6
Article IV – Administration; Members	
Section 1. Association Responsibilities	7
Section 2. Place of Meetings	7
Section 3. Annual Meetings	7
Section 4. Special Meetings	7

Article I

Plan of Apartment Ownership

Section 1. Unit Ownership: The project located at 1503, 1505 and 1707 Carolina Beach Avenue North, Town of Carolina Beach, County of New Hanover, State of North Carolina, known as REEFS I, II, III is submitted to Statutes of North Carolina, known as the "Unit Ownership Act", as the same may from time to time be amended, herein sometimes referred to as the "Act".

Section 2. By-Laws Applicability: The provisions of these By-Laws are applicable to the project known as REEFS I, II, III, and all future phases, if any, and the terms and provisions hereof are expressly subject to the terms, provisions and conditions contained in the Articles of Incorporation, the Declaration of Condominium and/or supplemental Declarations of Condominium which will be recorded in the public records of New Hanover County, North Carolina.

The term "Project" is used herein and shall include land, building, improvements, and the entire condominium enterprise of REEFS I, II, III.

Section 3. Personal Application: All present or future unit owners, tenants of such owners, employees of owners and tenants, or any other persons that may in any manner use the property of any part thereof, are subject to the provisions of these By-Laws and to the Declaration, as from time to time amended.

The mere acquisition, rental or use of any of the units of the project, or mere fact of occupancy of any of the units, will signify that these By-Laws and the Declaration and all associated agreements, administrative rules and regulations, supplemental rules and regulations, agreements, decisions and determination of the Association, Articles of Incorporation of the Association and unit deeds, are accepted and ratified, and will be complied with.

Section 4. Definitions: The definitions of words and phrases used in these By-Laws shall be the same, as the context hereof permits, as the definitions set forth in the Act in effect at the time these By-Laws are adopted. Where the context permits, an "owner" of a condominium unit may be synonymous with a "member" of the Association.

Article II

General Provisions

- Section 1. **Identification:** These are the By-Laws of the REEFS I, I, III, HOME OWNERS ASSOCIATION, hereinafter sometimes referred to as the "Association", a nonprofit corporation organized under the laws of the State of North Carolina, whose Articles of Incorporation were duly filed in the office of the North Carolina Secretary of State in the year 1983.
- Section 2. **Fiscal Year:** The fiscal year of the Association will be March 1 through the last day of February.
- Section 3. **Seal:** The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed "Corporate Seal" and the date and place of incorporation; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Corporation. The Board of Directors shall procure a seal that complies with this section of the By-Laws.
- Section 4. **Contracts:** Contracts of the Association shall be entered into, title to property shall be acquired, held, dealt in, and disposed of, bank accounts shall be opened, and suit shall be brought and defended by the Board of Directors or officers thereof on behalf of and as agents for the unit owners in the manner specified by the "Act", the Declaration, these By-Laws and the laws of the state of North Carolina.
- Section 5. **Members, Qualification:** The members of the Association shall consist of the record owners of all Condominium units in REEFS I, II, III. If the ownership of a condominium unit is held by more than one person or entity, the several owners shall be considered one with reference to the limitation in the number of members in the Association.

Article III

Voting, Majority of Owners, Quorum, Proxies

- Section 1. **Voting:** Voting strength shall be computed on a percentage basis and converted into whole or fractional numerical votes. The percentage of the vote to which each member is entitled shall be the percentage in which the owner or owners of the unit in question are entitled to an undivided interest in the common areas and facilities as assigned to each condominium unit in the Declaration and/or supplemental Declarations of Condominium.

- Section 2. **Majority of Owners:** As used in these By-Laws the term “majority” of owners shall mean those members holding fifty-one percent (51%) of the aggregate of votes held by those entitled to vote at meetings of the Association membership.
- Section 3. **Quorum:** Except as otherwise provided in these By-Laws, the presence in person or by proxy of a “majority” of members or as defined in the preceding paragraph of these Articles shall constitute a quorum.
- Section 4. **Proxies:** Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. A proxy may be made by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy and must be filed with the Secretary before the appointed time of the meeting or any adjournment of the meeting.
- Section 5. **Designation of Voting Representative:** If a unit is owned by an individual, the right to vote shall be established by the record title to the unit. If a unit is owned by more than one person, or is under lease, the person entitled to cast the vote for the unit shall be designated by a certificate signed by all of the record owners of the unit and filed with the Secretary of the Association. If a unit is owned by a corporation, the person entitled to cast the vote for the unit shall be designated by a certificate signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. If owned by a partnership, whether general or limited, or a joint venture, the certificate designating voting member shall be valid until revoked or until superseded by a subsequent certificate or until a change in ownership of the unit concerned. A certificate designating the person entitled to cast the vote of a unit may be revoked by any owner of a unit. If a required certificate is not on file, the vote of the affected unit shall not be considered in determining the requirement for a quorum nor for any other purpose.

Article IV

Administration; Members

- Section 1. **Association Responsibilities:** The owners of the units as members of the Association will have the responsibility of administering the condominium project, approving the annual budget, establishing and collecting monthly assessments, and arranging for the management of the project pursuant to an agreement containing provisions relating to the duties, obligations, removal, and compensation of the management agent.

- Section 2. Place of Meetings: Meetings of the association shall be held at a suitable place convenient to the owners as may be designated by the Board of Directors.
- Section 3. Annual Meetings: The Annual Meeting of the membership shall be held on a date selected by the Board of Directors each year for the purpose of electing directors and transacting any and all of the business authorized to be transacted by the members.
- Section 4. Special Meetings: It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Directors or on a petition signed by a majority of members and having been presented to the Secretary. No business shall be transacted at a special meeting except as stated in the notice.
- Section 5. Notice of Meetings: It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place of the meeting, to each owner of record at the address of record with the Secretary, at least ten (10) but not more than twenty-one (21) days prior to such meeting. The mailing of notice in the manner provided in this section shall be considered notice served.
- Section 6. Adjourned Meetings: If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present either in person or proxy may adjourn the meeting from time to time until a quorum is present.
- Section 7. Order of Meetings: The order of business at all Association meetings shall be as follows:
- (a) Calling of the roll and certifying of proxies;
 - (b) Proof of notice of meeting or waiver of notices;
 - (c) Reading of minutes of preceding meeting;
 - (d) Reports of Officers;
 - (e) Reports of committees;
 - (f) Election of Directors;
 - (g) Unfinished Business;
 - (h) New Business;
 - (i) Adjournment.

Article V

Board of Directors

- Section 1. Number and Qualification: The Association's affairs shall be governed by a Board of Directors composed of three or five persons, all of whom must

be owners of units in the project, the exact number to be determined at the time of election.

Section 2. **Powers and Duties:** The Board of Directors shall have the powers and duties necessary for the administration of the Association's affairs and may do all such acts and things as are by law or by these By-Laws or the Declaration directed to be exercised and done by the owners. The powers and duties of the Association existing under the Act, the Declaration, the Articles of Incorporation of the Association and these By-Laws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to approval by the membership when specifically required.

Section 3. **Other Duties:** In addition to other duties imposed by these By-Laws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

(a) **Assessments:** The board shall make and collect assessments against members to defray the costs and expenses of the condominium property. The Board may allocate or apportion to particular unit buildings such costs and expenses as may be appropriate; and may make special assessments consistent with such allocation or apportionment.

(b) **Disbursements:** The Board shall use the proceeds of assessments in the exercise of its powers and duties.

(c) **Maintenance:** The board shall maintain, repair, replace and operate the condominium property and make repairs and replacements to facilities as necessary.

(d) **Insurance:** The Board shall purchase insurance upon the condominium properties and insurance for the protection of the Association and its members, as more particularly set forth in the Declaration.

(e) **Reconstruction and Improvements:** The Board shall reconstruct improvements after casualty and further improve the condominium properties as more particularly set forth in the Declaration.

(f) **Rules and Regulations:** The Board shall make and amend reasonable rules and regulation respecting the use of the property in the condominium. Rules and regulations of the Association, until amended, shall be as set forth in the schedule attached hereto.

(g) Management Contract: the Board shall contract for the management of the project and delegate to the manager all power and duties of the Association except such as are specifically required by the Declaration of Condominium or these By-Laws to have approval of the Board of Directors or the membership of the Association or the owners within a particular condominium property. Compensation for the manager, whether an individual, management company or any other like entity, shall be established by the Board.

(h) Enforcement: The board shall enforce by legal means the provisions of the Condominium Act, the Declaration for Condominium, the Articles of Incorporation, the By-Laws and regulations for the use of the property in the condominium.

(i) Purchase of Units: The Board may not purchase units in the condominium.

Section 4. Election of Directors: The election of Directors shall be conducted in the following manner:

(a) Election of directors shall be held at the annual membership meeting.

(b) A nominating committee of three (3) members shall be appointed by the Board of Directors not less than 30 days prior to the annual members' meeting. The committee shall nominate one person for each director then serving. Nominations for additional directorships created at the meeting shall be made from the floor and other nominations may be made from the floor.

(c) The election shall be by written ballot (unless dispensed with by unanimous consent) and by a plurality of the vote cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled.

(d) Except as to vacancies provided by removal of Directors by members, vacancies in the board of Directors occurring between annual meetings of members shall be filled by the remaining Directors.

Section 5. Removal of Directors: Any Director may be removed by concurrence two-thirds (2/3) of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

- Section 6. Term of Directors: The term of each Director's service shall extend until the second next annual meeting of the members and subsequently until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided. Terms shall be staggered to the extent possible and for a duration of two (2) years, except when staggering requires a shorter or longer term.
- Section 7. Organizational Meeting: The organization meeting of a newly elected Board of Directors shall be held immediately after their election or at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.
- Section 8. Regular Meetings of Directors: The regular meeting of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director personally, or by mail or telephone, at least five (5) days prior to the day named for such meeting.
- Section 9. Special Meetings of Directors: Special meetings of the Directors may be called by the President or Chairman of the Board of Directors if such officer has been elected and must be called by the Secretary at the written request of at least two-fifths (2/5) of the Directors. Not less than five days notice of the meeting shall be given personally or by mail, telephone, or telegraph, which notice shall state the time, place and purpose of the meeting.
- Section 10. Waiver of Notice of Directors' Meetings: Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.
- Section 11. Quorum of Directors: A quorum at Directors' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of Directors is required by the Declaration, the Articles of Incorporation or these By-Laws.
- Section 12. Adjourned Meetings of Directors: If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

- Section 13. Joinder in Meeting by Approval of Minutes: The joinder of a Director in the action of a meeting by signing and concurring of the minutes of that meeting shall constitute the presence of such Director for the purpose of determining a quorum.
- Section 14. Presiding Officer at Directors' Meetings: The presiding officer of a Directors' meeting shall be the Chairman of the Board if such an officer has been elected; and if none, the President shall preside. In the absence of the presiding officer the Directors present shall designate one of their number to preside.
- Section 15. Order of Business at Directors' Meetings: The order of business at Directors' meetings shall be:
- (a) Calling of roll;
 - (b) Proof of due notice of meeting;
 - (c) Reading and disposal of any unapproved minutes;
 - (d) Reports of officers and committees;
 - (e) Election of officers;
 - (f) Unfinished business;
 - (g) New business;
 - (h) Adjournment.
- Section 16. Directors' Fees: Directors' fees, if any, shall be determined by the members.

Article VI

Officers

- Section 1. Executive Officers: The executive officers of the Association shall be President, who shall be a director, one or more Vice Presidents, who shall be directors, a Treasurer, and a Secretary, all of whom shall be elected annually by the board of Directors and who may be peremptorily removed by vote of the directors at any meeting with or without cause. Any person may hold two or more offices except that the President shall not be also the Secretary of an Assistant Secretary. The board of Directors from time to time shall elect such other officers and designate their powers and duties, as the board shall find to be required to manage the affairs of the Association. The Board of Directors shall have the power to elect an Assistant Secretary who shall perform the duties of the Secretary when the Secretary is absent.
- Section 2. President: The President shall be the chief executive officer of the Association. He shall have all of the powers and duties usually vested in the office of President of any association, including but not limited to the

power to appoint committees from among the members from time to time, as he in his discretion may determine appropriate, and to assist in the conduct of the affairs of the Association.

Section 3. Vice President: The Vice President, or the Senior Vice President if there be more than one Vice President, in the absence or disability of the President, shall exercise the powers of the President and such other powers and perform such other duties as shall be prescribed by the Directors. If the board of Directors shall elect more than one Vice President, the Board shall designate the order of seniority of such Vice Presidents.

Section 4. Secretary: The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and directors and other notices required by law. He shall have custody of the seal of the Association and affix it to instruments requiring a seal when duly authorized and signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the Directors or the President. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 5. Treasurer: The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He shall keep the books of the Association in accordance with law and with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

Section 6. Compensation: The compensation of all officers, agents and employees of the Association shall be fixed by the Directors, provided that the board of Directors may delegate authority to fix the compensation of employees to the executive officers. The provision that directors' fees shall be determined by the members shall not apply to the Association employing a director as an employee of the Association nor apply to the Association contracting with a director for the management of the condominium.

Article VII

Fiscal Management

Section 1. Fiscal Management: The provisions for fiscal management of the Association set forth in the Declaration and Articles of Incorporation shall be supplemented by the following sections.

Section 2. Accounts: The receipts and expenditures of the Association shall be

credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

(a) "Current expenses", which include all receipts and expenditures within the year for which the budget is made including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements or to resort operation. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year.

(b) "Reserve for deferred maintenance", which shall include funds for maintenance items that occur less frequently than annually. This reserve shall be maintained out of regular assessments for common expenses and the amounts to be collected for this reserve shall be adequate in the light of past experience and anticipated needs as established in good faith from time to time by the Board of Directors.

Section 3. Budget: The board of Directors shall adopt a budget for each calendar year that shall include the estimated funds required to defray the common expenses and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices as follows:

(a) "Current expenses", the amount of which shall not exceed by 15% the amount budgeted for this account for the prior year.

(b) "Reserve for deferred maintenance", the amount of which shall not exceed 10% of the amount budgeted for this account for the prior year.

(c) "Reserve for replacement", the amount of which shall not exceed 10% of the amount budgeted for this account for the prior year.

The amount for each budgeted item may be increased over the foregoing limitations when approved by unit owners entitled to cast not less than 75% of the votes of the entire membership of the Association.

Copies of the budget and proposed assessment shall be transmitted to each member at least thirty (30) days preceding the Association fiscal year for which said budget has been made. If the budget is subsequently amended, a copy of the amended budget shall be furnished to each member.

- Section 4. Dues: Dues assessed against the unit owners for their shares of the items of common expense shall be made for the fiscal year at least 30 days preceding the beginning of such fiscal year. Yearly dues shall be due in four equal payments on the first day of each quarter of the said fiscal year. If a dues amount is not made as required, the amount shall be presumed to have been made in the amount of the last prior amount and quarterly annual dues shall be due upon each installment payment date until changed by an amended amount. Should the annual dues prove to be insufficient, the budget and dues may be amended at any time by the Board of Directors if the accounts of the amended budget do not exceed the limitations for that year. Any account or expense that does exceed such limitations shall be subject to the approval of the membership of the Association as previously required in these By-Laws. The amended dues amount shall be paid in equal payments on the payment dates during the remainder of that calendar year. The Board of Directors shall, by resolution duly adopted and published, have the power to require dues to be in twelve (12) equal payments on the first day of each month of the fiscal year, in which case, references herein to the quarterly period for payments shall be deemed adjusted accordingly.
- Section 5. Acceleration of Dues Installments Upon Default: If a unit owner shall be in default in the payment of dues, the Board of Directors may accelerate the remaining dues installments upon notice to the unit owner, and then the unpaid balance of the dues shall become due upon the date stated in the notice, but not less than ten days after delivery of the notice to the unit owner, or not less than 20 days after the mailing of such notice to him by registers or certified mail to the latest address of such owner made available to the Association secretary or management in writing by the owner, whichever shall first occur.
- Section 6. Assessments for Emergencies: Assessments for common expenses of emergencies that cannot be paid from annual assessments for common expenses shall be made only after notice of the need for such is given to the unit owners. After such notice and upon approval in writing by persons entitled to cast more than one-half of the votes of the unit owners, the assessment shall become effective, and it shall be due after 30 days notice in such manner as the Board of Directors of the Association may require in the notice of assessment.
- Section 7. Bank Depository: The depository of monies of the Association shall be such bank or banks as shall be designated from time to time by the directors. Withdrawal of monies from such accounts shall be only by such persons as are authorized by the directors.
- Section 8. Audit: An audit of the accounts of the Association shall be made

annually and a copy of the audit report shall be furnished to each member. The audit shall be performed by a three member auditing committee appointed by the Board of Directors including at least one Director and at least one homeowner who is not a Director.

Section 9. Fidelity Bonds: Fidelity bonds shall be required by the board of Directors for all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the directors, but shall be not less than \$10,000. The premiums of such bonds shall be paid by the Association.

Section 10. Notice of Unpaid Assessments: the Association shall at the request of a mortgage of a unit or a party of his or her representatives seeking to acquire any interest in a unit, report whether any unpaid assessments are due from the owner of such unit, and, if so, how much and for what periods of time.

Section 11. Inspection of Books: Any owner and any institutional holder of a first mortgage or deed of trust on a unit will, upon request, be entitled to inspect the books and records of the Project during normal business hours and written notice of all meetings of the Association and shall be entitled, upon request, to designate a representative to attend all such meetings.

Section 12. The Association, upon written request from any mortgage, insurer or guarantor will give timely written notice of:

(a) Any condemnation or casualty loss that effects a material portion of the project or the units carrying its mortgage.

(b) Any sixty (60) days delinquency in the payment of dues or charges owed by the owner of any unit on which said lender holds the mortgage.

(c) A lapse, cancellation, or material modification of any insurance policy of fidelity bond maintained by the OWNERS ASSOCIATION.

(d) Any proposed action that requires the consent of a specified percentage of mortgage holders.

Article VIII

Parliamentary

Roberts' rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Declarations of Condominium, Articles of Incorporation or these By-laws.

Article IX

Obligations of the Owners

Section 1. Maintenance and Repair:

(a) Every owner must perform promptly all maintenance and repair work within his own unit which, if omitted, would affect the project in its entirety or in a part belonging in whole or in part to other owners.

(b) All the repairs of internal installments of the unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps, and all other accessories belonging or pertaining to the individual unit shall be at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any part of the common areas and facilities damaged through his fault or that of his employees, servants, guests and invitees.

Section 2. Use of Family Units – Internal Changes:

(a) All units shall be utilized for residential purposes only.

(b) An owner shall not make structural modification or alterations in his unit of installations located therein without previously notifying the Association in writing and in detail of the proposed work, through the management agent if any, or president of the Board of Directors if no management agent is employed. The Association shall have the obligation to answer within 40 days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 3. Persons Occupying a Unit By, Under or Through a Unit Owner:

All persons occupying any condominium units, whether under a rental, lease or occupancy agreement or as licensee, invitee or otherwise, shall be and remain subject to the provisions of the Declaration, and the Articles of Incorporation, and these By-Laws and Rules and Regulations of the Association and this requirement shall be deemed to be a part of any implied, verbal or written agreement for rental, lease or occupancy, whether expressly stated or not. Enforcement against such person

occupying a unit by under or through a unit owner shall be the same as in the case of a unit owner, but nothing herein shall limit the right of the Association to pursue any remedy against the unit owner, the occupant or both, simultaneously, serially, or otherwise.

Section 4. Right of Entry:

(a) An owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors on Association in case of any emergency originating in or threatening his unit. Such grant is hereby deemed to have been given in the event that the owner is not present or available at the time of the emergency.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of installing, altering or repairing the mechanical, plumbing or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

(c) The Association shall have the right to grant permits, licenses and easements over the common areas and facilities for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation for the Project.

Article X

Amendments

These By-Laws may be amended in the following manner:

(1) Notice of Amendment to By-Laws: Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

(2) Approval: A resolution adopting a proposed amendment may be offered by either a director or by any member of the Association. Directors and members not present in person or by proxy at the meetings considering the amendment may express their approval and favorable vote or disapproval and unfavorable vote in writing, providing such writing is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, approval of such resolution must be by at least 67% of the entire membership of the board of Directors and by not less than 67% of the votes of all unit owners eligible to vote, and the approval of holders of first mortgages of deed of trust on units which in the aggregate have at least 51% of the votes of unit owners.

(3) Prohibitions: No amendment shall discriminate against any unit owner or against any unit or class or group of units unless the unit owners so affected shall consent. No amendment shall significantly change any unit or parcel nor the share in the common elements appurtenant to it, nor increase the owner's relative share of the common expenses, nor change the relative voting rights of members, unless the record owner of the unit or parcel concerned and all record owners of liens thereon shall join in the execution of the amendment except as provided in the Articles of Incorporation and in Article IV of the Declaration of Condominium creating unit ownership.

(4) Recording: A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Public Records of New Hanover County, North Carolina.

The forgoing were adopted as the By-Laws of REEFS I, II, III, HOME OWNERS ASSOCIATION, a corporation not for profit under the laws of the State of North Carolina at the annual meeting on the 17 day of March, 2007.

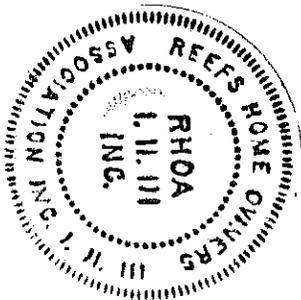
William R. Meudt

Secretary

Approved:

Charles W. Reed

President



ATTACHMENT TO BY-LAWS
OF
REEFS OWNERS' ASSOCIATION
RULES AND REGULATIONS

1. The sidewalks, entrances, halls, corridors, and stairways of the unit building shall not be obstructed or used for any other purpose than ingress to and egress from units.
2. No towels, clothing or like objects shall be hung or shaken from doors, windows, walks or corridors of a unit building.
3. None of the common elements of the Condominium shall be decorated or furnished by any unit owner or resident without written authority from the Board of Directors.
4. Unit owners are specifically cautioned that their right to make any addition, change, alteration or decoration to the exterior appearance of any portion of any building, including decks, is subject to the provisions of the Declaration and these By-laws.
5. No unit owner or resident shall play or permit to be played any musical instrument or operate or permit to be operated a stereo, radio, television or any other loud noise in a unit between the hours of 11:00 p.m. and the following 8:00 a.m.
6. All garbage refuse shall be deposited only in the facilities provided for each building for that purpose and all refuse shall be secured in plastic trash bags.
7. Automobile parking spaces shall be used solely and exclusively for that purpose. They shall not be used for storage of boats, trailers, campers, motor homes, inoperative automobiles, or any purpose whatsoever other than parking facilities, unless authorized by the Board of Directors. At no time shall a person block the drives or back park another vehicle already parked in a parking space. Only one parking bay shall be used per unit.
8. Complaints of unit owners regarding the service or operation of condominium shall be made in writing to the Board of Directors.
9. Unit owners, residents, their families, lessees, guests, employees, agents and visitors shall not at any time or for any reason whatsoever, enter upon or attempt to enter upon the roof of any building or climb up and/or over any deck.
10. There shall not be kept in any unit any flammable, combustible or explosive fluid, material, chemical or substance except for normal household use.
11. Payments of dues and assessments shall be made to the Treasurer of the Association. Payments made in the form of checks shall be made to the order of the Association. Payments of regular dues are due on the first day of each month and payments not received by the 10th of the month will accumulate a late fee and may create a lien as provided by law and are subject to charges as provided in the Declaration and these By-laws.

12. No unit owner or resident shall direct, supervise, induce or in any manner attempt to assert any undue or disproportionate control over the Manager or any employee of the Association nor shall he attempt to send any of such persons upon private business of such unit owner or resident.
13. No resident of the project shall post any advertisements or posters of any kind in or on the project except as authorized by the Board of Directors.
14. No owner, resident, or lessee shall install wiring for electrical or telephone installation, satellite dish, machines, air conditioning units, or the like on the exterior of the project except as authorized by the Association
15. There is to be no loud noise, no running or horseplay, no unattended children under 14 in the pool. No glass containers are to be brought to the pool area. No admittance to pool without a key. People using the pool must wear acceptable swimsuits at all time. No alcoholic beverages in pool area.
16. The Association limits the number of adults in a rental 3-bedroom unit to eight (8) and in a 2-bedroom unit to six (6), not including infants in cribs.
17. The Association limits each rental unit 2 vehicles per unit.
18. No pets allowed by anyone except owners.
19. A copy of these rules must be given to rental agents.
20. A copy of these By-laws shall be posted in a prominent area in every unit occupied by persons other than Unit Owner. Violations of any of these rules will result in a fine of not less than \$25.00 or no more than \$150.00 in accordance with the N. C. General Statute 47 C-3 107-A and will be levied against the recorded owner of the unit.
21. Unit owners and the property manager shall each mutually treat the other with respect and dignity.