

**BYLAWS OF THE  
TOPSAIL COVE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I**

NAMES AND LOCATION

The name of the corporation is TOPSAIL COVE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at an address to be designated by the board of directors, hereinafter described. Meetings of members and directors may be held at such places in North Carolina as may be designated by the Board of Directors.

**ARTICLE II**

PURPOSE

These Bylaws, having been duly adopted by the initial Board of Directors of the Association shall serve to supplement, clarify, and elaborate upon the Declaration of Restrictive and Protective Covenants for Topsail Cove, by TP, Inc., dated March 30, 2005, as may be amended and modified from time to time, and to describe the workings of the Association in representing and serving its members. Nothing in these Bylaws shall be construed to contradict or nullify any of the Covenants in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the Declaration shall take precedence.

**ARTICLE III**

DEFINITIONS

Section 1. "Association" shall mean and refer to TOPSAIL COVE HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the directors of the Association.

Section 3. "Bylaws" means the bylaws of the Association as they now or hereafter exist, as may be amended and modified from time to time.

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Section 4. “Declaration” shall mean and refer to the Declaration of Restrictive and Protective Covenants for Topsail Cove and amendments thereto, applicable to the Property and recorded in the Office of the Register of Deeds of Pender County, North Carolina.

Section 5. “Common Area” shall mean and refer to all land within the property owned by or controlled through easements dedicated to the TOPSAIL COVE HOMEOWNERS ASSOCIATION, INC., along with facilities and improvements erected or constructed thereon, for the exclusive use and enjoyment of all members of the Association.

Section 6. “Lot” shall mean and refer to any plot of land shown upon the last recorded subdivision map of the properties on which such plot appears with the exception of common area and limited common area.

Section 7. “Manager” shall mean and refer to the person or entity employed by the Board of Directors as a professional manager, pursuant to the provisions of the Bylaws, to manage the affairs of the Association.

Section 8. “Member” shall mean and refer to every person who is an owner of a lot until such time as he or she ceases to be an owner.

Section 9. “Officer” shall mean a member of the Board of Directors who fulfills particular duties, as defined in Article IX, below. The officers and directors of the Association are one and the same individuals.

Section 10. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Property, including contract sellers and the Receiver, but excluding those who have such interests merely as security for the performance of an obligation.

Section 11. “Person” shall mean and refer to any individual, corporation, partnership, association, trustee, or other legal entity.

Section 12. “Property” shall mean and refer to that certain real property described in the Declaration, and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation.

Section 13. “Receiver” shall mean Liberty Solutions, the court-appointed receiver of TP. Inc., and its agents and representatives.

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**ARTICLE IV**

MEETING OF MEMBERS

Section 1. Annual Meetings. Regular meetings of the members shall be held on the date and at the time and place set forth by the Board of Directors. The length of time between such meetings should not exceed thirteen months.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote a whole number that is greater than forty percent of all of the votes of the total membership, and such meeting shall be called and held within thirty (30) days thereafter. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) but not more than sixty (60) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, the whole number that is greater than thirty percent (30%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote there at shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the

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secretary or Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of the member's Lot.

**ARTICLE V**

BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of three directors.

Section 2. Term of Office. At the first annual meeting, the members shall elect directors to replace the initial Board of Directors. The director receiving the largest number of votes shall be elected for a term of three years, the director receiving the second largest number of votes shall be elected for a term of two years and the director receiving the third largest number of votes shall be elected for a term of one year. At each annual meeting following the first annual meeting, directors shall be elected for a term of three years to replace any directors whose terms have expired, or have sooner terminated as described herein.

Section 3. Removal and Vacancies. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. Any director who ceases to be a member of the Association shall be deemed removed from the Board upon the conveyance of the member's Lot without the vote of the members of the Association or the Board. Any director may resign at any time upon giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. In the event of death, resignation, cessation of membership within the Association or removal of a director, the successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

Section 4. Compensation. No director shall receive compensation for any service rendered to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of the director's duties.

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

**ARTICLE VI**

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee if one is appointed as described herein. Nominations may also be made from the floor at the annual meeting. A Nominating Committee shall consist of a Chairperson, who shall be a member of the Board of Directors, and one or more members of the Association. The Nominating Committee may be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for elections to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes for each office shall be elected. Cumulative voting is not permitted.

Section 3. Initial Board of Directors. The initial Board of Directors shall consist of the three persons designated by the Declarant in the Articles of Amendment to Articles of Incorporation of Topsail Cove Homeowners Association, Inc.

**ARTICLE VII**

MEETING OF DIRECTORS

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Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held periodically as necessary, with the length of time between such meetings not to exceed six months. Notice of such meetings should be made at least seven days in advance.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two Directors, after not less than three days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

**ARTICLE VIII**

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have power to:

- (a) Adopt and publish rules and regulations governing the use of common areas and facilities;
- (b) Suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association;
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
- (d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three consecutive regular meetings of the Board of Directors;
- (e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- (f) Contract with any person to maintain the common area;

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- (g) Procure such insurance and in such amounts as they deem necessary or as required by the Declaration or by any governmental agency or lender; and
- (h) Transfer the sanitary sewage lift station located within the common area and any related permits or easements to the proper municipality or governmental entity.

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

- (a) Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by any of the members who are entitled to vote;
- (b) Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;
- (c) As more fully provided in the Declaration, to:
  - (1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period, and in the case of special assessment, properly note the due date of such assessment; and
  - (2) send written notice of establishment or rescission of each special assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period, and in the case of special assessment, properly note the due date of such assessment; and
  - (3) take action as it deems appropriate to collect assessments, which action may include foreclosure of the lien against any property for which assessments are not paid within ninety (90) days after the due date; or other action at law against the owner personally obligated to pay the same;

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- (d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) Take action as it deems appropriate to enforce provisions of the Declaration and assure that the purposes of the Declaration are fulfilled;
- (f) Adopt and amend rules and regulations and to establish reasonable penalties for violations thereof;
- (g) Impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declarations, these Bylaws, or other rules and regulations established by the Association;
- (h) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (i) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (j) Cause the common area to be maintained;
- (k) Designate depositories for Association funds;
- (l) Appoint such committees as are provided for in these Bylaws, and such other committees as shall be appropriate or necessary for the proper administration and performance of the Association; and perform such other matters and things not expressly prohibited by law, the Declaration, or these Bylaws as are necessary and appropriate to the proper administration, operation, and maintenance of the Association and the property;
- (m) As more fully provided in the Declaration, to employ a manager, an independent contractor of such other employees as they deem necessary, and to prescribe their duties; and



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- (n) Pay ad valorem taxes and public assessments levied against the common areas.

**ARTICLE IX**

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. Each director shall serve in a particular capacity as an officer of the Association. The officers of the Association shall be a President, Vice President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create. Any Officer of the Association elected after the appointment of the officers serving on the initial Board of Directors shall be a member of the Association.

Section 2. Multiple Offices. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice President shall not be held by the same person, nor shall the office of President and Treasurer be held by the same person.

Section 3. Duties. The duties of the officers are as follows:

President. The President shall preside at all meetings of the Board of Directors; shall see that orders and regulations of the Board are carried out; and shall sign written instruments of the Association unless such authority is delegated.

Vice President. The Vice President shall act in the place and stead of the President or any other officer in the event of that officer's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve or cause to be served notice of meetings of the Board and of the members; keep or cause to be kept appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

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Treasurer. The treasurer shall receive and deposit in appropriate financial institution accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall keep proper books of account; compile a quarterly statement of income and expenses from the financial institution where the Association's account is held following the end of each fiscal quarter; cause an annual audit of the Association books to be made by a public accountant upon a vote to effect such an audit by a majority of the members; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

Except for recording the minutes, many of the duties of the Secretary and/or Treasurer may be delegated or assumed by a professional managing agent by resolution of the Board.

**ARTICLE X**

VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot shall be a member of the Association.

Section 2. Votes. The total votes in the Association shall be equal to the number of Lots on the Property. The vote allocated to each Lot may be cast by the Owner of that Lot. When there is more than one Owner of a Lot, the vote for that Lot shall be cast as they shall determine except that no vote shall be split. When there is more than one Owner of a Lot and only one of the multiple Owners is present at a meeting of the Association, he or she will be entitled to cast the vote allocated to that Lot. If more than one of the multiple Owners is present, the vote allocated to that Lot will be cast in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if anyone of the multiple Owners casts the vote allocated to that Lot without protest being made promptly by any of the other Owners of that Lot to the person presiding at the meeting. In the event conflicting or inconsistent votes are cast, the vote shall be counted on for purposes of determining the presence of a quorum.

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Section 3. Manner of Casting Votes. Votes may be cast in person or by proxy. A proxy must be in writing, be dated, be signed by all Owners of the Lot, be given only to another member, and be filed with the Secretary or the Association before the meeting. A proxy may not be revoked except by written notice of revocation signed by all Owners who signed the proxy to be revoked, which notice must be delivered to the person presiding over a meeting of the Association. A proxy terminates one year after its date, unless an earlier termination is specified in the proxy.

Section 4. Required Votes. All questions shall be decided by a majority of the votes cast on the question, unless the provisions of applicable law, the Declaration or these Bylaws require a greater vote.

Section 5. Action by Members Without Meeting. Any action that may be taken at a meeting of the Members may be taken without a meeting if such action is authorized in writing setting forth the action taken and is signed by all members who would be entitled to vote upon the action at the meeting.

**ARTICLE XI**

COMMITTEES AND BOARDS

The Association may appoint an Architectural Review Board, as provided in the Declaration. In addition, the Board of Directors may appoint other committees or individual action officers as deemed appropriate in carrying out its purpose. The authority of such committees, boards, and individuals shall be limited to the administration and application of the Declaration and these Bylaws and in no case may any such individuals or bodies create rules, policies, or covenants on their own initiative.

**ARTICLE XII**

BOOKS AND RECORDS

The books, records, and papers of the Association shall, at all times during reasonable hours, be subject to inspection by any member. The

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Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

**ARTICLE XIII**

CORPORATE SEAL

The Association shall have the seal in circular form having within its circumference the words:

"TOPSAIL COVE HOMEOWNERS ASSOCIATION, INC."

**ARTICLE XIV**

AMENDMENTS

All proposed amendments to these Bylaws shall be submitted to a vote of the Members, and any such proposed amendment shall be deemed approved if the votes cast in favor of such proposed amendment constitute at least a majority of the members or proxies entitled to cast votes voting at a meeting in which a quorum is present.

**ARTICLE XV**

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Indemnification. To the fullest extent from time to time permitted by law, every member of the Board of Directors and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a member of the Board of Directors or officer of the Association, whether or not he is a member of the Board of Directors or officer at the time such expenses are incurred, except in such cases wherein the member of the Board of Directors or officer is found to be or adjudged guilty of willful misfeasance or malfeasance in the

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performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the member of the Board of Directors or officer seeking such reimbursement or indemnification, the indemnification herein provided shall only apply if the Board of Directors of the Association approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such member of the Board of Directors or officer may be entitled.

Section 2. No Liability for Monetary Damages. To the fullest extent from time to time permitted by law, no person who is serving or who has served as a member of the Board of Directors or officer of the Association shall be personally liable for any action for monetary damages for breach of his or her duty as an officer or member of the Board, whether such action is brought by or in the right of the Association or otherwise.

**ARTICLE XVI**

ASSESSMENTS

Section 1. Obligation of Owners and Members to Pay Assessments; Amount of Levy. Funds to operate the Association to pay for Common Expenses, and to comply with the Association's obligations under the Declaration, the Articles of Incorporation and these Bylaws, will be provided by the levy of assessments on each Lot and its Owner or Owners, except as to the Receiver and as set forth herein. Each year, the Board of Directors shall approve a budget estimating the total cost to be incurred by the Association for the ensuing fiscal year. Each Owner and Member, excluding the Receiver, shall thereupon become personally liable for the assessments allocated to his or her Lot. Assessments shall be uniform among all Lots. Provided, however, that any Association expense resulting from the misconduct of any Owner(s), his or her family, guests or tenants, may be assessed exclusively against such Owner and his or her Lot. The Receiver shall not be responsible for or obligated to pay any or all assessments.

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Section 2. Preparation of Annual Operating Budget and Levying of Assessments. For each fiscal year the Board of Directors shall prepare and adopt a proposed annual operating budget, including estimates of the amounts necessary to pay the Common Expenses, together with amounts considered necessary by the Board of Directors for reserves. Within thirty (30) days after adoption of each annual budget, the Board of Directors shall mail copies of such budget to the address of each Lot and shall give Members notice of the assessment made against each Lot based upon such budget. The budget is ratified unless a majority of the Members rejects the budget at a duly held meeting of Members, in which event the last ratified budget shall continue in effect until such time as a subsequent budget proposed by the Board of Directors is prepared as provided herein. The Board of Directors shall have no affirmative duty to call a meeting for this purpose. Unless rejected, the budget and budget amendments proposed shall be effective thirty (30) days after the date the notice is sent to Members. Failure of the Board of Directors to strictly comply with the time periods specified shall not prevent the Board of Directors from presenting an operating budget or proposing amendments to the last operating budget together with corresponding assessments or changes thereto; provided that no budget or budget amendment shall be effective until Members are given notice as provided herein.

Section 3. Special Assessments. The Board of Directors shall have the power to levy a special assessment to carry out its powers, obligations and duties under the Declaration, the Articles of Incorporation and the Bylaws. Special assessments shall be uniform among all Lots, except as to the Lots under the control of the Receiver. Provided, however, if the Special Assessment exceeds the greater of **ten thousand dollars (\$10,000)** or fifty percent (50%) of the Association's annual operating budget for the current year, the Board of Directors must obtain the affirmative vote or written consent of a majority of the Association's Members. Upon the proper levy of a Special Assessment as provided herein, each Owner and Member shall become personally liable for his or her share of the Special Assessment, which shall be uniform among all Lots, except as to the Receiver and the Lots under the control of the Receiver. The



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Receiver shall not be responsible for or obligated to pay any or all special assessments.

Section 4. Payment of Assessments. Following determination of the Association's annual budget or a decision to levy a special assessment and the determination of each Owner's uniform share thereof, the Association shall notify each Owner of the amount of such assessment at the address provided to the Association from time to time. Assessments shall be payable in the manner determined by the Board of Directors, and shall be due upon the mailing of such notice. A failure to make timely payment by the due date stipulated in such notice will subject an Owner to the interest and penalties provided in Section 8.5 and any other remedies available to the Association from time to time.

Section 5. Unpaid Assessments. Any assessment not paid by the date due shall be deemed delinquent. Assessments which are not paid within fifteen (15) days of the due date shall result in the delinquent Owner's being liable for a late charge of four percent (4%) on the unpaid balance. Interest on both the unpaid balance and the late charge shall thereafter accrue at 150% of the prime rate reported from time to time by *The Wall Street Journal* compounded daily until such assessment is fully paid. If the delinquent assessment together with any late charges and interest is not paid within fifteen (15) days after written notice to such Member of the delinquency, the Association may file a notice of lien in the Pender County Register of Deeds office, thereby creating a lien upon the Lot of such Owner which may be enforced pursuant to N.C.G.S. § 47C-3-116 or successor statutes. The lien may be enforced by judicial or non-judicial foreclosure, suit or otherwise, at the election of the Association, and the Owner will reimburse the Association for all reasonable attorneys' fees and expenses incurred in so doing, which, upon docketing of a judgment against the Owner, shall also constitute a lien on the Lot as herein provided.

Section 6. Use of Assessments. Assessments shall be used for the purposes described in Article VIII of the Declaration. All funds held or maintained by the Board of Directors or the Association shall be held in such accounts and with such insured depositories as the Board, in its discretion,

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selects.

Section 7. Failure To Prepare Budget And Levy Annual Assessment; Deficiencies in Procedure. The failure or delay of the Board of Directors in preparing any budget shall not constitute a waiver or release of the Member's obligation to pay assessments whenever the same shall be determined and levied by due action. Until a new assessment is levied pursuant to Section 8.2, each Member shall continue to pay the existing assessment in the same amount and at the same periodic times as levied. Non-material deficiencies or inadequacies in the procedure followed by the Board of Directors in levying an assessment shall not in any way affect its validity or the obligation of Members to pay such assessment.

Section 8. Assessment Roll; Certificate. All assessments shall be set forth upon a roll of the Lots, which shall be available in the office of the Association for inspection at all reasonable times by members, mortgagees and their duly authorized representatives. Such roll shall include, for each Lot, the name and address of the member or members, all assessments levied, and the amount of all assessments unpaid. The Association, upon written request, shall furnish to any such party a recordable statement setting forth the amount of unpaid assessments currently levied against his, her or its Lot. The statement shall be furnished within seven (7) business days after receipt of the request and shall be binding upon the Association and all Owners. A reasonable fee may be charged by the Board of Directors for such statement.

Section 9. Common Expenses. Common Expenses shall mean and include all sums declared Common Expenses by any specific provision of these Bylaws or the Declaration, and shall include, without limitation, the following: real estate taxes and other governmental assessments or charges against the Association; premiums for any and all insurance maintained by the Association, including any deductible or coinsurance amount not covered by insurance; utility charges not collected from Owners; legal and accounting fees; costs and expenses incurred in connection with any litigation or administrative proceeding pursuant to Section 4.12(h) hereof; deficits remaining from any prior assessment period; the cost, including fees and interest, incurred in connection



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with any borrowing done by the Association; the cost of all fidelity bonds; costs imposed upon the Association or any part of the Common Area or the Property by, or incurred by the Association as a result of the performance, enforcement or amendment of, any agreement or easement to which the Association is a party or to which the Common Area or Property, or any part of either thereof, is or may be subject; amounts determined necessary for reserve funds; and indemnity payments made by the Association pursuant to Article VI hereof.

**ARTICLE XVII**

COMPLIANCE, ENFORCEMENT, FINES AND PENALTIES

Section 1. Default and Remedies. A default in or failure to comply with any of the terms, conditions, obligations, and provisions of the Declaration, these Bylaws, the Articles, or the rules and regulations, as the same may be amended from time to time, by any person or entity subject thereto, shall give to any person or entity adversely affected by such default or failure a claim for appropriate relief.

Section 2. Notice of Default and Failure to Cure. In the event of any default or failure to act by an Owner, the Board of Directors shall send a written demand to the Owner, setting forth the nature of the violation, the cure thereof, and the time within which to cure the violation. Should the violation not be cured within the time period specified, after notice and an opportunity to be heard, the Board of Directors is authorized to impose reasonable fines or suspend privileges or services provided by the Association pursuant to N.C.G.S. §47F-3-102(12) and in accordance with the procedures set forth in N.C.G.S. §47F-3-107.1. Notwithstanding the foregoing, a notice of violation and time frame within which to cure the same shall not be required if an emergency situation exists, or if the Board of Directors, in its sole discretion, determines that a delay may threaten the health or welfare of Members.

Section 3. Remedy of Abatement in Addition to Other Remedies. Provided that judicial proceedings are instituted before any items of construction are altered or demolished, in the event a Member fails to effect the cure specified by the Board of Directors within the time period set out in

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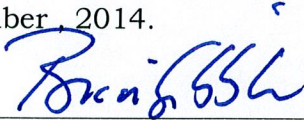
Section 9.2 and where the default is a structure, thing, or condition existing in or on the Property, the Board, or its duly authorized representative, shall have the right to enter upon any portion of the Property and summarily to abate and remove, at the defaulting member's expense (and levy an assessment therefore), the structure, thing, or condition constituting the default. The Board, the Association, and their agents, employees, and representatives shall not thereby be deemed guilty of any manner of trespass.

Section 4. Non-waiver of Covenants. The failure of the Association or of any Member to enforce any term, provision, right, covenant, or condition that may be granted by the Declaration, these Bylaws, the Articles, the rules and regulations, or applicable law as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of enforcement in the future, irrespective of the number of violations or breaches that may have occurred.

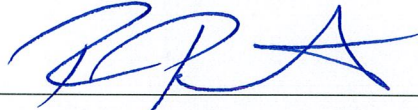
Section 5. Liens for Assessments. Any assessment levied against a Lot remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that Lot when a claim of lien is filed of record in the office of the clerk of superior court of Pender County. Fees, charges, late charges, and other charges imposed pursuant to N.C.G.S §§47F-3-102, 47F-3-107 and 47F-3-107.1 are enforceable as assessments under N.C.G.S. §47F-3-116.

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IN WITNESS WHEREOF, we, being all of the duly elected Directors of TOPSAIL COVE HOMEOWNERS ASSOCIATION, INC. have hereunto set our hands and seals this 24<sup>th</sup> day of November, 2014.

  
\_\_\_\_\_ (SEAL)

President, Name:

  
\_\_\_\_\_ (SEAL)

Vice President/Secretary, Name:

  
\_\_\_\_\_ (SEAL)

Treasurer, Name: