

BY-LAWS

OF

EXHIBIT E

VILLAS ON CLAM SHELL OWNERS ASSOCIATION, INC.

ARTICLE I.

GENERAL

Section 1. THE NAME. The name of the corporation shall be VILLAS ON CLAM SHELL OWNERS ASSOCIATION, INC.

Section 2. THE PRINCIPAL OFFICE. The initial principal office of the corporation shall be at 8803 Shipwatch Drive, Wilmington, New Hanover County, North Carolina, 28412, or at such other place as may be subsequently designated by the Board of Directors.

Section 3. REGISTERED OFFICE. The registered office of the corporation, which by law is required to be maintained in the State of North Carolina, shall be located at 8803 Shipwatch Drive, Wilmington, New Hanover County, North Carolina, 28412, or at such other place within the State of North Carolina as may, from time to time, be fixed and determined by the Board of Directors.

Section 4. DEFINITION. As used herein, the term "corporation" may be used interchangeably with and shall be the equivalent to "Association" as defined in the Declaration of Condominium for VILLAS ON CLAM SHELL CONDOMINIUM, and all definitions set forth in the Declaration, to which these By-Laws are attached, shall be applicable herein, unless otherwise defined herein.

ARTICLE II.

MEMBERSHIP

Section 1. DEFINITION. Each Unit Owner shall be a member of the corporation, and membership in the corporation shall be limited to owners of condominium units in VILLAS ON CLAM SHELL Condominiums.

There are two classes of membership in VILLAS ON CLAM SHELL Owners' Association, the classes of membership and the respective voting rights of each class of membership shall be as follows:

Type A: Type A Members shall be all Owners (including the Developer) of each unit that has been constructed. Each Unit shall be entitled to one vote, except the penthouse units, which shall be entitled to two votes..

Type B: The Type B Member shall be the Developer. The Type B Member shall be entitled to cast 13 votes for the election of Members of the Board of Directors, and all other matters, as set out in the Declaration of Condominium for VILLAS ON CLAM SHELL Condominiums.

Section 2. TRANSFER OF MEMBERSHIP AND OWNERSHIP. Membership in the corporation may be transferred only as an incident to the transfer of the transferor's condominium unit and his undivided interest in the common areas and facilities of the condominium, and such transfer shall be subject to the procedures set forth in the Condominium Documents.

ARTICLE III.

MEETINGS OF MEMBERSHIP

Section 1. PLACE. All meetings of the corporate membership shall be held in Carolina Beach, North Carolina, or at such other place as may be stated in the notice.

Section 2. ANNUAL MEETING.

A. Membership meetings shall be held at least annually. The annual meeting of members shall be held at Carolina Beach, North Carolina, upon the earlier of the following events: 45 days after conveyance of all of the units, including units which may be created in additional sections or sections, or five years following conveyance of the first unit in the project; two years after Declarant ceases to sell units or offer units for sale in the ordinary course of business; five years after any development rights to expand the condominium project expire; or upon notice by Declarant to Unit Owners. The first Directors and Officers will hold office until the initial annual meeting occurs, and new directors and officers are elected.

B. Regular annual meetings subsequent to 2006 shall be held on the first Saturday in October in each year, if not a legal holiday and if a legal holiday, then on the next secular day following, unless otherwise determined by the Board.

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

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

E. Written notice of the annual meeting shall be served upon or mailed to each member entitled to vote thereafter at such address as appears on the books of the corporation, at least ten but not more than fifty days prior to the meeting. Each member shall notify the Secretary of any address change, and the giving of said notice shall be in all respects sufficient if sent to the address of the member which is then on file with the Secretary.

Section 3. MEMBERSHIP LIST. At least ten but not more than fifty days before every election of directors, a complete list of members entitled to vote at said election, with residence of each, shall be prepared by the Secretary. Such list shall be produced and kept for said ten days prior to and throughout the election at the office of the corporation, and shall be open to examination by any member throughout such time.

Section 4. SPECIAL MEETINGS.

A. Special Meetings of the members, for any purpose of purposes not prescribed by statute, the Certificate of Incorporation, or these By-Laws, may be called by the President, by a majority of the Board or at the request, in writing, of Forty percent (40%) of the members. Such request shall state the purpose of purposes of the proposed meeting.

B. Written notice of a Special Meeting of members, stating the time, place and object thereof, shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the books of the corporation, at least ten days before such meeting and no more than fifty (50) days before such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the member at such address as appears on the records of members of the Association.

C. Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

Section 5. QUORUM. seventy five percent of the total number of members of the corporation, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise provided by statute, by the Certificate of Incorporation or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a

quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called. If adjournment extends past thirty days, notice of the date on which the adjourned meeting is to be reconvened shall be given as herein provided for regular meetings.

Section 6. VOTE REQUIRED TO TRANSACT BUSINESS. When a quorum is present at any meeting, a majority (4 of 6 of 7, and 5 of 8), or of the votes cast, in person or represented by written proxy filed with the Secretary in advance of the meeting, shall decide any question brought before the meeting, unless the question is one upon which, by express provision of the statutes, the Condominium Documents or these By-Laws, a different vote is required, in which case such express provision shall govern and control the division of such question. There shall be no cumulative voting.

Section 7. RIGHT TO VOTE. Each Unit shall be entitled to one vote, regardless of size or interest in the Common Area. At any meeting of the members, every member having the right to vote shall be entitled to vote in person or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof. If more than one person or entity owns a unit, they shall file a certificate with the Secretary naming the person authorized to cast votes for said unit. If same is not on file, the vote of any co-owner present who is acceptable to other co-owners of that unit present shall be accepted as the vote of all co-owners. Any legal entity which is an owner shall have the right to membership in the corporation.

Section 8 WAIVER AND CONSENT. Whenever the vote of members at a meeting is required or permitted by any provision of the statutes the Condominium Documents, or these By-Laws to be taken in connection with any action of the corporation, the meeting and vote of members may be dispensed with if all members who would have been entitled to vote upon the action of such meeting if such meeting were held shall consent in writing to such action being taken.

Section 9. ORDER OF BUSINESS. The order of business at annual members' meetings and as far as practical at other members' meetings will be:

- A. Roll call and certification of proxies;
- B. Proof of notice of meeting or waiver of notice;
- C. Reading of minutes of prior meeting;
- D. Officers' and other reports;
- E. Committee reports;
- F. Appointment by Chairman of Inspectors of Election;
- G. Approval of budget;
- H. Elections of officers, and Directors, if applicable;
- I. Unfinished business;
- J. New business;
- K. Adjournment

ARTICLE IV.

BOARD OF DIRECTORS
(If applicable)

NOTE: As the development will have so few units, Directors shall NOT be required unless Seventy Five percent of all Unit Owners so decide at a Special Meeting called for the specific purpose, among others, of voting to have both Directors and Officers. Officers shall be required. Only in the event that the development will have Directors, will this Article IV shall apply. In the event the development will have only Officers, the Officers shall exercise all the powers of Directors set out herein.

Section 1. NUMBER AND TERM. The number of directors which shall constitute the whole Board of Directors (the "Board") shall be no less than three or more than five. Until succeeded by directors elected at the first annual meeting of members, directors need not be members; thereafter, at least four directors shall be members. Within the limits above specified, the number of directors shall be determined by the members at the annual meeting; the directors shall initially be elected to serve staggered terms, two for three years, two for two years, one for one year, and they shall serve until their successors shall be elected and shall qualify. Thereafter, each director shall be elected for a term of two years.

Section 2. VACANCY AND REPLACEMENT. If the office of any director becomes vacant by reason of transfer of ownership, death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors, though less than a quorum, at a special meeting of directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred.

Section 3. REMOVAL. Directors may be removed with or without cause, by an affirmative vote of a majority of the total membership.

Section 4. FIRST BOARD OF DIRECTORS. The first Board shall consist of three people chosen by the Declarant, who shall hold office and exercise all powers of the Board until the initial annual membership meeting, provided, any or all of said directors shall be subject to replacement in the event of resignation or death as above provided.

Section 5. POWERS AND DUTIES. The property and business of the corporation shall be managed by the Board, which may exercise all corporate powers not specifically prohibited by statute, the Certificate of Incorporation or the Declaration to which these By-Laws are attached. The powers of the Board shall specifically include, but not be limited to the following:

- A. To make and collect regular and special assessments and establish the time within which payment of same are due.
- B. To use and expend the assessments collected to maintain, care for and preserve the units and condominium property, except those portions thereof which are required to be maintained, cared for, and preserved by the owners.
- C. To purchase the necessary equipment and tools required in the maintenance, care and preservation referred to above.
- D. To enter into and upon the units when necessary and at as little inconvenience to the owner as possible in connection with such maintenance, care and preservation.
- E. To insure and keep insured the common areas and facilities of the condominium in the manner set forth in the Declaration against loss from fire and/or other casualty, and the Unit Owners against public liability, and to purchase such other insurance as the Board may deem advisable, including insurance against Directors' liability.
- F. To collect delinquent assessments by suit or otherwise, abate nuisances and enjoin or seek damages from owners for violations of these By-Laws and the terms and conditions of the Condominium Documents.

G. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.

H. To make appropriate changes in the Rules and Regulations for the occupancy of the condominium units as may be deemed necessary. Changes not approved at the next meeting of the membership by a majority of the votes cast shall be invalid from the date of such change.

I. To acquire and/or rent and/or lease a condominium unit in the name of the corporation or a designee.

J. To contract for management of the condominium and to delegate to such other part all powers and duties of the corporation except those specifically required by the condominium Documents to have specific approval of the Board of membership.

K. To carry out the obligations of the corporation under any restrictions and/or covenants running with the land submitted to the Condominium membership of this corporation or its members.

L. To designate, as the Board deems appropriate, assigned parking spaces for each unit, visitors, service vehicles, and other vehicles.

M. To adopt and amend Rules and Regulations and By-Laws.

N. To impose a special assessment (against any owner) after notice and opportunity to be heard, not to exceed one hundred fifty dollars (\$150.00) for each occurrence, for the violation by the owner of any By-Law contained herein, any rule or regulation of the condominium, or the breach of any provision of the Declaration. Such assessment shall be in addition to any costs incurred or to be incurred by the corporation as a result of the violation of the rule, regulation, By-Law, or provision.

O. If any lessees, renter or guest fails to comply with the terms of the Condominium Documents, then to terminate any written or oral lease or rental agreement; and to remove from a unit, such lessee, renter or guest,

P. To propose and adopt an annual budget for the property. Summaries of the adopted proposed budget shall be provided to all Unit Owners within thirty days from adoption and the Board shall set a date not less than fourteen nor more than thirty days after delivery of the summary for a meeting of the Unit Owners to consider ratification of the proposed budget.

Q. To recommend one or more rental agents in accordance with the Declaration.

R. Institute, defend, or intervene in its own name in litigation or administrative proceedings on matters affecting the condominium.

S. Make contracts and incur liabilities.

T. Cause additional improvements to be made as a part of the common elements.

U. Grant easements, leases, licenses, and concessions through or over the common elements.

V. To appoint a Trustee to foreclose the lien established for unpaid Homeowners dues, fees, and assessments.

Section 6. LIABILITY. The directors shall not be liable to the owners except for their own individual willful misconduct, bad faith or gross negligence.

Section 7. COMPENSATION. Neither directors nor officers shall receive compensation for their services as such, provided that the corporation may budget such sums as it may deem appropriate for direct reimbursement of actual expenses incurred by the directors or officers in behalf of the corporation.

Section 8. MEETINGS.

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

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

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

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

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

- A. Roll call;
- B. Proof of notice of meeting or waiver of notice;
- C. Reading of minutes of last meeting;
- D. Consideration of communications;
- E. Elections of necessary directors and officers;
- F. Reports of officers and employees;
- G. Reports of committees;
- H. Unfinished business;
- I. Original resolutions and new business;
- J. Adjournment.

Section 10 ANNUAL STATEMENT. The Board shall present, no less often than at the annual meeting, a full and clear statement of the business and condition of the corporation, including a report of the operating expenses of the corporation and the assessments paid by each member.

ARTICLE V.

OFFICERS

Section 1. EXECUTIVE OFFICERS. The executive officers of the corporation shall be a President; Secretary; and Treasurer; all of whom shall be elected annually from the Membership. No two officers may be united in one person. There may be more than one Vice President. Any or all officers may also be directors of the corporation.

Section 2. SUBORDINATE OFFICERS. The Board or Membership may appoint such other officers and agents from the membership as they may deem necessary, who shall have such authority and perform such duties as from time to time may be prescribed from time to time.

Section 3. TENURE OF OFFICERS: REMOVAL. All officers shall be subject to removal, with or without cause, at any time by action of the Board or Membership.

Section 4. THE PRESIDENT.

A. The President shall preside at all meetings of the members and directors; he shall have general and active management of the business of the corporation; he shall see that all order and resolutions of the Members are carried into effect; he shall execute bonds, mortgages, amendments to the Declaration or By-Laws, deeds of trust and other contract requiring a seal, under the seal of the corporation.

B. He shall have general superintendence and direction of all the other officers of the corporation, and shall see that their duties are performed properly.

C. He shall submit a report of the operations of the corporation for the fiscal year to the Members whenever called for by them, and to the members at the annual meeting, and from time to time shall report all matters within his knowledge which the interest of the corporation may require to be brought to their notice.

D. He shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation.

Section 5. THE SECRETARY.

A. The Secretary shall keep the minutes of the members; and of the meetings in one or more books provided for that purpose.

B. He shall see that all notices are fully given in accordance with the provisions of these By-Laws or as required by law.

C. He shall be custodian of the corporate records and of the seal of the corporation and shall see that the seal of the corporation is affixed to all documents, including but not limited to bonds, mortgages, amendments to the Declaration of By-Laws, deeds of trust and other contracts requiring a seal and attestation by the secretary, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these By-Laws.

D. He shall keep a register of the post office address of each member, which shall be furnished to the Secretary by such member.

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

Section 6. THE TREASURER.

A. The Treasurer shall be vested with all the powers as may be prescribed by the Board, Officers, or Members.

B. He shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the President.

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

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

E. He shall maintain a register for the names of any mortgage holders or lien holders on units who have requested in writing that they be registered and to whom the corporation will give notice of default in case of non-payment of assessments. No responsibility of the corporation is assumed with respect to said register except that it will give notice of default of any owner in his obligations to the corporation to any registered mortgagee or lienor therein, if so requested by said mortgagee or lienor.

F. With the approval of the Members, he shall be authorized to delegate all or part of his responsibilities to competent accounting, collection or management personnel, pursuant to written definition of the responsibilities delegated to, and the condition of performance imposed upon, such personnel, but, in such event, the Treasurer shall retain supervisory responsibilities.

Section 7. VACANCIES. If the office of any director or officer becomes vacant by reason of death, resignation, disqualification or otherwise, the remaining Officers or Directors, by majority vote, may choose a successor or successors who shall hold office for the unexpired term. If the number of directors falls below three, a special members' meeting shall be called for the purpose of filling such vacancies.

Section 8. RESIGNATIONS. Any director or officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the President, unless some later time be fixed in the resignation, and then from that date. The acceptance of a resignation shall not be required to make it effective.

ARTICLE VI.

NOTICES

Section 1. DEFINITION. Whenever under the provisions of the statutes, the Condominium Documents, the Certificate of Incorporation, or these By-Laws, notice is required to be given to any Officer, director or member, it shall not be construed to mean personal notice, but such notice may be given in writing by mail, by depositing the same in a post office or letter box in a post paid, sealed envelope, addressed as appears on the books of the corporation.

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

ARTICLE VII.

FINANCES

Section 1. FISCAL YEAR. The fiscal year shall be the calendar year, unless changed by action of the Members.

Section 2. CHECKS. All checks or demands for money and notes of the corporation shall be signed by any one of the following officers: President, Secretary or Vice President and Treasurer, or by such officer or officers or persons as the Members may from time to time designate.

Section 3. DETERMINATION OF ASSESSMENTS.

A. The Officers shall determine from time to time the sum or sums necessary and adequate for the common expense of the condominium property. At the annual meeting of the corporation, such budget shall constitute the basis for all regular assessments for Common

Expenses against Unit Owners, which assessments shall be due and payable periodically as determined by the Officers. Common Expenses shall include expenses for the operation, maintenance, repair or replacement of the common areas and facilities, costs of carrying out the powers and duties of the corporation, all insurance premiums and expenses from time to time by the Officers of the corporation.

B. The Officers are specifically empowered on behalf of the corporation to make and collect assessments and maintain repair and replace the common areas and facilities of the condominium. Funds for the payment of Common Expenses shall be assessed against the Unit Owners in the proportions of percentages of sharing Common Expenses provided in the Declaration. Assessments shall be payable periodically as determined by the Officers.

C. Special assessments for Common Expenses not adequately funded through the regular assessments may be required by the Officers and shall be levied and paid in the same manner as hereinbefore provided for regular assessments. Notwithstanding anything in these By-Laws or the Declaration which authorize assessments and expenditures, no special assessment exceeding \$250.00 per unit per annum or expenditure for the improvement of the common areas and facilities exceeding \$2,000.00 per annum for all units shall be made without the approval of a majority vote of the membership, except for the repair of the common areas and facilities due to damage and destruction, which repair shall occur as provided in the Declaration.

D. Special assessments against any owner of less than five hundred dollars (\$500.00) may be assessed by an adjudicatory panel elected by the Officers after notice given to the Unit Owner to be charged and a hearing before the panel to determine if the Unit Owner is responsible for the damage and after the Unit Owner has had adequate opportunity to be heard and present evidence. Notice of any decision of adjudicatory panel shall be delivered to the Unit Owner and any liability of Unit Owner so assessed shall be an assessment secured by lien as per the provisions of the Declaration.

E. When the Officers or Board has determined the amount of any assessment, the Treasurer of the corporation (or the personnel to whom such authority has been delegated) shall mail or present a statement of the assessment to each of the assessed owners. All assessments shall be payable to the corporation, and upon request, the vice President-Treasurer or his designated agent shall give a receipt for each payment made.

F. The treasurer may enter into a management contract with third parties to whom the Officers may delegate the power to levy and collect assessments provided for by the Condominium Documents.

G. All assessments not paid when due shall bear interest at such a rate as is determined by the Board of Directors, not to exceed the maximum permissible rate allowed by law.

Section 4. EXCESS OF ASSESSMENTS. In any year in which there is an excess of assessments received over amounts actually used or payable for the purposes described in these By-Laws, and in the Declaration, such excess shall, unless otherwise determined by the Board of Directors of the Association, be deposited in a capital reserve account for use in replacement, repair or maintenance of the common areas and facilities of the Association.

Section 5. NON-PROFIT CORPORATION. The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization, and the words "Non-Profit". Said seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise.

ARTICLE VIII

DEFAULT

Section 1. ENFORCEMENT OF LIEN FOR ASSESSMENTS. In the event an owner does not pay any sums, charges, or assessments required to be paid to the corporation by the due date, the corporation, acting on its behalf or through its Board, may enforce its lien for assessments, or take such other action to recover the sums, charges or assessments to which it is

entitled, in accordance with the Declaration and the statutes made and provided or both. Liens for Assessments and charges provided for may be foreclosed under Power of Sale in a manner provided in Chapter 45 of the North Carolina General Statutes; the Trustee in such proceeding shall be a person appointed in writing either by the declarant, during the period of Declarant control, and the President or Treasurer thereafter.

Section 2. CHARGES FOR LATE PAYMENTS, FINES. The Officers may appoint an adjudicatory panel to determine if a Unit Owner should be fined, not to exceed one hundred fifty dollars (\$150.00), for a violation of the Declaration, By-Laws or rules and regulations of the Association. The panel shall accord to the party charged with the violation notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. Such a fine shall be an assessment secured by lien under Paragraph 14 of the Declaration.

Section 3. GOVERNMENTAL LIENS AND ASSESSMENTS. In the event that an owner fails to pay any tax or assessment lawfully assessed by any governmental subdivision within which the property is situated, by the date such tax or assessment is due, the Board may, but is not required to, pay the same from the funds of the corporation and specially assess such owner for the amount paid.

Section 4. FORECLOSURE. If the association becomes the owner of a unit by reason of foreclosure, it shall offer said unit for sale and at such time as a sale is consummated, it shall deduct from the proceeds of said sale all sums of money due it for assessments and charges, all costs incurred in the bringing of the foreclosure proceeding, including reasonable attorney's fees, funds necessary to discharge any liens or mortgages of record, and any and all expenses incurred in the resale of the unit, which shall include but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for repairing and refurbishing of the unit in question. All monies remaining after deducting the foregoing items of expenses, costs and other deductions shall be returned to the former owner of subject unit.

Section 5. OTHER REMEDIES. In the event of violation of the provisions of the Condominium Documents as the same are defined in the Declaration, for thirty days after notice from the Association to the Unit Owners to correct said violation, the corporation, on its own behalf or by and through its Board or Officers, may bring appropriate action to enjoin such violation or may enforce the provisions of said Condominium Documents, or may sue for damages, or take such other courses of action, or other legal remedy as it or they may deem appropriate.

Section 6. LEGAL COSTS. In the event any legal action is brought against an owner and results in a judgment for the corporation, the owner shall pay the corporation's reasonable attorney's fees, costs of collection, and court costs.

Section 7. INTENT. Each owner, for himself, his heirs, successors and assigns, agree to the foregoing provisions relating to default and abatement of nuisance, regardless of the harshness of the remedy available to the corporation and regardless of the availability of the other equally adequate legal procedures. It is the intent of all owners of units to give to the corporation a method and procedure which will enable it at all times to operate on a business-like basis, to collect those monies due and owing it from the owners of units, and to preserve each Unit Owner's right to enjoy his unit, free from unreasonable restraint and nuisance.

ARTICLE IX

RULES AND REGULATIONS

In addition to the other provisions of these By-Laws, any Rules and Regulations (adopted by the Board or Officers), together with any subsequent changes shall govern, to the extent not inconsistent with these By-Laws and the Declaration, resident and guests, such Rules and Regulations shall be in effect until the first elected Board of Directors meeting, at which time they shall be subject to such changes as may be deemed appropriate. Any further modifications in the Rules and Regulations may be made by the Board or Officers in accordance with Article IV, Section 5, of these By-Laws.

ARTICLE X

JOINT OWNERSHIP

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

ARTICLE XI

INDEMNIFICATION

The corporation may indemnify any person made a party to an action by or in the right of the corporation to procure a judgment in its favor by reason of his being or having been a director or officer of the corporation, against the reasonable expenses including attorneys' fees actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein, except in relation to such matters as to which such director or officer is adjudged to have been guilty of gross negligence or misconduct in the performance of his duty to the corporation.

ARTICLE XII

AMENDMENT

These By-Laws may only be altered, amended or added to, after the period of Declarant control, at any duly called meeting of the members; provided (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the quorum requirement for such purposes shall be a majority of all the then members, in person or by proxy; (3) that there be an affirmative vote of owners holding not less than two-thirds of the qualified votes of members represented at such quorum; and (4) that there is or has been affirmative vote of the Board of Directors or Officers. Article III, Section 2A may not be amended without express approval of Declarant, as defined in the Declaration. No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights and/or liabilities of any mortgages, and no amendment shall become operative unless set forth in an amended Declaration and duly recorded. All Unit Owners shall be bound to abide by any amendment upon the same being passed and duly set forth in an amended Declaration, duly recorded in the Office of the Register of Deeds of New Hanover County, North Carolina.

Notwithstanding the provisions of this Article XII, no amendment to these By-Laws shall be effective without prior written approval of the Veterans' Administration/HUD, as applicable.

Any amendment of these articles requires the approval of at least Seventy Five percent of the votes of the Unit Owners.

ARTICLE XIII

CONTRACTS NOT BINDING

The Homeowners Association shall not be bound, either directly or indirectly, to contracts or leases, including management contracts, unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control of the Homeowners Association from the Declarant to the Unit Owners, and upon not more than 90 days' notice to the other party.

ARTICLE XIV

RIGHT TO INFORMATION AND FINANCIAL STATEMENT

The Homeowners Association shall make available to any Unit Owner, any lender, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws,

and other rules concerning the project, and the books, records, and financial statements of the Association. A reasonable fee may be charged for this service.

ARTICLE XV

CONSTRUCTION

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

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

Board and Board Of Directors shall Mean Officers in the event the corporation has only officers. If the corporation has only Officers, Any power that may be exercised by the Board is vested in the Officers.

ARTICLE XVI

RULES AND REGULATIONS

In addition to the other provisions of these By-Laws, any Rules and Regulations imposed by the Declarant, together with any subsequent changes shall govern, to the extent not inconsistent with these By-Laws and the Declaration, resident and guests, such Rules and Regulations shall be in effect until the first elected Officers meeting, at which time they shall be subject to such changes as may be deemed appropriate. Any further modifications in the Rules and Regulations may be made in accordance with Article IV, Section 5, of the By-Laws.

ARTICLE XVII

JOINT OWNERSHIP

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

ARTICLE XVIII

INDEMNIFICATION

The corporation may indemnify any person made a party to an action by or in the right of the corporation to procure a judgment in its favor by reason of his being or having been a director or officer of the corporation, against the reasonable expenses including attorneys' fees actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein, except in relation to such matters as to which such director or officer is adjudged to have been guilty of gross negligence or misconduct in the performance of his duty to the corporation.

ARTICLE XIX


DISSOLUTION

In the event the Association is dissolved, the assets shall be conveyed to such other non-profit organization with similar purposes set up to take over the responsibilities and duties of the

Association, or in the event no such organization is available, to an appropriate body responsible for taking over the duties of the Association.

The foregoing were adopted as the By-Laws of VILLAS ON CLAM SHELL OWNERS ASSOCIATION, INC. at the first meeting of its Board of Directors.

Certified to be correct, this the 18 day of May, 2006.



SECRETARY OF THE MEETING OF THE FIRST
BOARD OF DIRECTORS OF VILLAS ON CLAM SHELL
OWNERS ASSOCIATION, INC.

I certify that the foregoing are a true copy of the By-Laws of VILLAS ON CLAM SHELL OWNERS ASSOCIATION, INC.



ROBERT CALDER, JR., ATTORNEY

EXHIBIT "F"

DECLARATION OF CONDOMINIUM
VILLAS ON CLAM SHELL CONDOMINIUM
DESCRIPTION OF PROPERTY

LOCATED IN THE STATE OF NORTH CAROLINA, COUNTY OF NEW HANOVER, AND
BEING THOSE TWO TRACTS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Being that property described in the deeds to Jes Skip Properties, LLC., recorded in Book 4402 at Page 391, Book 4590 at Page 306, Book 4463 at Page 292, Book 4403 at Page 692, Book 4463 at Page 277, Book 4541 at Page 978, minus that property comprising Section 1, described on that Exhibit A to this Declaration and as "VILLAS ON CLAM SHELL FUTURE DEVELOPMENT - Need Not Be Built" on that plat recorded in Condominium Map Book 16 at page 396, all in the New Hanover County Register of Deeds Office.



REBECCA P. SMITH
REGISTER OF DEEDS, NEW HANOVER
216 NORTH SECOND STREET

WILMINGTON, NC 28401

Filed For Registration: 05/19/2006 10:20:45 AM

Book: RE 5023 Page: 2493-2535

Document No.: 2006028269

DECL 43 PGS \$137.00

Recorder: SCOTT, NANCY A

State of North Carolina, County of New Hanover

YELLOW PROBATE SHEET IS A VITAL PART OF YOUR RECORDED DOCUMENT.
PLEASE RETAIN WITH ORIGINAL DOCUMENT AND SUBMIT FOR RE-RECORDING.

2006028269

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