

Doc ID: 008490630019 Type: CRP  
Recorded: 10/20/2010 at 08:19:29 AM  
Fee Amt: \$68.00 Page 1 of 19  
Onslow County, NC  
Rebecca L. Pollard Reg. of Deeds  
BK 3490 Pg 282-300

BY-LAWS OF  
RIVER BLUFF HOMEOWNERS' ASSOCIATION, INC.

A Non-Profit Corporation

ARTICLE I  
NAME, LOCATION AND PRINCIPAL OFFICE

Name. These are the By-laws of RIVER BLUFF HOMEOWNERS' ASSOCIATION, INC.

Principal Office. The principal office of the Association shall be located at such a place, within the State of North Carolina, as shall be determined from time to time by the Board of Directors and as shall have been so designated most recently in the annual report of the Corporation or amendment thereto, filed with the North Carolina Secretary of State pursuant to the North Carolina Business Corporation Act.

ARTICLE II  
DEFINITIONS

The following terms when used in these By-laws shall have the meanings set forth below:

"Architectural Committee" means the Architectural Committee of the Association as provided in these By-laws and Declaration of Covenants.

"Association" means RIVER BLUFF HOMEOWNERS ASSOCIATION, INC., a membership corporation organized under the Non-Profit Corporation Law of the State of North Carolina.

"Board or Board of Directors" shall mean the governing body of the Association.

"Common Properties" means portion of the Property described as such in the Declaration, all of which shall be owned and managed by the Association for the benefit of the Members; and the non-exclusive easements granted to the Association.

"Declaration" means the Declaration of Covenants, Restrictions, Easements, Charges and Liens recorded with these By-Laws in the Office of the Register of Deeds of Onslow County and all amendments thereto.

"General Common Properties" means the Common Properties other than the private roads which solely provided access to individual lots. The General Common Properties are available for use by the holders of Use Permits and other Non-Members as described in the Declaration and these By-Laws.

"Lot" means a parcel of land or off-site lot within the Property to which Membership in the Association is associated.

"Member" means an owner of a lot, who thereby automatically becomes a member of the Association, whether such owner is an individual, trust, entity or aggregate of any or all.

"Property" means the Lots and Common Properties as described in the Declaration, comprising approximately 37 acres of land and improvements as described in Map Book 48 Page 193 in the County of Onslow, State of North Carolina.

#### ARTICLE III PURPOSE

This Association is formed to own, operate and maintain the Common Properties and to provide, in certain circumstances, enforcement of covenants and rules relating to the Lots and Common Properties for the benefit of the Members of the Association.

#### ARTICLE IV APPLICABILITY

All present and future Members shall be subject to these By-Laws and to the rules and regulations issued by the Association to govern the use of the Common Properties and the conduct of its Members.

#### ARTICLE V USE OF FACILITIES

- (a) Subject to paragraphs (b) and (c) of this Article V, the Common Properties shall be limited to the use of the Members and permitted occupants and guests.

- (b) In the event that a Member shall lease or permit another to use his Lot or occupy any dwelling on the Lot in accordance with these By-Laws, the lessee or occupant shall, at the option of the Member, be permitted to enjoy the use of the Common Properties in lieu of said Member, provided that the Association is provided, beforehand, with the names and addresses of such users and the intended date of use, in order to facilitate the supervision of use, and further provided that if the user is a lessee, the Member has not leased the property for less than a thirty-day period. No guest house or room may be leased separately from the dwelling. Any Member, lessee or occupant entitled to the use of the Association facilities may extend such privileges to members of his family and guests, subject to rules and regulations adopted by the Association.
- (c) Notwithstanding the nature of the ownership of any Lot, the occupancy of a dwelling on a Lot or the use of a Lot, the Common Properties or General Common Properties, as applicable, is limited at any time to one or more persons related by blood, adoption or marriage ("Relatives") living together as a single housekeeping unit, or not more than two persons, though not related by blood, adoption or marriage living together with their respective Relatives, if any, as a single housekeeping unit. In addition to such regular occupancy or use, the dwelling may be occupied and the Lot, Common Properties or General Common Properties, as applicable, may be used by visiting guests with the consent of the permitted regular occupant or regular user (collectively "Regular User") whether or not such guests are accompanied by the regular User or by family members of the Regular User, provided that no Member, lessee, occupant or other party receives any compensation from such guests. Household employees also shall be permitted.

Each Member shall designate to the Association the names of the one or more individuals who will constitute the single housekeeping unit which will be the Regular User as permitted above. Only such single designated housekeeping unit will be recognized as the regular occupant or user of the Lot, Common Properties or General Common Properties, as applicable. Such designation may not be changed without the Association's approval for more than four (4) times in any calendar year.

The use of the Common Properties or General Common Properties, as applicable, by guests of Members and Use Permit holders is also subject to rules the Association may adopt to regulate such use.

Every lease permitted hereunder shall contain a clause containing an agreement of the tenant to be bound by the above provisions of this Article V.

ARTICLE VI  
MEMBERSHIP AND VOTING RIGHTS

The Association shall have one class of membership interest as follows:

The owner of record of each Lot on the Property shall be a Member whether or not the dwelling is constructed on such Lot and whether such ownership is joint, in common or by tenancy by the entirety. Where the owner of record consists of an entity or aggregate of persons or entities such aggregate shall be considered a single Member. There is only one Member per Lot and each Member is entitled to one vote no matter how many Lots are owned by the Member. No member shall split or divide his vote on any motion, resolution or ballot.

ARTICLE VII  
QUORUM, PROXIES AND WAIVERS

Section 1. Quorum. So many Members as shall represent at least fifty-one percent (51%) of the total authorized votes of all Members present in person or represented by written proxy shall be requisite to and shall constitute a quorum at all meetings of the Association for the transactions of business, except as otherwise provided by statute, by the Declaration, the Certificate of Incorporation of the Association or the these By-Laws. If such quorum shall not be present or represented at any meeting of the Association, the members entitled to vote thereat, present in person or represented by written proxy, shall have the power to adjourn the meeting. At least five (5) days' written notice of such adjourned meeting shall be given to all Members. At such adjourned meeting any business may be transacted which might have been transacted at the meeting originally called. At such adjourned meeting, so many Members as shall represent at least one-half the quorum requirement applicable to the meeting adjourned for lack of quorum shall constitute a quorum.

Section 2. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Members present in person or represented by written proxy shall decide any question brought before such meeting such vote shall be binding upon all Members, unless the question is one upon which by express provision of statute, the Declaration, the Certificate of Incorporation or of these By-Laws, a different vote is required, in which case such express provision shall govern.

Section 3. Right to Vote. Members shall be entitled to vote either in person or by proxy at any meeting of the Association. Any proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 4. Proxies. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting in which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 5. Waiver and Consent. Wherever the vote of the membership at a meeting is required or permitted by statute or by an provision of the Declaration, Certificate of Incorporation, or of these By-Law to be taken in connection with action of the Association, the meeting and vote of the membership may be dispensed with if all Members who would have been entitled to vote upon the action, if such meeting were held, shall consent in writing or by telephone to such action being taken.

Section 6. Place of Meeting. Meeting shall be held at any suitable place convenient to the members as may be designated by the Board of Directors and designated in the notices of such meetings.

Section 7. Annual Meetings. The annual meeting of Property Owners shall be held the second Monday in November of each and every calendar year, or shall be held on such date as is fixed by the Board of Directors. At such meetings there shall be elected by ballot of the membership a Board of Directors in accordance with the requirements of Article VIII of the By-Laws. The Members may also transact such other business as may properly come before the meeting.

Section 8. Special meetings. It shall be the duty of the President to call a special meeting of the Association, if so directed by the Board of Directors, or upon the presentation to the Secretary of a petition signed by a majority of the members.

Section 9. Notice of Meetings. Written or printed notice stating the purpose, date, time and place of the meeting shall be delivered at least ten (10) days prior to and not more than thirty (30) days before the date thereof, either personally by mail, or by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the lot owner at the direction of the President, the Secretary, or other person calling the meeting, to each Shareholder of record entitled to vote at such meeting. A Notice shall be considered served if mailed in the manner provided in these By-Laws.

Section 10. Order of Business. The order of business at all meetings shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Report of officers, if any;
- (e) Report of committees, if any;
- (f) Appointment of inspectors of election (in the event there is an election);
- (g) Election of Directors (in the event there is an election);
- (h) Unfinished business;
- (i) New business.

ARTICLE VIII  
BOARD OF DIRECTORS

Section 1. Number and Term. The number of Directors which shall constitute the whole Board shall be not less than three (3) nor more than seven (7). An initial Board consisting of three (3) Directors shall be designated by the Developer to serve until the first annual meeting of the Association. At the first annual meeting, the members shall vote for and elect three (3) Directors of whom two (2) shall be elected for two years, and one (1) shall be elected for one year, until their successors, who shall each serve for two-year terms, have been duly elected and qualified at subsequent annual meetings. All directors, other than those the Developer has appointed, shall have the right to designate or elect, and must be Members entitled to the use of the Common Properties, or the spouse of either. Each Director shall be at least nineteen years of age.

Section 2. Voting and Right of Sponsor to Designate Certain Board Members. In an election of Directors, each Member shall be entitled to one vote for each director to be elected. A Member may cast all of such votes for a single Director or may distribute them among two or more Directors.

Section 3. Vacancy and Replacement. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors though less than a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred and until his successor is duly elected and qualified.

Section 4. Removal. Directors, including those appointed or elected by the Developer, may be removed for cause by an affirmative vote of a majority of the members. No Director shall continue to serve on the Board if, during his term of office, neither he nor his spouse remain Members.

Section 5. Powers and duties.

- (a) The property and business of the Association shall be managed by its Board of Directors, which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, the Declaration, the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the Members or owners personally. These powers shall specifically include, but not be limited to, the following items:

- (1) to cause to be kept a complete record of all its acts and corporate affairs. To supervise all officers and agents of the Association and to see that their duties are properly performed.
- (2) to determine and levy assessments ("Assessments") to cover the cost of operating and maintaining the Property, Payable at such regular or irregular intervals in advance or arrears as the Board of Directors determine. The Board of Directors may increase periodic assessments or vote special assessments in excess of that amount, if required, to meet any additional necessary expenses;
- (3) to prepare a roster of the Property Owners and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Property Owner;
- (4) to issue upon written request to a lot owner or the lot owner's authorized agents a statement setting forth the amount of unpaid assessments and other charges against a lot. Such statement shall be furnished within 10 business days after receipt of the request and is binding on the association, the executive board, and every lot owner;
- (5) to collect, use and expend the Assessments collected to maintain, care for and preserve the roads, trails, bridges, recreation and parking facilities, and other Common Properties, landscaping and, in certain circumstances, make repairs to improvements on the Property;
- (6) to make repairs, restore or alter the Common Properties, after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;
- (7) to open bank accounts on behalf of the Association and to designate the signatories to such bank accounts;
- (8) to make payment of all ad valorem taxes assessed against the Association property, both real and personal;
- (9) to pay all expenses incurred by the Association for repairs, maintenance, services, insurance and other operating expenses;
- (10) to prepare the annual operating budget of the Association;
- (11) to collect delinquent Assessments by suit or otherwise, to abate nuisances, to take direct action in connection with its power to maintain the Property and to enforce the Declaration, and to enjoin or seek damages from Members and lessees for violations of the rules and regulations herein referred to;
- (12) to make rules and regulations and to amend the same from time to time. Such rules and regulations and amendments thereto shall be binding upon the Members and Permit Holders when the Board has approved them in writing and delivered a

copy of such rules and regulations and all amendments to each Member. Such rules and regulations shall apply equally to the Members and the lessees and may, without limiting the foregoing, including reasonable limitations on the use of the Common Properties by family and guests of the Members and lessees as well as reasonable admission and other fees for such use;

- (13) to employ workers, contractors and supervisory personnel, and to purchase supplies and equipment; to enter into contracts to provide maintenance and other services, and generally to have the power of Directors in connection with the matters hereinabove set forth in this Article;
- (14) to bring and defend actions by or against one or more Members or third parties in connection with the operation of the Association and to assess special assessments on the Members to pay the cost of such litigation.

- (b) The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least three (3) Directors or Members, one of whom shall be a Director, which, to the extent provided in said resolution shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Association and may have power to sign all papers which may be required, provided the resolution shall specifically so provide. Such committees shall have such names as may be determined from time to time by resolution adopted by the Board of Directors. Committees established by resolution of the Board of Directors shall keep regular minutes of their proceedings and shall report the same to the Board of Directors as required.

Section 6. Compensation and conflicts of interest. Directors and officers shall serve as volunteers without pay. To avoid conflicts of interest and the appearance of conflicts of interest, no director or officer shall enter into any transaction in which he/she derives any financial gain from the Association's activity. Directors and officers, as such, shall receive no compensation for their services.

Section 7. 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 of Directors shall be held at the same place as the annual meeting of Members and



immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall be set.

- (b) Regularly scheduled meetings of the Board may be held without special notice.
- (c) Special meetings of the Board may be called by the President on two (2) days' notice to each Director either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least two (2) Directors.
- (d) At all meetings of the Board, a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Declaration, the Certificate of Incorporation or by these By-Laws. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.
- (e) Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

**Section 8. Annual Statement.** The Board of Directors shall furnish to all members and shall present annually (at the annual meeting) and when called for by a vote of the Members at any special meeting of the Members, a full and clear statement of the business conditions and affairs of the Association, including a statement of assets, liabilities and shareholders' equity, and a statement of receipts and disbursements and a statement regarding any taxable income attributable to the Members and a notice of the holding of an annual meeting of Members.

**Section 9. Fidelity Bonds.** The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on any such bonds shall be an expense of the Association.

**Section 10. Publication of names and addresses.**

The association shall publish the names and addresses of all officers and board members of the association within 30 days of their election in accordance with G.S. 47F-3-103 of the North Carolina Planned Community Act.

#### ARTICLE IX OFFICERS

Section 1. Elective Officers. The officers of the Association shall be chosen by the Board of Directors and shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also choose one or more Assistant Secretaries and Assistant Treasurers and such other officers in their judgment may be necessary. Two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Election. The Board of Directors, at its first meeting after each annual meeting of Association Members, shall elect a President, a Vice President, a Secretary and a Treasurer. Only the President must be a member of the Board of Directors.

Section 3. Appointive Officers. The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4. Term. The officers shall hold office for a period of one year or until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President. The President shall be the chief executive officer of the Association, shall preside at all meetings of the Members and the Board of Directors, shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Association, shall see that all orders and resolutions of the Board are carried in effect and shall have such other powers and duties as are usually vested in the office of President of a corporation organized under the Non-Profit Corporation Law of the State of North Carolina.

Section 6. The Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act, and shall have such other powers and duties as are usually vested in the office of Vice president of a corporation organized under the Non-Profit Corporation Law of North Carolina.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all meetings of the Board of Directors and all meetings of Members, record all votes and the minutes of all proceedings in a book to be kept for that purpose and perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or by the President, under whose supervision the Secretary shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the Association funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated to any managing agent appointed by the Board of Directors subject to supervision and review of the Treasurer.

The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, making proper vouchers for such disbursements. He shall render to the President and Directors, at the regular meeting of the Board of Directors or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Association.

The Treasurer shall keep detailed financial records and books of account of the Association, including a separate account for each member, which, among other things, shall contain the amount of each assessment, the date when due, the amount paid thereon and the balance remaining unpaid.

The Treasurer shall cause a true statement of the Association's assets and liabilities as of the close of each fiscal year and the results of its operations and changes in surplus for such fiscal year, all in reasonable detail to be made and filed at the registered or principal office of the corporation within two and one-half months after the end of the fiscal year. The statement so filed shall be kept available for inspection by any Property Owner for a period of ten (10) years; and the Treasurer shall mail or otherwise deliver a copy of the latest statement to any Property Owner upon his/her written request therefore.

The Treasurer shall be responsible for ensuring that the federal and state income tax returns are filed timely, and any related fees or taxes are paid timely.

Section 9. Agreements, etc. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Directors.

Section 10. Liability and indemnification of Officers and Directors.

Directors and Officers of the Association, shall stand in a fiduciary relationship to this Association and shall perform his/her duties as a director, officer or committee member in good faith, in a manner he/she reasonably believes to be in the best interests of the Association, and with such are, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his/her duties, a director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data. Directors and Officers shall endeavor at all times to be fiscally responsible with the time and financial resources of the Association and its Property Owners.

The Association shall indemnify every officer, director and committee member against any and all expenses, including attorney's fees, reasonably incurred by or imposed upon such person in connection with any action, suit or other proceeding (including settlement of any such action, suit or proceeding, if approved by the then Board of Directors) to which he/she may be made a party by reason of being or have been an Officer, Director or Committee Member, whether or not such person holds such position at the time such expenses are incurred. The Officers, Directors and Committee Members shall not be liable for any mistake of judgment, negligent or otherwise, or for injury or damage caused by any such person in the performance of his/her duties, except for his/her own individual willful misfeasance or malfeasance. The Officers and Directors shall have no personal liability with respect to any contract or other commitment made of them, in good faith, on behalf of the Association (except to the extent that such Officers or Directors may also be members of the Association), and the Association shall indemnify and forever hold each such Officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which an Officer, Director or Committee Member or former Officer, Director or Committee Member, may be entitled. The Association shall, as a common expense, maintain adequate general liability and if obtainable, Officers and Directors liability insurance to fund this obligation.

## ARTICLE X NOTICES

Section 1. Definitions. Whenever under the provisions of the Declaration or these By-Laws notice is required to be given to the Board of Directors or to any Director or Member, it shall not be construed to mean personal notice; but such notice may be given in writing, by first class U.S. mail, addressed to the Board of Directors, such Director or Member at such address as appears on the books of the Association.

Section 2. Service of Notice – Waiver. Whenever any notice is required to be given under the provisions of the Declaration 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 state therein, shall be deemed the equivalent thereof.

ARTICLE XI  
ASSESSMENTS, FINANCES AND FISCAL RESPONSIBILITY

Section 1. Creation of the Lien and Personal Obligation of Assessments. The creation of the lien and personal obligation of Assessments is governed by Section 25 of the Declaration.

Section 2. Purpose of Assessments. The purpose of Assessments is as specified in Section 24 of the Declaration.

Section 3. Basis of Assessments. The basis of the Assessments is as specified in Section 24 (a) of the Declaration is amended as follows. The Board of Directors shall be responsible for determining and levying the assessment based on the ratified budget adopted by the Property Owners at the annual meeting.

Section 4. Date of Commencement of Assessments; Due Dates. The date of commencement and the dues dates of Assessments as specified in Section 24 (b) of the Declaration are amended as follows. Initially the first assessment by the Association shall be due and payable on the first day of January and may be changed by a majority vote of the Board of Directors.

Section 5. Effect of Nonpayment of Assessment; Remedies of the Association. The effect of nonpayment of Assessments and the remedies of the Association shall be as specified in Section 25 of the Declaration.

Section 6. Subordination of Lien to Mortgages. The lien of Assessments provided for herein shall be subordinated pursuant to prior liens of deeds of trust.

Section 7. Checks. All checks or demands for money and notes of the Association shall be signed by the President or the Treasurer or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and countersigned by the President or Vice-President of the Association.

Section 8. Deposits. All funds of the Association no otherwise employed shall be deposited from time to time to the credit of the corporation in such depositories as the Board of Directors shall direct. Funds shall be deposited as soon as practicable from time of receipt by the Treasurer, but in no case not later than seven (7) days from receipt.

Section 9. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all receipts of the Association, including Assessments as fixed and determined for all Members and Permit Fees. Disbursements from said account shall

be for the general needs of the operation, including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the Association.

Section 10. Other Accounts. The Board of Directors shall maintain any other accounts it shall deem necessary to carry out its purposes.

Section 11. Reserve or Contingency Funds. The Board may at its discretion establish a Reserve or Emergency Contingency Fund and allocate a portion of the regular annual assessment to fund the Reserve, and this amount shall not exceed twenty percent (20%) of the annual operating budget in any fiscal year, unless approved by a majority of Property Owners by vote or proxy at the annual Property Owner meeting. The Reserve or Emergency Contingency Fund shall be used to fund unexpected costs related to the annual operating costs of the Association. The Reserve or Emergency Contingency Fund shall be capped at a total of prior two (2) years operating expenses, unless amended by a two-thirds (2/3) majority vote of Property Owners.

The Reserve or Emergency Contingency Fund may also be funded by a special assessment approved by a two-thirds (2/3) majority of Property Owners by vote or proxy at the annual or special meeting of Property Owners.

Reserve or Emergency Contingency Fund moneys shall be held in a separate depository account from the regular operating fund.

Section 12. Annual Statements. Not later than two and a half months after the close of each fiscal year, and in any case prior to the next annual meeting of members, the Board of Directors shall prepare or cause to be prepared on the modified cash basis of accounting:

- a) Statement of Assets, Liabilities and Stockholders' Equity
- b) Statement of Revenues and Expenses
- c) Statement of Revenues and Expenses Budget V. Actual
- d) Detailed Property Owner Listing of Past Due Assessments

Such statements shall provide in reasonable detail the financial condition of the Association as of the close of its fiscal year and the results of operations during its fiscal year.

Section 13. Monthly Bookkeeping and Reconciliations. Not later than 25 days after the close of each month, the Board of Directors shall prepare or cause to be prepared the following reports:

- a) Reconciliations of all depository accounts
- b) Monthly Statement of Assets, Liabilities and Stockholders' Equity
- c) Monthly Statement of Revenues and Expenses
- d) Monthly Statement of Revenues and Expenses Budget V. Actual
- e) Detailed Property Owner Listing of Past Due Assessments

Such reports shall be made available to all Property Owners as requested. The Board shall have discretion in changing the required monthly reports.

Section 14. Budget. It shall be the duty of the Board at least forty-five (45) days prior to the Association's annual meeting to prepare a budget covering the estimated costs of operating the common area during the coming year, and a reasonable reserve for operating funds, repairs, and contingencies.

Within 30 days prior to the annual meeting of Property Owners, the Board shall provide to all Property Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Property Owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 30 days after mailing of the summary and notice.

There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the Property Owners in the association or any larger vote specified in the declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Property Owners shall be continued until such time as the Property Owners ratify a subsequent budget proposed by the executive board.

Notice of the annual assessment levied against each lot, together with a copy of the budget as ratified by Property Owners, shall be transmitted to each member on or within 30 days after the assessment has been levied. Initially, the annual assessment shall be due and payable on the first day of January of each year, and may be changed by majority vote of the Board of Directors.

## **ARTICLE XII**

### **AMENDMENTS**

These By-Laws may be altered or amended at any duly called meeting of Members provided: (i) that the notice of the meeting shall contain a full statement of the proposed alteration or amendment and (ii) that the amendment shall be approved by vote of Fifty-One Percent (51%) of the Members. No amendment, however, shall affect or impair the validity or priority of the Members' interests and the interests of holders of a mortgage encumbering a Lot. Notwithstanding anything contained herein, so long as the Developer, or its successor or assignee, controls the Architectural Committee, no amendment affecting the Architectural Committee may be made without the written approval of the Developer or such successor or assignee.

## **ARTICLE XIII**

### **SELLING LEASING AND GIFTS OF LOTS**

Section 1. Selling and Leasing Lots. A Lot may not be conveyed or leased by a Member except in accordance with these By-Laws. No Member shall convey, mortgage, pledge, hypothecate, sell or lease his Lot until all unpaid Association expenses assessed against the Lot shall have been paid at the time of the closing of such transaction. In addition, a Lot may not be leased more than four (4) times in any one calendar year. (For

purposes of this section, a change by sublease or otherwise, in the party entitled to use or possession of a Lot or structure or a break in the continuity of such right of use or possession will be deemed a new Lease.) No room may be leased separately from the dwelling. Any lease of a Lot or dwelling thereon in violation of this Section shall be voidable at the election of the Board of Directors. Upon the written request of a Member or a Member's mortgagee, the Board of Directors or its designee shall furnish a written statement of the unpaid charges due from such member, which shall be conclusive evidence of the payment of amounts assessed prior to the date of the statement. A reasonable charge may be made by the Board of Directors for the issuance of such statements.

The provisions of this Section shall not apply to the acquisition of a Lot by a mortgagee who shall acquire title to such Lot by foreclosure or by deed in lieu of foreclosure, but shall apply to any transfer by such Mortgagee.

Whenever the term "Lot" is referred to in this Section or in Section 2 below, it shall include the Lot, the Member's interest in the Association and the Member's interest in any off-site Lots acquired by the Association.

Section 2. Gifts, etc. Any member may convey or transfer his Lot by gift during the Member's lifetime or devise his Lot by will or pass the same by intestacy.

No provisions of these By-Laws shall apply to any transfer or lease to a spouse, family descendant, ascending or sibling of the owner, including such family relationship created by adoption, or a partnership comprised entirely of such relatives or a corporation whose stock is owned entirely by such relatives or a trust solely for the benefit of any thereof.

#### ARTICLE XIV GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Association shall be a calendar year.

Section 2. Seal. The association seal shall have inscribed thereon the name of the Association and the year of its incorporation under the laws of the State of North Carolina. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 3. Architectural Committee. No permanent or temporary building, structure or other improvement, including landscaping, lighting or the placement of a fence or an antenna on a Lot, shall be commenced erected or maintained, nor shall there be any exterior addition or change (other than those characterized as minor by the Architectural Committee) to an improvement until the following (collectively, the "Plans") shall have been submitted and approved in writing by the Architectural



Committee: (a) detailed plans and specifications (showing design, size, materials, color and finish), (b) plot plan (showing proposed location), (c) landscape plan (including any proposed clearing), (d) construction schedule and (e) such other documents and information reasonably required by the Architectural Committee to evaluate any such improvement or change.

The Architectural Committee shall be composed of three representatives, two of whom shall be appointed by the Developer and one by the Board of Directors of the Association. At least one representative appointed by the Sponsor shall be a professional land planner or architect, whether or not that party is independent of the Developer. The Developer may delegate to the Association its right to appoint the two representatives, but may thereafter rescind such delegation by notice to the Association at any time.

The vote at a meeting or the written consent without a meeting of any two representatives shall constitute an act by the Architectural Committee, except where its rules specify that a unanimous decision is required. The Architectural Committee shall adopt procedures and design and construction criteria which will guide its review.

The standards by which Plans will be evaluated shall emphasize the harmony of design and location in relation to the surroundings. Approval may be granted or denied by the Architectural Committee in its sole discretion, based on its subjective view of aesthetics and without regard to its prior policies, acts, or omissions.

The Architectural Committee will approve, subject to conditions or reject any application in writing within ninety (90) days of the submission to it of the Plans and all other information reasonably requested by the Architectural Committee to enable it to evaluate the Plans and proposed improvement or change. If the Architectural Committee fails to respond within such 90-day period the Plans will be deemed approved.

The actual clearing of land, construction, landscaping, and the completed structure, improvement or change shall conform to the approved Plans in all respects.

Neither the Architectural Committee nor any member thereof shall be liable to any Member for any damage, loss or expense claimed on account of the approval or disapproval of Plans, whether or not defective, or the construction or performance of any work, whether or not pursuant to the Plans or for the failure to approve any Plans.

The Architectural Committee and the Board of Directors of the Association shall be entitled to enforce this provision of the Declaration by direct action or legal proceedings, including action for injunctive relief.

**Section 4. Parliamentary Rules.** Unless waived by majority vote of the Property Owners in attendance in person or by proxy at any duly called meeting, or unless waived by a majority of the Directors present at any duly called meeting of the Board of

Directors, Roberts' Rules of order (latest edition) shall govern the conduct of the proceedings of such meeting when not in conflict with North Carolina law, the Declaration or these Bylaws.

Section 5. Examination of Books and Records. Each member and first mortgagee shall be entitled to a reasonable examination of the books and records of the Association at any time upon reasonable notice to the Board of Directors. The Declaration, Certification of Incorporation and the By-Laws of the Association shall be available for inspection by any member or first mortgagee at the principal office of the Association.

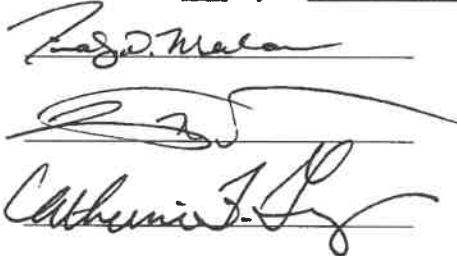
Section 6. Construction.

- (a) Whenever the masculine singular form of the pronoun is used in the By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, whenever the context so requires.
- (b) In the case of any conflict between the Certificate of Incorporation and these By-Laws, the Certificate of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 7. Severability. Should any of the covenants, terms or provisions herein imposed be or become unenforceable at law or in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

The undersigned hereby certifies that the foregoing bylaws have been adopted as the first By-laws of the Corporation, pursuant to the requirements of the North Carolina Business Corporation Act.

This the 4th day of OCTOBER, 2010.



Three handwritten signatures are present, each followed by a horizontal line. The first signature is 'R. J. M. M. M.', the second is 'R. J. M. M. M.', and the third is 'Catherine J. M. M.'.

NORTH CAROLINA

ONSLOW COUNTY

I, Barbara J. Gray, a Notary Public of the County and State aforesaid, do hereby certify that Catherine Gwynn, Secretary and Treasurer, personally came before me this day and acknowledged that she is Secretary and Treasurer of River Bluff Homeowner's Association, Inc., and acknowledged on behalf of River Bluff Homeowner's Association, Inc., the due execution of the foregoing instrument by its officers.

Witness my hand and official seal, this the 4<sup>th</sup> day of October, 2010.

Barbara J. Gray  
Notary Public

My Commission expires:  
4-10-2011

BARBARA J. GRAY  
NOTARY PUBLIC  
ONSLOW COUNTY, N.C.