

**BYLAWS OF
RIVER RUN PLANTATION PROPERTY OWNERS ASSOCIATION, INC.**
A Non-Profit Corporation

**ARTICLE I
Name and Location**

The name of the Corporation is River Run Plantation Property Owners Association, Inc. Its initial principal office is located at _____, North Carolina.

**ARTICLE II
Purpose**

Section 1. Purpose. The purposes of this corporation is: (1) to maintain all private streets, (2) to maintain all private amenities, if any, (3) to maintain and landscape all Common Areas, (4) to construct amenities as deemed appropriate on any common lands for the private use and enjoyment of the property owners, their invitees and guests, through special assessments as described in the Master Declaration for River Run Plantation as appears in Book 728 Page 702 of the Brunswick Registry, dated 21 April 1988, (5) to establish the fees necessary to carry out these duties, (6) to promulgate and enforce rules and regulations regarding use of the private streets and amenities subject to the Master Declaration and Development Plan.

Section 2. Applicability of Bylaws. The provisions of these Bylaws are applicable to all property of the development and to the use and occupancy thereof.

Section 3. Application. All present and future owners, mortgagees, lessees and occupants of a residence and their employees, and any other persons who may use the facilities of the property in any manner are subject to these Bylaws, the Master Declaration and Covenants and Promulgated Rules and Regulations. The acceptance of a deed of conveyance or the entering into of a lease of the act of occupancy of a residence shall constitute an agreement that these Bylaws, the Rules and Regulations and the provisions of the Master Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

**ARTICLE III
Definitions**

Section 1. Reservation of Covenants.

"Reservation" as used herein, means the Restrictive Covenants contained in the Master Declaration for River Run Plantation recorded in Book 728 Page 702 of the Brunswick Registry, dated 21 April 1988.

Section 2. Corporation. "Corporation" or "Association" as used herein, means River Run Plantation Property Owners Association, Inc. and its successors and assigns.

Section 3. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning they are defined to have in the Declaration.

Section 4. Common Areas. Common Areas include the streets, drainage areas, lakes, ponds, clubhouse, swimming pool, tennis courts, boat storage area, boat launch and any other area not included in a residential lot in the subdivision.

ARTICLE IV Membership

Section 1. Association Membership. The Association shall have one class of voting membership. Members shall be all Owners who shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 2. Membership Certificate. Membership in the Association is appurtenant to the deed of conveyance for each lot and there shall be no membership certificate. Transfer of membership will be automatic with the transfer of any lot and membership shall not be otherwise transferred.

Section 3. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each Member of the Association shall be entitled to receive, out of the assets of the Association available for distribution to the Members, an amount equal to that proportion of such assets which the number of eligible votes held by such Member bears to the total number of eligible votes held by all Members.

Section 4. Facilities Usage. All members and their children residing with them shall have the right to use the common facilities; however, the members may be charged usage fees in such amounts as the Board of Directors may from time to time designate; provided this provision may not be used to deny access ever to the streets by any property owner.

Section 5. Guests of Members. Members may be entitled to bring guests to use the facilities, subject, however, to such limitations as may be imposed from time to time by the Board of Directors or by such committee as the Board of Directors may appoint to govern such matters.

Section 6, Membership Suspension. The Board of Directors may suspend any member from membership in the association during any period of time when there exists a violation (1) of any of the restrictions titled "Declaration of Restrictions" or amendments thereto, as recorded in the Master Declaration, including, but not limited to, the failure to pay any dues or assessments as may be imposed by the association, or (2) of any other rules adopted by the Board of Directors.

ARTICLE V Meetings of the Association

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office or place of business of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors of the Association.

Section 2. Annual Meetings. The first regular annual meeting of the Members shall be held within Three Hundred Sixty (360) days following the initial organization meeting and adoption of these Bylaws by the Board of Directors. The annual meetings of the members of the Association shall be held in September of each succeeding year. At such meeting there shall be elected by plurality ballot of the Members a Board of Directors in accordance

with the requirements of Section 5 of Article VI of these Bylaws. Members may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of Members as directed by resolution of the Board of Directors or upon a petition signed by at least one-third (1/3) of the Members and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4, Notice of Meeting. It shall be the duty of the Secretary to mail postpaid a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Member at his/her address as it appears in the records of the Association at the time of mailing at least ten (10) but not more than sixty (60) days prior to such meeting. Notice may also be accomplished by the delivery of written notice by hand of the Secretary or his/her designee to Members at their addresses as they appear on the records of the Association at the time of such delivery. Notice by either method shall be deemed given when such notice is deposited in the mail or delivered by hand to such address. Notice for the Annual meeting shall include a copy of the certified audit report by the Association Auditor for the financial year ending on December 31 and a copy of the Minutes of the previous year's Annual Meeting. Attendance by a Member at any meeting of Members shall be a waiver of notice by him of the time, place and purpose thereof.

Section 5. Quorum. The presence, either in person or by proxy, of Members representing at least ten percent (10%) of the eligible votes held by the then Members of record shall be requisite for and shall constitute a quorum for the transaction of business at all meetings of Members. If the number of Members at a meeting drops below the quorum and the question of a lack of quorum is raised, no business may thereafter be transacted.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. The quorum required for any such adjourned meeting shall be reduced to fifty percent (50%) of the quorum required at the immediately preceding meeting which failed for lack of a quorum to do business.

Section 7. Voting. At every annual or special meeting of Association Members, each Member shall have the right to cast on each question one vote for each Lot of which he is Owner. Fifty-one percent (51%) of the eligible votes entitled to be cast by Members present at the meeting and voting, in person or by proxy, shall be a majority unless the question is one upon which, by express provision of statute or of the Articles of Incorporation of the Corporation, or of these Bylaws, a different vote is required, in which case such express provision shall govern. If more than one person or entity is an Owner of any Lot, then the Association membership voting right appurtenant to such Lot shall be exercised as such Owners among themselves shall determine; provided, however, that no fraction of one vote may be cast by any Member. In the event and so long as such co-Owners of a Lot are unable to agree on the manner in which the vote appurtenant to such lot shall be cast, then such vote shall not be required as an eligible vote and shall not be counted. The vote of

any Owner who is a corporation, trust or partnership may be cast by any officer, trustee or partner, as the case may be, and unless objection by any other such Officer, trustee or partner of such Owner is noted at the meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote.

Section 8. Loss of Right to Vote. The vote of any member who is shown on the books or records of the Association to be more than sixty (60) days delinquent in any payment due the Association shall not be an eligible vote and shall not be counted for purposes of deciding any questions so long as such delinquency is not cured; nor shall such Member be eligible to be elected to the Board of Directors.

Section 9. Proxies. A Member may appoint any other Member or the Declarant or the Management Agent as his/her proxy. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors before the appointed time of each meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the Member. In no case may a Member cast, in addition to his/her vote, more than one vote as proxy for another Member.

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

- (a) Proof of notice of meeting, or waiver of notice, and certification of proxies.
- (b) Approval of minutes of preceding meeting.
- (c) Reports of officers, if any.
- (d) Reports of committees, if any.
- (e) Approval of certified Association Auditor's Report for financial Year ending December 31.
- (f) Unfinished business.
- (g) New business.
- (h) Election of Directors.

In the case of special meetings, item (a) through (h) should be applicable and thereafter the agenda shall consist of the items specified in the notice of meeting.

Directors

ARTICLE VI

Directors

Section 1. Number and Qualification of Directors. The affairs of the Association shall be governed by the Board of Directors composed of seven (7) natural persons (one from each of the seven (7) stations in River Run Plantation), all of whom shall be members of the Association which shall include without limitation, any shareholder, partner, trustee, inheritor or any person which either alone or with others is a property owner, or spouses of such owners. Any individual who would not be eligible to serve as a Director were he not as aforesaid qualified shall be disqualified from continuing in office if he ceases to maintain such affiliation.

Section 2, Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things except as by law or by the Declaration or by these Bylaws may not be

delegated to the Board of Directors by the Members. The powers and duties of the Board of Directors shall include, but not be limited to:

(a) Operation, care, upkeep and maintenance of the common Areas, in a manner consistent with law and the provisions of these Bylaws and the Declaration.

(b) Determination and collection of annual assessments and special assessments from Members, the maintenance of a roster of assessments and charges applicable to each Lot and the collection thereof in a manner consistent with law and the provisions of these Bylaws and the Master Declaration.

(c) Designation, hiring and dismissal of a Management Agent or of the personnel and services and materials necessary for the good working order and operation of the Common Areas and the maintenance thereof as provided in these Bylaws and in the Declaration.

(d) Adoption, amendments, promulgation and enforcement of such rules and regulations and admission charges and fees, if any, and such restrictions or requirements as may be deemed proper respecting the use, occupancy, maintenance and operation of the Common Areas and Facilities, all of which shall be consistent with law and the provisions of these Bylaws and the Declaration.

(e) Procurement of fire and extended hazard insurance on the Common Areas and Facilities and such other insurance and such surety or fidelity bonds as the Board of Directors determine to be necessary and appropriate.

(f) Preparation and distribution to each Member of an annual report which shall include the annual financial statements hereinafter provided, and which shall summarize the operations and actions of the Association and its income, expenditures and reserves.

(g) Promulgation and enforcement of reasonable rules and regulations regarding the use of the private streets located in the subdivision including the authority to state speed limits and to limit the access to the streets in the subdivision only to the property owners, their guests and invitees.

(h) Opening of necessary bank accounts on behalf of the Association and designating the signatures required thereof.

(i) Making of repairs, additions and improvements to or alterations of the Common Areas and Facilities and making of repairs to and restoration of the Common Areas and Facilities after damage or destruction by fire or other casualty.

(j) Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, maintenance and repair of the Common Areas and Facilities, provided however, that (1) the borrowing of any sum in excess of Fifteen Thousand and no/100 (\$15,000.00) Dollars shall be approved by an affirmative vote of the members holding not less than ten percent (10%) of the outstanding votes of the Association at a meeting duly called and held.

(k) To perform any other duty and exercise any other right, power or authority conferred upon the Association as stated in the Master Declaration for River Run Plantation as appears in Deed Book 728 at Page 702 of the Brunswick Registry.

Section 3. Management Agent. The Board of Directors may, but need not, employ for the Association a Management Agent (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize. However, the Board shall supervise all officers, agents and employees of the Association to see that their duties are properly performed.

Section 4. Election of Term of Office. The term of the Directors named herein and in the Articles of Incorporation shall expire when their successors have been elected at the first annual meeting of Members and are duly qualified. At the first annual meeting the members shall elect three (3) members for a three (3) year term, two (2) members for a two (2) year term, and two (2) members for a one (1) year term; thereafter each member shall be elected for a three (3) year term. At each subsequent annual meeting the members shall elect Directors in accordance to the Bylaws.

(a) Election of Directors. In order to provide members interested in being elected to the Board of Directors the opportunity to solicit votes, the Association shall give all members from stations where a vacancy exists at least seventy-five (75) days notice of all Director positions open for election prior to the next annual meeting of the members. Such notice shall describe the number, term and station(s) to be elected. The notice shall also state that an interested member may submit a written statement no longer than one side of standard letter paper describing themselves and their position on Association issues. The names of all interested persons who respond in writing at least forty-five (45) days prior to the annual meeting shall be included on the election ballot and their written statement will be included with the Notice of the Annual meeting sent to members prior to the meeting. The president shall officially nominate all responding members at the annual meeting. Nothing in this section shall prevent any non-responding member from being nominated during the annual meeting of members.

(b). Ballots and Proxy. Recognizing that many members cannot be present in person at the annual meeting of members, the Association shall include in the Notice of the Annual Meeting a ballot that describes the issues on the agenda and a brief discussion of the issues and copies of any statements submitted by the candidates for election. An absentee ballot with proxy statement that allows a member or his/her proxy to vote for or against each issue and vote for the candidate(s) of choice will also be provided to each member. The exact format of the ballot and proxy statement shall be approved by the Board of Directors. All ballots that are signed and returned prior to the meeting will be counted at the meeting and any member voting in this manner shall be counted for quorum purposes as if he or she were present in person. Any person who votes by absentee ballot and then attends the meeting may revoke his/her or her absentee ballot prior to the commencement of voting at the meeting.

(c). Counting of Ballots. The Secretary of the Association shall be responsible for safeguarding and counting all absentee ballots and proxy statements that are submitted before or during the annual meeting and shall be assisted by at least: two (2) disinterested members of the Association solicited from the membership by the President. If the Secretary is running for election and is opposed by another candidate, then the President shall appoint a replacement for the Secretary who shall serve in this capacity. All ballots shall be counted at the meeting and the results announced upon tabulation. All ballots shall be stored for a period of three (3) years by the Secretary and made available for inspection by member who challenge in good faith any results of the election process.

(d). Term Limitation. No member of the Board of Directors shall serve more than six (6) consecutive years on the Board of Directors, however, a Director may finish serving the term to which he or she was elected if his/her or her sixth year of service is completed during a term of office. Any such Director may be elected or appointed subsequently if he or she has not served on the Board of Directors for a period of three (3) years.

(e) Standard of Conduct.

(1) A Director shall discharge his/her duties as a Director, including his/her duties as a member of a committee: (a) In good faith; (b) With the care an ordinary prudent person in a like position would exercise under similar circumstances; and, (c) In a manner the Director reasonably believes to be in the best interests of the Association and desires of its members in the preservation and improvements of River Run Plantation.

(2) In discharging his/her duties, a Director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by: (a) One or more officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented; (b) Legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within their professional or expert competence; or, (c) a committee of the Board of which he is not a member if the Director reasonably believes the committee merits confidence.

(3) A Director is not entitled to the benefit of subsection (2) of section of this section if he has actual, pertinent and expertise knowledge concerning the matter in question that makes reliance unwarranted.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of Members shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting to serve out the unexpired portion of the term. Newly elected members shall maintain the required per station membership qualification.

Section 6. Removal of Directors. The Membership, by a majority vote of all persons present, in person or by proxy, and entitled to vote at the annual meeting or at a special meeting duly called for such purpose, at which a quorum is present as provided in Article V, Section 5, may remove any member of the Board of Directors from office with or without cause. A successor may then and there be elected to fill a vacancy by majority vote of members present and voting thereon in person or by proxy. Any Director whose removal has been proposed by members shall be given an opportunity to be heard at the meeting. The term of any Director who is a member and who becomes more than sixty (60) days delinquent in payment of any assessments or charges due the association shall be automatically terminated and the remaining Directors shall appoint his/her successors as provided in Section 5 of this Article VI.

Section 7. Compensation. No compensation shall be paid to Directors for their services as Directors.

Section 8, Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of such election at a place fixed by the newly elected Directors. No notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present.

Section 9. Board Meetings. All official Board Meetings shall be open to the membership and shall allow for reasonable interaction with the membership on issues of particular interest to the community prior the Board taking a vote on such issues.

(a) Regular Meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the Directors, but at least six (6) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail to his/her address as it appears on the records of the Association at the time such notice is mailed or personally delivered, at least six (6) days prior to the day named for such meeting. Notice to the membership of such meetings and Agenda shall be posted on the Association Bulletin Board at least six (6) days prior such meeting.

(b) Informal Meetings. The provisions of this section shall not apply to informal meetings of Board Members in an advisory capacity to the President, preparation for official meetings and informal discussions of operational issues without taking actions .

Section 10. Special Meetings.

(a) Special Meetings for the Board of Directors may be called by the President of the Association on twenty-four (24) hours notice to each Director given personally, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be on the written request of at least one-third (1/3) of the Directors and in principle shall be open to the membership. If practical, an Agenda shall be posted on the Association Bulletin Board prior the meeting.

(b) Executive Board Meetings, which are closed to the membership, shall be limited to:

- (1) Meetings with the Association Attorney and or discussions on pending litigation;
- (2) Personnel issues;
- (3) Actions against covenant violators;
- (4) Actions against delinquent property owners, including collection procedures, and,
- (5) Contract negotiations, negotiations on acquisition of delinquent lots and sale of such real estate by the Association.

Actions taken by the Board in Executive Session shall be disseminated to the membership and recorded at the next official meeting of the Board, except for disclosure of information that is privileged or confidential pursuant to existing laws and or regulations.

Section 11. Waiver of Notice. 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 the equivalent of the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted as such meeting.

Section 12. Quorum. At all meetings of the Board of Directors a majority of four (4) out of seven (7) Directors shall constitute a Quorum for the transaction of business. Any motions and or resolutions to be voted on by a quorum of four (4) Directors must be carried by a unanimous vote and shall be the acts of the Board of Directors. In the event that the vote is not unanimous, the motion and or resolution shall be tabled for reconsideration by the Board at the next Regular Meeting. If at any official meeting of the Board of Directors there be less than a quorum present, no business may be transacted.

Section 13. Action Without Meeting. Any action taken by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 14, Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds and securities shall furnish adequate fidelity or surety bonds. The premiums on such bonds may be paid by the Association.

ARTICLE VII Officers

Section 1. Designation of Officers. The principal officers of the Association shall be a President, Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint an assistant Secretary and an assistant Treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person. All officers so elected must be members of the Association.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold offices at the pleasure of the Board of Directors.

Section 3, Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his/her successors elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of Members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of a corporation, including, but not limited to, the power to appoint special committees from among the membership from time to time as he may, in his/her discretion, decide are appropriate to assist in the conduct of the affairs of the Association. Any Committee so appointed shall serve at the pleasure of the Board of Directors. The President shall be the co-signer of all checks disbursed by the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other

member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be designated to him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of members. The Secretary shall have custody of the seal of the Association and shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct. He shall, in general, perform all the duties incident to the office of Secretary. These duties may be performed by the Managing Agent, if one has been retained by the Association, but shall remain under the supervision of the Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for the keeping of full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. These duties may be performed by the Managing Agent if one has been retained by the Association, but shall remain under the supervision of the Treasurer. The Treasurer shall be the co-signer of all checks disbursed by the Association.

ARTICLE VIII

Officers and Directors and Liability and Indemnification

Section 1. Liability and Indemnification of Officers and Directors and Former officers and Directors. A Director is not liable for any actions taken as a Director, or any failure to take any action, if he performed the duties of his/her office in compliance with Article VI, Section 4(e). The Association shall indemnify every officer or Director of the Association and every former officer or Director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Director in connection with any action, suit or other proceedings (including the settlement of any such suit or other proceedings if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an Officer or Director of the Association. The Officers and Directors of the Association shall not be liable to Members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them in good faith, on behalf 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 any Officer or Director of the Association, or former Officer or Director of the Association, may be entitled.

Section 2. Common Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and any corporation, firm or association in which one or more of the Directors of this Association are Directors or Officers or are pecuniary or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common Directorate or interest is disclosed or known to the Board of Directors or majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common Directorate or interest is disclosed or known to Members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

A common or interested Director may be counted in determining the presence of the quorum at any meeting of the Board of Directors or committee thereof which authorized, approves or ratifies any contract or transaction, and may vote there at to authorize any contract or transaction with like force and effect as if he were not such Director or Officer of such other corporation or not so interested.

ARTICLE IX Management and Expenses

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage, operate and maintain the Common Areas and Facilities for the benefit of Members and the Association, shall enforce the provisions of these Bylaws and the Restrictive Covenants contained in the Master Declaration dated April 21, 1988 and recorded in Book 728 Page 702 of the Brunswick Registry, and pursuant hereto shall have the authority to pay:

(a) All operating expenses of the Common Areas, including services furnished; and

(b) The cost of necessary management and administration, including fees paid to any Management Agent; and

(c) Taxes and assessments levied against the Association or upon any property which it may own or which the Association is otherwise required to pay; and

(d) The cost of casualty and liability insurance on the Common Areas and Facilities and the cost of such other insurance as the Association may procure; and

(e) The cost of furnishing water, electricity, garbage and trash collection, or other utilities, to the Common Areas and Facilities; and

(f) The cost of funding all reserves established by the Board of Directors, including, when appropriate, a general operating reserve or a reserve for replacements and addition of amenities;

(g) The cost of repairs, maintenance and replacement of the Common Areas and Facilities; and

(h) The cost of landscaping and maintenance of landscaping.

Section 2. Management Agent. The Board of Directors may by resolution delegate any of its ministerial duties, powers, or functions to a Management Agent. The Association and the Board of Directors shall not be liable for any omission or improper exercise by Management Agent of any such duty, power or function so delegated.

Section 3, Easement and Utilities and Related Purposes. The Board of Directors is authorized and empowered to grant such licenses, easements, or rights-of-way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits or such other purposes related to the provision of public utilities to the Common Areas as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the Common Areas and for the preservation of the health, safety, convenience or welfare of Members, their licenses or invitees.

Section 4. Association Rules. There shall be no violation of any rules for the use of the Common Areas and Facilities or other Association rules, which may from time to time be adopted and promulgated by the Board of Directors. River Run Plantation Property Owners Association, Inc. is intended to be a non-profit corporation, organized and existing for the mutual benefit of its members. The Officers, Directors, representatives, agents and employees shall refrain, to the extent that they may without substantially abandoning or varying from the essential purpose and function of the corporation, from any action or activity which shall prevent or compromise in any way or to any degree such status of the corporation or its right to receive donation which may be tax deductible, or which may jeopardize its status as an organization whose receipts are exempt from income taxation of every kind. To that end, the Board of Directors may authorize and direct the diverting or split off of or the disassociation with any activity or projects which may be, or may be in its opinion, susceptible to being construed as a profit making business activity. No activities shall inure to the pecuniary gain of its members or officers, which shall not be authorized to distribute gains, profits, dividends or assets to any such person, but shall be irrevocably dedicated to social, educational, charitable or beneficial purposes.

ARTICLE X Insurance

Section 1. Insurance. The Board of Directors may obtain and maintain, to the extent available, at least the following insurance;

(a) Public liability insurance in such amounts and in such form as may be considered appropriate by the Board of Directors incident to the ownership or use of the Common Areas and Facilities or any portion thereof; and,

(b) Workman's compensation insurance to the extent necessary to comply with any applicable law; and

(c) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Board of Directors.

Section 2. Limitations. Any insurance obtained pursuant to the requirements of this Article X shall be subject to the following provisions:

(a) All policies shall be written with a company or companies licensed to do business in the State of North Carolina and holding a rating of "BBB+" or better in Best's Insurance Guide.

(b) Exclusive authority to negotiate losses under policies shall be vested in the Board of Directors or its authorized representatives.

(c) If reasonably available all policies shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to

any and all insured named therein, including any and all first mortgages of record on any structures located on the Common Areas.

(d) If reasonably available, all policies shall contain a waiver of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

ARTICLE XI

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January of every year. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

Section 2. Preparation and Approval of Budget.

(a) prior to the commencement of each fiscal year, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Areas and Facilities as to which it is the responsibility of the Board of Directors to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Master Declaration, these Bylaws or a resolution of the members of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property.

(b) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. The Board of Directors shall send to each Property Owner a copy of the budget in a reasonable itemized form which sets forth the amount of the common expenses and any budgeted special assessment payable by each Property Owner. Such budget shall constitute the basis for determining each Property Owner's assessment for the common expenses of the Association for such fiscal year.

(c) During each fiscal year, the Board of Directors shall be authorized to have prepared quarterly financial reports showing the financial condition of the Association from time to time and to expenditures for the same shall be a common expense.

(d) The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Property Owner's obligation to pay his/her allocable share of the common expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Property Owner shall continue to pay each yearly fee at the established rate for the previous fiscal year until notice of the current fiscal year payment after such new annual or adjusted budget shall have been delivered.

(e) All sums collected by the Board of Directors with respect to assessments against the Property Owners or from any other source may be commingled into a single fund.

(f) The Board of Directors or the Managing Agent, at the request of the Board of Directors, shall take prompt action to collect any assessments for common expenses due from any Property Owner in accordance with the Master Declaration rules and procedures when such assessments remain unpaid for more than thirty (30) days from the due date for payment thereof, including any penalty late fees as may be established by the Board of Directors.

Section 3. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed accounts, in chronological order, of the receipts and of the expenditures of the Association and its administration and shall specify the maintenance and repair expenses of the Common Areas and any other expenses incurred. An account of any reserves established by the Board of Directors, including additions thereto and disbursements thereof, shall also be maintained. That amount of any assessment required for payment of any capital expenditures of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by Members.

Section 4. Auditing. At the close of each fiscal year, the books and records of the Association shall be inspected by an Independent Accountant whose report shall be prepared in accordance with generally accepted Financial Reporting Standards. Based upon such report, the Association shall furnish its members with annual financial statements reflecting the income, expenditures and reserves of the Association and its condition at the close of such fiscal year.

Section 5, Inspection of Books. The books and accounts of the Association shall be available for examination by Members or their duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their interest.

Section 6. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Corporation by either the President or Vice President, and all checks shall be executed on behalf of the Association by the President and Treasurer or such other officers, agents, or other persons as are from time to time so authorized by the Board of Directors.

Section 7. Seal. The Board of Directors shall provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant Secretary or assistant Treasurer.

ARTICLE XII

Amendments

These Bylaws may be amended by a vote of fifty-one percent (51%) of the eligible votes entitled to be cast by Members, at any meeting of Members duly called for such purpose. Amendments shall be proposed by the Board of Directors or by petition signed by at least one-third (1/3) of Members. A description of any proposed amendments shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE XIII

Section 1. Conflict. These By-laws are subordinate and subject to all provisions of the Reservation of Restrictive Covenants on the Deeds of Conveyance. In the event of any

conflict between these by-laws and the Restrictive Covenants, the provisions of the restrictive covenants shall control.

Section 2. Committees. The Board of Directors may appoint such committees as it considers necessary or appropriate from the membership of the Corporation, each of which shall consist of a chairman and at least two (2) other members. Any committee so appointed shall serve at the pleasure of the Board of Directors.

Section 3. Servability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provision hereof which can be given effect.

Section 4, Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not to be used to interpret or define the provisions of these Bylaws.

Section 6. Number and Gender. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

The undersigned, being those persons constituting the first Board of Directors, acknowledge approval of these Bylaws by their signatures hereto.

Dated this ____th day of _____ 2003.

Directors