

EXHIBIT E

BY-LAWS

OF

THE VILLAS AT MAGENS BAY I ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

Section 1. The Name: The name of the corporation is the Villas at Magens Bay I Association, Inc.

Section 2. The Principal Office: The principal office of the Association shall be located at 9816 Clarendon Court, Emerald Isle, Carteret County, North Carolina, 29594, but the meetings of the members and Directors may be held at such places within the State of North Carolina as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to the Villas at Magens Bay I Association, Inc., its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described in Exhibit "A" of the Declaration of Condominium for the Villas at Magens Bay I Condominiums as recorded in the Carteret County Registry.

Section 3. Other Definitions: The terms "Allocated Interest", "Common Elements", "Common Expenses", "Common Expense Liability", "Declarant", "Declaration", "Development Rights", "Dispose or Disposition", "Executive Board", "Identifying Number", "Limited Common Element", "Person", "Purchaser", "Real Estate", "Residential Purposes", "Unit", "Unit Owner" shall have those terms and definitions as defined in the Declaration of Condominiums as recorded aforesaid, and as set forth in N.C.G.S. 47C-1-103, said definitions being incorporated herein by reference as if fully set out.

ARTICLE III

THE VILLAS AT MAGENS BAY I ASSOCIATION, INC.

Section 1. General: Every purchaser of a condominium unit in the Villas at Magens Bay I Condominiums shall be a member of the Association upon the terms and conditions hereinafter set forth. Regular memberships in the Association shall be limited to purchasers of condominium units.

Section 2. Administration of the Condominium The operating entity of the condominium shall be the Villas at Magens Bay I Association, Inc.

a. Powers: The Association shall have all of the powers and duties set forth in North Carolina General Statute 47C-3-102, as amended, as well as all of the powers and duties granted to or imposed upon it by the Declaration of Condominium, the Articles of Incorporation and By-Laws of the Association, and this Agreement of Association, and all of the powers and duties necessary to operate the condominium as the same may be amended from time to time.

All affairs of the Association shall be conducted by the Executive Board who shall be designated in the manner provided for in these By-Laws and Articles of Incorporation of the Association.

In the administration of the operation and management of the condominium, the Association is hereby granted the authority and power to enforce the provisions of these By-Laws and Articles of Incorporation, rules and regulations governing the use of the condominium units, common elements and limited common elements as the Executive Board of said Association may deem to be in the best interest of the condominium.

b. Purposes: The Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of its officers, directors or members or any other private individual. The purposes and objectives of the Association shall be to administer the operation of the acts and duties incident to the administration of the operation and management of said Condominium in accordance with the terms, provisions or conditions and authorizations contained in these By-Laws, Agreement and Association, as well as the Declaration of Unit Ownership above referred to; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said condominium.

In carrying out the foregoing purposes the Association shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Association, including, but not limited to the power to make and establish reasonable rules and regulations governing the use of condominium units and Common Elements in the condominium to levy and collect assessments against unit purchasers in accordance with the Declaration of Unit Ownership and these By-Laws, to maintain, repair, replace and manage the condominium, to acquire or lease real and personal property for the benefit of the purchasers or the condominium units, and generally to possess all powers necessary in order to carry out the foregoing purposes.

Section 3. Easements of Enjoyment: Every purchaser of a unit in the Villas at Magens Bay I Condominiums shall have a right and easement of enjoyment in and to the common elements which shall be appurtenant to and shall pass with the title to every unit subject to the following provisions:

a. The right of the Association to charge dues and assessments to be used for maintenance of the common elements.

b. The right of the Association to suspend the right to use of the common elements and recreation area by any unit purchaser for any period which any dues or assessments against such purchaser's unit are over due and unpaid, and to impose and levy a reasonable fine not to exceed One Hundred Fifty Dollars (\$150.00) for violation of the Declaration, Bylaws, and Rules and Regulations of the Association.

c. The use of the common elements shall be subject to the joint rights of all other purchasers to use the elements, all pursuant to rules and regulations established by the Association from time to time.

d. This right of use shall extend to the purchaser, members of the family of the purchaser, lessees of the purchaser so long as the tenancy exists, and contract purchasers from a purchaser who resides on the property, but the right to use shall extend to only one family of purchasers, lessees, contract purchasers, at any one time, and in no event shall exceed 8 persons for any one unit.

Section 4. Membership and Voting Rights: There shall only be one form of membership designated a "regular membership".

Every purchaser of a unit in the Condominiums shall be a member of the Association. Regular membership shall be appurtenant to and may not be separated from ownership of a unit. Persons or entities who hold an interest in the unit merely as security for the performance of an obligation shall not be members.

Each unit shall have a vote at all meetings of the membership of the Association in the amount of the undivided percentage of ownership in the common elements appurtenant to said unit as shown on Exhibit C to this Declaration. When more than one person or entity holds an interest in any one unit, the purchasers of said unit shall designate one of them as the voting member. If the unit is owned by a corporation or other business entity, an officer or employee shall be designated the voting member. Members may vote either in person or by proxy, but if by proxy, the same must be in writing and delivered to the Secretary of the Association prior to, or at the start of, the meeting at which the proxy is to be exercised. Every proxy shall be revocable and shall automatically cease upon the conveyance by the member of his unit.

The Secretary of the Association shall keep a list of any and all purchasers of a unit in the Villas at Magens Bay I Condominiums, including all fractional or percentage of undivided interests in the common elements and in the common expenses allocated to each unit, for purposes of determining what members shall be entitled to vote. The membership list shall be arranged

numerically by condominium units and shall be located on the common elements of the Condominiums which is accessible to all members of the Association.

Section 5. Meeting of Regular Membership: There shall be an annual meeting of the membership held each year between March 1 and March 31 with the specific date, time, and place to be determined by the President of the Association unless the Board of Directors or a meeting of the membership has already specified the exact date, time and place. The presence at the meeting of a member or members entitled to cast, either in person or by proxy, 51% of all eligible votes of persons entitled to vote for election of the Executive Board shall constitute a quorum for the transaction of all business except such as may otherwise expressly be provided for in this Instrument. Special meetings of the membership may be called at anytime either by the President, the Board of directors, or one-third of the members. Such request for a special meeting shall state the purpose or purposes of the proposed meeting. At the annual meeting, the members shall elect the new members of the Executive Board, and transact such other business as may properly come before the meeting. Written notice of the annual and special meetings of the membership shall be given to each member entitled to vote at least 10 days prior to said meetings as specified in Section 4 above. The Secretary shall maintain a list of all members entitled to vote at annual and special meetings with said list containing a mailing address of each member. All members shall be responsible for notifying the said Secretary of any change in their address between annual meetings, and all written notice of annual and special meetings sent to the addresses of the members as shown on the membership list shall be effective as notice by the Association.

Section 6. Special Meetings: Special meetings of the regular members for any purpose or purposes unless otherwise prescribed by statute or by these By-Laws, may be called by the President, the Board of directors or members holding one-third of the total eligible votes. Such request shall be in writing and shall state the purpose or purposes of the proposed special meeting. Written notice of the special meeting of members stating the time, place and purpose thereof, shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the list of the Secretary of the Association, at least 10 days before such meeting. Business transacted at all special meetings shall be confined to the objects and purposes stated in the notice thereof, unless 100% of the members present at such meeting in person or by proxy consent to the transaction of business not stated in the notice.

Section 7. Quorum: 51% of the total number of eligible votes of the Association, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the members of the Association for the transaction of business, except as otherwise provided by Statute, by the Condominium Declaration, 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.

Section 8. Order of Business: The order of business at the annual Association meetings and as far as practical at other meetings of the membership, will be as follows:

1. Roll call and certifying of proxies;
2. Proof of notice of meeting without waiver of notice;
3. Reading of minutes of prior meeting;
4. Officers' reports;
5. Committee reports;
6. Approval of budget;
7. Election of directors;
8. Unfinished business;
9. New business;
10. Adjournment.

Section 9. Officers: The Association shall have three officers, a President, a Secretary and Treasurer. The officers shall be elected by the Executive Board for a term of one year or until their successors have been elected. The President shall act for the Association, but shall not have the authority to obligate the credit of the Association, nor the members thereof, without authorization of either the Executive Board or the membership. All checks written on any bank account of the Association shall be signed by the Treasurer and by the President. The duties of the officers shall be as follows:

a. President: The President shall preside at all meetings of the members and Directors; he shall have general and active management of the business of the Association; he shall see that all orders and resolutions of the Executive Board are carried into effect; he shall have equal superintendence and direction of all the other officers of the Association, and shall see that their duties are performed properly. He shall report on the operations of the Association for the fiscal year to the directors when ever called for by them, and to the members at the annual meeting, and from time to time shall report to the Executive Board all matters within his knowledge which the interest of the Association may require to be brought forward. 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 an Association.

b. Vice-President: If a Vice-President is hereafter elected, the Vice-President shall be vested with all of the powers and required to perform all the duties of the President in his absence, and such other duties as may be prescribed by the Executive Board.

c. Secretary: The Secretary shall keep the minutes of the meetings of the members and the Executive Board; he shall see that all notices are fully given in accordance with the provisions of these By-Laws or as required by law. He shall keep a register of the post-office address of each member, which shall be furnished to the Secretary by all members.

d. Treasurer: The Treasurer 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 by the Executive Board. He shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements and shall render to the President and Directors at the regular meetings of the board or whenever they may require it an account of all his transactions as Treasurer and of the financial condition of the Association. Such records shall be open to inspection by

members at a reasonable time. In addition he may be required to give the Association at the Association's costs a bond in the sum and with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the Association, 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 Association. 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 to whom the Association will give notice of default in case of non-payment of assessments. No responsibility by the Association or its members is assumed with respect to said register except that it will give notice of default to any registered mortgagee or lienor therein, if so requested by said mortgagee or lienor. In general he shall perform all duties as may from time to time be assigned to him by the President or by the Board of Directors.

Section 10. Executive Board:

a. Number and Term. The initial Executive Board shall consist of three Directors. The number of Directors shall remain three. The majority of Directors shall be members of the Association and each Director shall be elected at the annual meeting of the membership for a term of one year, or until their successors shall be elected and shall qualify.

b. If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority vote of the membership at a properly called meeting of the membership shall elect a replacement to fill the unexpired term in respect to which said vacancy occurs.

c. The Unit Owners by at least 66.67% of all persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Executive Board with or without cause, in accordance with G.S. 47C-3-103.

d. Pending transfer of control of the Association in accordance with Article XI of the Declaration of Condominium, the Declarant shall have the right to remove any member of the Executive Board with or without cause, and to appoint and elect successors to the Board in the event of the death, resignation, retirement, disqualification, removal from office or otherwise of a Director.

e. Powers. The property and business of the Association shall be managed by the Executive Board, which may exercise any and all authority over the management of the Association and the common elements not specifically prohibited by Statutes, these By-Laws, or the Condominium Declaration. The powers of the Board shall specifically include all of those powers enumerated in G.S. 47C-3-102, which powers are incorporated herein by reference as if fully set out, and shall include but not be limited to the following:

1. To make and collect regular and special assessments and establish the time within which payment of the same are due.

2. 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 purchasers.

3. To purchase the necessary equipment and tools required in the maintenance, care and preservation referred to above.

4. To enter into and upon the units when necessary and at as little inconvenience to the purchaser as possible in connection with such maintenance, care and preservation.

5. To insure and keep insured said condominium property in the manner set forth in the Declaration against loss from fire and/or other casualty, and the unit purchasers against public liability, and to purchase such other insurance as the Board may deem advisable.

6. To collect delinquent assessments by suit or otherwise, abate nuisances and enjoin or seek damages from purchasers for violations of these By-Laws and the terms and conditions of the condominium documents.

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

8. To make appropriate changes in the Rules and Regulations for the occupancy of the condominium units as may be deemed necessary. Any such changes shall be approved at the next meeting of the membership by a majority of the votes cast.

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

10. To contract for management of the condominium and to delegate to such other party all powers and duties of the Association except those specifically required by the condominium documents to have specific approval of the Board or membership.

11. To carry out the obligations of the Association under any restrictions and/or covenants running with any land submitted to the condominium ownership of this Association or its members.

12. To designate, as the board deems appropriate, assigned parking spaces for each unit, visitors, service vehicles, boats, and other vehicles.

13. To adopt Rules and Regulations pursuant to Article IV of these By-Laws pertaining to "Default".

14. To impose a special assessment against any purchaser, not to exceed \$150.00 for each occurrence, for the violation by the purchaser or his guests of any rule or regulation adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provision of the Declaration.

15. To terminate any lease or rentals whether by written or oral agreement; and to remove from a unit, any lessee, tenant or guest who fails to comply with the terms of the condominium documents.

Section 11. Meetings of the Executive Board:

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 membership meeting.

b. Special meetings shall be held whenever called by the Director or the President or a majority of the Board. The Secretary shall give notice of each special meeting either personally or by mail, or telegram, at least three (3) 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 quorum shall be deemed present throughout any meeting of the Executive Board of persons entitled to cast 50% of the votes on that Board, if present at the beginning of the meeting. The act of a majority present at such meeting and which there is a quorum shall be the act of the Board. If the 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. **Order of Business:** The order of business at all meetings of the Executive Board shall be as follows:

- i. Roll call;
- ii. Proof of notice of meeting or waiver of notice;
- iii. Reading of minutes of last meeting;
- iv. Consideration of communications;
- v. Reports of officers
- vi. Report of committees;
- vii. Unfinished business;
- viii. Election of officers at annual meeting;
- ix. New Business;
- x. Adjournment.

e. **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 Association, including a report of the operating expenses of the Association and the assessments paid by each member.

Section 12. Liability: The officers, and directors shall not be liable to the owner for any mistake in judgment, negligence, or otherwise except for their own individual willful misconduct, bad faith, or gross negligence.

Section 13. Compensation: Neither Directors nor officers shall receive compensation for their services as such.

Section 14. Removal of Officers and Directors: Any one or more of the officers and Directors may be removed at any time, with or without cause, by a vote of the Unit Owners representing at least 66 2/3% of all persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present. Upon the removal of any officer or Director, the membership shall elect a replacement to fill the unexpired term subject to the Declarant's rights set forth in Section 10(d) above.

ARTICLE IV

FINANCES

Section 1. Fiscal Year: The fiscal year shall be the calendar year.

Section 2. Checks: All checks or demands for money and notes of the Association shall be signed by the following officers: President or Vice-President and Treasurer, or by such officer or officers or such other persons as the Executive Board may from time to time designate.

Section 3. Determination of Assessments:

a. The Board shall determine from time to time the sum or sums necessary and adequate for the common expenses of the condominium property. The Board shall adopt a proposed budget for the condominium, and within 30 days after adoption of the proposed budget, the Executive Board shall provide a summary of the budget to all Unit Purchasers, and shall set a date for a meeting of the Unit Purchasers to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary. 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 Unit Purchasers reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified increased by 100% annually shall be continued until such time as the Unit Purchasers ratify a subsequent budget proposed by the Executive Board.

The budget shall constitute the basis for all assessment for common expenses against Unit Purchasers, which assessments shall be due and payable periodically as determined by the Executive Board. Common Expenses shall include expenses for operation, maintenance, repair or replacement of the common elements and facilities and the limited common elements and facilities, cost of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, and any other expenses designated as common expenses from time to time by the Executive Board.

b. The Board is specifically empowered on behalf of the Association to make and collect assessments and to maintain, repair and replace the common elements and facilities and the limited common elements and facilities of the condominium. Funds for the payment of common expenses shall be assessed against the unit purchasers in the proportions or percentages of sharing

common expenses provided for in the Condominium Declaration. Assessments shall be payable periodically as determined by the Board.

c. Special assessments for common expenses not adequately funded through the regular assessments may be required by the Board and shall be levied and paid in the same manner as hereinbefore provided for regular assessments. Notwithstanding anything in these By-Laws or the Condominium Declaration which authorize assessments and expenditures, no special assessment exceeding \$200 per unit per annum or expenditure for the improvement of the common elements exceeding \$10,000 per annum for all units shall be made without the approval of unit owners holding not less than 60% of the undivided interest of the condominium, except for the repair of the condominium project due to damage and destruction, which shall occur as provided for in the Declaration.

d. When the Board has determined the amount of any assessment, the Treasurer of the Association shall mail or present a statement of the assessment to each of the assessed owners. All assessments shall be payable to the Association, and upon request, the Treasurer shall give a receipt for each payment made.

e. The Board may enter into a management contract with third parties to whom the Board of Directors may delegate the power to levy and collect assessments approved by the Board or required by the condominium documents.

f. All assessments not paid when due shall bear interest at the highest legal rate of interest.

ARTICLE V

DEFAULT

Section 1. Dues and Assessments: Each purchaser of a unit in the Villas at Magens Bay I Condominiums by the acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association such monthly dues and special assessments as shall be established from time to time by the Executive Board or membership of the Association. Such monthly dues and special assessments, together with interest, cost, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien on the land against which each assessment is made, until paid. In addition such monthly dues and special assessments shall also be the personal obligation of the purchaser of the unit at the time the dues or assessments become due. This personal obligation shall not pass to a successor in title to the purchaser unless expressly assumed by such successor. The dues and any assessments shall be used exclusively to promote the recreation, health, safety and welfare of the members of the Association and for improvements, maintenance of the common element or elements, buildings or improvements within said condominium development. The lien of the monthly dues and special assessments provided for herein shall be subordinate to the lien of any first mortgage. No sale or transfer of any unit shall affect the lien for unpaid dues or special assessments. The monthly dues shall be payable monthly in advance, unless otherwise directed by the Executive Board. The pro rata portion of the dues levied for the month purchased shall be collected by the Declarant from the purchaser of each unit at the time the

sale is closed. This money shall be paid by the Declarant to the Association. The amount of the monthly dues for each year shall be fixed at the annual meeting of the membership for the following fiscal year of the Association. The monthly dues shall commence as to all units on the date a deed to the unit from the Declarant is recorded. In addition to the monthly dues the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvements upon the common elements, or for acquiring additional land for the common elements, or for the purpose of meeting obligations of the Association, or for any other related notice of the meeting clearly stating that a vote is to be held on whether to levy such special assessment.

Section 2. Enforcement of Lien for Assessments: In the event a purchaser does not pay any sums, charges, or assessments required to be paid to the Association by the due date, the Association, acting on its behalf or through its Executive Board, may enforce its lien for assessments and to take such other action to recover the sums, charges or assessments to which it is entitled, in accordance with the Declaration, G. S. 47C-3-116, 47C-3-115, and 47C-3-107.

Section 3. Governmental Liens and Assessments: In the event that a purchaser 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 Executive Board may pay the same from the funds of the Association and assess such purchaser for that amount paid, plus interest thereon.

Section 4. Legal Costs: In the event such legal action is brought against any purchaser and results in a judgment for the Association; the purchaser shall pay the Association's reasonable attorney's fees, costs of collection, and court costs.

Section 5. Foreclosure: If the Association becomes the purchaser 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 or money due it for assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, 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 the repairing and refurbishing of the unit in question. All monies remaining after deducting the foregoing items of expenses shall be returned to the former purchaser of the unit so foreclosed.

Section 6. Other Remedies: In the event of violation of the provisions of the condominium documents as the same are defined in the Declaration for 30 days after notice from the Association to the unit purchaser to correct said violation, the Association, on its own behalf or by and through its Executive Board, may bring appropriate action to enjoin such violation or may enforce the provisions of said condominium documents or may sue for damages, or take other courses of action, or any other legal remedy as it or they may deem appropriate. The Association shall have all the rights and remedies provided for in Chapter 47C of the North Carolina General Statutes, including but not limited to G. S. 47C-3-107, 107A, 115, and 116.

Section 7. Intent: Each purchaser, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to collection of dues and assessments, default and abatement of

nuisances, regardless of the harshness of the remedy available to the Association and regardless of the availability of the other equally adequate legal procedures. It is the intent of all purchasers of units to give the Association a method of procedure which will enable the Association at all times to operate on a business-like basis, to collect the monies due and owing it from the purchasers of units, and to preserve each unit purchaser's right to enjoy his unit, free from unreasonable restraint and nuisance.

ARTICLE VI

AMENDMENTS

The By-Laws may only be altered, amended or added to 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; and (2) that the quorum requirements for such purposes shall be a 51 percent of the eligible votes in person or by proxy. In addition, it shall be necessary that there be an affirmative vote of the Executive Board, in order to amend the By-Laws. No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights and/or liabilities of any mortgagee, and no amendment shall become operative unless set forth in an Amended Declaration and duly recorded. All unit purchasers shall be bound to abide by an 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 Carteret County, North Carolina.

ARTICLE VII

CONSTRUCTION

Whenever 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, wherever 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.

IN WITNESS WHEREOF, The Villas at Magens Bay, I, the Declarant herein, has caused this instrument to be executed in its corporate name and affixed with its corporate seal on this the 25th day of April, 2005.

VILLAS AT MAGENS BAY I, LLC

By: *Richard L. Lamm*
MANAGER

By: *John K. Kahan*
MANAGER

STATE OF NORTH CAROLINA

COUNTY OF CARTERET

Before the undersigned Notary Public personally appeared Richard Farrington and Bethryn Gorham, managers of Villas at Magens Bly I, LLC, a North Carolina Limited Liability Company, who personally acknowledged the due execution of the foregoing instrument and that said members have been granted the express authority by the terms of the Operating Agreement to execute the same on behalf of said Company as the act of said company.

This the 25th day of April, 2005.

Frederic C. [Signature]
Notary Public

My Commission Expires

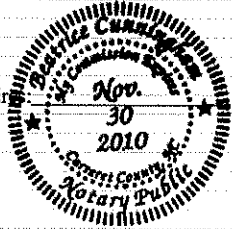


EXHIBIT F:

PROPOSED BUDGET FOR THE VILLAS AT MAGENS BAY I

Estimated Annual Expenses:

Administrative Office	\$ 500.00
Landscaping maintenance	\$ 3150.00
Maintenance	\$ 500.00
Insurance (Property, casualty, and Directors and Officers liability)	\$ 14560.00
Utilities and pest control	\$ 500.00
Elevator maintenance	\$ 1000.00
Reserve/Contingency	\$ 400.00

Total Estimated Annual Expenses: \$ 20610.00

Annual Income Estimated: \$ 20610.00

Monthly Assessment and Dues: \$ 1717.50

EXHIBIT G:

PROPOSED MONTHLY ASSOCIATION DUES

Unit:	Amount:
Building 1	
A-1	\$143.12
B-1	\$143.12
A-2	\$143.12
B-2	\$143.12
A-3	\$143.12
B-3	\$143.12
Building 2	
C-1	\$143.12
D-1	\$143.12
C-2	\$143.12
D-2	\$143.12
C-3	\$143.12
D-3	\$143.12
	<hr/>
	\$1717.50

EXHIBIT H:

STATE OF NORTH CAROLINA

COUNTY OF CARTERET

CONSENT TO DECLARATION

Sound Bank, a North Carolina Banking Corporation with an office in Morehead City, Carteret County, North Carolina, herein "Beneficiary", and S. Phillip Collins, Trustee, Carteret County, North Carolina, as designated in that certain Deed of Trust executed by Villas at Magens Bay I, LLC., dated February 25, 2005, in the amount of \$1,325,825.00 as recorded in Book 1098, Page 379, Carteret County Registry, has executed this Exhibit to the Declaration of Unit Ownership for the Villas at Magens Bay I for the purpose of subordinating said Deed of Trust recorded aforesaid to this Declaration of Unit Ownership for the Villas at Magens Bay I so that said real property currently the subject of the Deed of Trust to Sound Bank on the property in Cedar Point, North Carolina, Map Book 30, Pages 604, Carteret County Registry, may be hereafter acquired, conveyed, mortgaged, occupied and used in accordance with said Declaration of Unit Ownership.

IN WITNESS WHEREOF, Beneficiary and the Trustee have executed this Subordination on this the 26 day of April, 2006.

SOUND BANK

By: [Signature]
Vice-President

Trustee: S. Phillip Collins
President / CEO

67 BOOK 1170 PAGE 106

STATE OF NORTH CAROLINA
COUNTY OF CARTERET

I, a Notary Public of the County and State aforesaid, certify that Sam O Berry personally came before me this day and acknowledged that he is the Vice-President of Sound Bank, a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice-President, sealed with its corporate seal and attested by Malcolm C. Harlan as its Secretary.

Witness my hand and official stamp or seal, this the 28 day of April

Notary Public

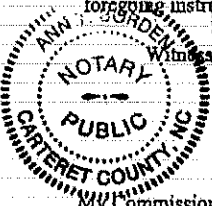


My Commission Expires: 7/28/2010

STATE OF NORTH CAROLINA
COUNTY OF

I, a Notary Public for the aforesaid County and State, do hereby certify that S. Philip Collins, Trustee, personally appeared before me this day and acknowledged the execution of the foregoing instrument for and on behalf of said Trustee.

Witness my hand and seal, this 28th day of April, 2008



Notary Public

Ann T. Borden

My Commission Expires: 4-12-2010

EXHIBIT I:

STATE OF NORTH CAROLINA

COUNTY OF CARTERET

CERTIFICATION OF ENGINEER

The certification of the Engineer appears on Page _____ of the Plats and plans of The Villas at Magens Bay I Condominiums recorded in Map Book 105, Pages 931-941, Carteret County Registry.