

**STATE OF NORTH CAROLINA  
COUNTY OF NEW HANOVER**

**CHANNEL WALK AND SHORELINE HOMEOWNERS ASSOCIATION, INC.  
AMENDED AND RESTATED BYLAWS**

CHANNEL WALK AND SHORELINE HOMEOWNERS ASSOCIATION, INC. does hereby certify the following amended and restated Bylaws are effective the 21<sup>st</sup> day of ~~November~~ 2013.

**RECITALS:**

1. Channel Walk And Shoreline Homeowners Association, Inc. ("Association") is the nonprofit corporation comprised of Members who are the owners of lots located in Channel Walk and Shoreline townhouse developments;
2. Article XIII, Section 1, of the Bylaws of the Association permits amendment of the Bylaws at a regular meeting of the Members of the Association by a vote of a majority of a quorum of the Members present at said meeting in person or by proxy;
3. On May 25, 2013, a special meeting of the Members of the Association was held at which a quorum of the Members was present. At the meeting, the amended and restated Bylaws set forth hereinafter were presented to those Members present in person or by proxy for consideration, and said amended and restated Bylaws were approved by a vote of a majority of those Members present in person and by proxy;
4. In its amendments, the Association made the following changes:
  - A. Articles III, IV, V and VI were amended and replaced with language set out in new Articles III and IV;
  - B. Article VII was renumbered to Article V and Section 2 (e) of the prior Article VII was replaced with the language set out herein;

**Section 2.** "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

**Section 3.** "Common Area" shall mean all property owned by the Association for the common use and enjoyment of the Owners.

**Section 4.** "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

**Section 5.** "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

**Section 6.** "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of New Hanover County, North Carolina.

**Section 7.** "Member" shall mean and refer to those persons entitled to membership with voting rights as provided in the Declaration.

### **ARTICLE III MEMBERS**

**Section 1. Annual Meeting.** The annual meeting of members of the Association shall be held on the first Saturday of December in each year at a time and location selected by the Board, for the purpose of electing Directors and transacting such other business that may arise.

**Section 2. Special Meetings.** Special meetings of the Members, for any purpose, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the written request of not less than twenty-five percent (25%) of the Members entitled to vote.

**Section 3. Notice of Meeting.** Written notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose for which the meeting is called, shall unless otherwise prescribed by statute, be delivered to each Member entitled to vote not less than thirty (30) days before the date of the meeting, either personally, by mail, e-mail or facsimile by or at the direction of the President, Secretary, or the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his or her address as it appears on the books of the Association, with the postage thereon paid.

**Section 4. Eligibility.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, only the Members in good standing as of the date that notice of the meeting must be given shall constitute those eligible to vote at such meetings.

**Section 5. Voting Lists.** The officer or agent having charge of the books of the Association shall make a complete list of Members entitled to vote at each meeting of Members of any adjournment thereof, arranged in alphabetical order, with the address of and the number of Lots held by each. Such list

shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the duration of the meeting and at other reasonable times as requested by any Member.

**Section 6. Quorum.** Fifty-one percent (51%) of the Members eligible to vote, represented either in person or by proxy, shall constitute a quorum at a meeting of Members. If a quorum is not present or represented, the meeting may be adjourned from time to time with a second notice given pursuant to these Bylaws. At such re-noticed meeting, thirty percent (30%) of the Members eligible to vote, represented either in person or by proxy, shall constitute a quorum..

**Section 7. Proxies.** At all meetings of Members, a Member may vote in person or by proxy executed in writing by a Member or his or her attorney-in-fact. Such proxy shall be filed with the secretary of the Association before the meeting is called to order.

**Section 8. Voting of Members.** Each Member entitled to vote shall be entitled to one vote per Lot upon each matter submitted to a vote at a meeting of Members. If a Member owns more than one Lot, then said Member shall be entitled to one vote for each Lot the Member owns.

Lots held by an administrator, executor, guardian or conservator (hereinafter "representative") may be voted by such representative, either in person or by proxy, without a transfer of such Lot into the representative's name. Lots standing in the name of a trustee may be voted by such trustee, either in person or by proxy, but no trustee shall be entitled to vote Lots held without a transfer of such Lots into his or her name.

A Member whose lots are pledged shall be entitled to vote such Lots until the Lots have been transferred into the name of the pledge, and thereafter the pledge shall be entitled to vote the Lot so transferred.

#### **ARTICLE IV BOARD OF DIRECTORS**

**Section 1. General Powers.** The business and affairs of the Association shall be managed by its Board of Directors.

**Section 2. Number, Tenure and Election Procedure.** The number of directors of the Association shall be nine (9), who shall all be Members of the Association, elected by the Members at the annual meeting. The term of office for each director shall be two years, and any director may be re-elected so long as he or she is still eligible to hold office. Four directors shall be elected during odd years and five directors shall be elected during even years. 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. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted

**Section 3. Regular Meetings.** A regular meeting of the Board of Directors shall be held monthly, without other notice, at such place and hour as may be fixed from time to time by resolution of the Board.

**Section 4. Special Meetings.** Special meetings of the Board of Directors shall be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding that meeting.

**Section 5. Notice.** Written notice of any special meeting of the Board of Directors shall be given at least 3 days in advance of that meeting and shall be delivered personally or mailed or electronically transmitted to each director at his or her designated address. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of business based on improper notice pursuant to this Section.

**Section 6. Quorum.** A majority of the number of directors fixed by Section 2 of Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without the formal written notice required by Section 5 of this Article. Board members may attend by electronic communications.

**Section 7. Manner of Acting.** An act of the majority of the directors present at a meeting where a quorum is present shall be the act of the Board of Directors.

**Section 8. Action Taken Without a Meeting.** Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a majority of the directors consent in a signed writing, setting forth the action to be taken. Signed, written approval of the Directors may be in the form of email correspondence. Any action so approved shall have the same effect as though taken at a meeting of the directors and shall be documented in the minutes of the next meeting.

**Section 9. Removal/Vacancies.** Any director may be removed from the Board, with or without a cause, by a majority vote of the Members of the Association, or by two-thirds vote of the Board of Directors. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, even if the remaining directors represent less than a quorum, unless prohibited by law. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. Any directorship is to be filled by election by the Board of Directors for a term of office continuing until the next election of Directors by the Members.

**Section 10. Compensation.** Directors shall not be entitled to compensation for their service to the Association as a Director. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties with prior approval of the Board.

**Section 11. Presumption of Assent.** A Director who is present at a meeting of the Board of Directors where action is taken shall be presumed to have assented to the action unless his or her dissent is entered in the minutes of the meeting or unless he or she files a written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof. A director who voted in favor of an action may not later dissent, but may call a new vote on the action.

## **ARTICLE V POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

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

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days, for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this 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 (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, an independent contractor, or such other employee as it deems necessary, and to prescribe their duties;

(f) to provide fidelity bond coverage for all officers, directors and employees of the Association who handle or are responsible for the funds of or administered by the Association and to purchase such other insurance as the Board may deem advisable;

(g) to reconstruct the Common Areas and improvements by the Association after casualty and make further improvements to the Common Areas and improvements owned by the Association as deemed necessary or desirable for the benefit of the Members; and

(h) incur debt for the improvement of the Common Area and/or improvement or maintenance of Members' Lots.

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

(a) cause to be kept a complete record of all 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 one-fourth (1/4) of the Members who are entitled to vote;

(b) supervise all officers, agents and employees of the 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;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law, or pursue the Alternative Dispute Resolution described in Article XIV of these Bylaws, against the Owner personally obligated to pay the same.

(d) issue, or 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 these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association. This specifically does not obligate the Association to purchase insurance on residential buildings;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) cause the Common Area to be maintained.

## **ARTICLE VI OFFICERS AND THEIR DUTIES**

**Section 1. Enumeration of Officers.** The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

**Section 2. Election of Officers.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

**Section 3. Term.** The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

**Section 4. Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties and the Board may, from time to time, determine.

**Section 5. Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or 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.

**Section 6. Vacancies.** A vacancy in any office may be filled by appointment by the Board as prescribed in Article IV, Section 9. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

**Section 7. Multiple Offices.** The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

**Section 8. Duties.** The duties of the officers are as follows:

### **President**

(a) The president shall be the principal executive officer of the Association and subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He or she shall, when present, preside at all meetings of the Members and of the Board of Directors. He or she may sign, with the Secretary or any other officer so authorized by the Board of Directors, contracts or other written instruments which the Board of Directors has authorized to be executed, except in cases where the signed and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

#### Vice-President

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

#### Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, including their addresses; and shall perform such other duties as required by the Board.

#### Treasurer

(d) The treasurer or the Association's bookkeeper shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall 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.

### **ARTICLE VII COMMITTEES**

The Board of Directors shall appoint an Architectural Control Committee, a Shoreline Capital Committee and a Channel Walk Capital Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

### **ARTICLE VIII CONTRACTS, LOANS, CHECKS AND DEPOSITS**

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidences

of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances. No encumbrances may be made against the Common Areas of the Association without approval from the Members.

**Section 3. Checks, Drafts, Etc.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness in the name of the Association, shall be signed by such officers, agent or agents, of the Association and in such a manner as shall from time to time be determined by resolution of the Board of Directors.

**Section 4. Deposits.** All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

#### **ARTICLE IX BOOKS AND RECORDS**

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The 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 a reasonable cost. In lieu of paper copies, the Association may elect to provide copies in an electronic format.

#### **ARTICLE X ASSESSMENTS**

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, may pursue Alternative Dispute Resolution as set forth in Article XIV of these Bylaws, or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

#### **ARTICLE XI CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words: Channel Walk and Shoreline Homeowners Association, Inc., Corporate Seal, North Carolina, 1972.

#### **ARTICLE XII AMENDMENTS**

**Section 1.** These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy and eligible to vote.



**Section 2.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

### **ARTICLE XIII FISCAL YEAR**

The fiscal year of the Association shall begin on the first day of January and end of the 31<sup>st</sup> day of December of every year.

### **ARTICLE XIV DISPUTE RESOLUTION AND LIMITATION ON LITIGATION**

**Section 1. Agreement to Avoid Litigation.** The Association, its officers, directors, and committee members, all Members and Owners subject to the Declaration, and any person not otherwise subject to the Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described in Article XIV, Section 2 ("Claims") shall be resolved using the procedures set forth in Article XIV, Section 3 in lieu of filing suit in any court.

**Section 2. Claims.** Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Declaration, the Bylaws, the Association's Rules and Regulations, or the Articles of Incorporation (referred to collectively as the "Governing Documents"), or the rights, obligation and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Properties shall be subject to the provisions of Article XIV, Section 3.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Article XIV, Section 3:

- (a) any suit between Owners, which does not include the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
- (b) any suit in which any indispensable party is not a Bound Party;
- (c) any suit which otherwise would be barred by any applicable statute of limitations; and
- (d) any unpaid assessments collected pursuant to Article VI, Sections 6.3, 6.4 and 6.7 of the Declaration, which are enforceable by lien and foreclosure pursuant to Article VI, Sections 6.8 and 6.9 of the Declaration.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Article XIV, Section 3.

**Section 3. Mandatory Procedures.**

**(a) Notice: Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent")(collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:**

- i. the nature of the Claim, including the persons involved and Respondent's role in the Claim;**
- ii. the legal basis of the Claim (i.e., the specific authority out of which the claim arises);**
- iii. Claimant's proposed remedy;**
- iv. that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim;**
- v. if to an Owner, at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Owner; and**
- vi. if to the Association, at the principal office of the Association.**

**(b) Negotiation and Mediation**

- i. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board of Directors may appoint a representative to assist the Parties in resolving the dispute by negotiation.**
- ii. If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties)("Termination of Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of an independent agency providing dispute resolution services, or an individual certified as a mediator by the North Carolina Dispute Resolution Commission, in the New Hanover County, North Carolina area.**
- iii. Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.**

iv. Within thirty (30) days of the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

**(c) Final and Binding Arbitration**

i. If the Parties do not agree in writing to a settlement of the Claim within thirty (30) days of the Termination of Mediation, the Claimant shall have thirty (30) additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in Exhibit "A" or such rules as may be required by the agency providing the arbitrator. If Claimant failed to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim provided nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

ii. This subsection (c) is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of North Carolina. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of North Carolina.

**Section 4. Allocation of Costs of Resolving Claims.**

(a) Subject to Sections 4(b) and 4(c) hereof, each Party shall bear its own costs, including any attorney's fees incurred, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

(b) Any settlement which is equal to or more favorable to Claimant than Respondent's response to Notice, or if no monetary offer or response was made by Respondent prior to mediation, may include Claimant's Pre-Mediation attorney's fees and costs, and Mediation attorney's fees and costs as part of the Settlement.

(c) Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post Mediation Costs to the Award, such costs to be borne equally by all Respondents/ Any Award which is equal or less favorable to Claimant than any Respondent's Settlement Offer shall award to such Respondent its Post Mediation Costs.

**Section 5. Enforcement of Resolution.** After resolution of any Claim, if any Party fails to abide by the terms of any agreement or Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Article XIV, Section 3. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such an agreement or Award, including, without limitation, attorney's fees and court costs.

#### **EXHIBIT "A"**

##### **Rules of Arbitration**

1. Claimant shall submit a Claim to arbitration under these Rules by giving written notice to all other Parties stating plainly and concisely the nature of the Claim, the remedy sought, and Claimant's submission of the Claim to arbitration ("Arbitration Notice").
2. The Parties shall select arbitrators ("Party Appointed Arbitrators") as follows: all the Claimants shall agree upon one Party Appointed Arbitrator, and all the Respondents shall agree upon one Party Appointed Arbitrator. The Party Appointed Arbitrators shall, by agreement, select one neutral arbitrator ("Neutral") so that the total arbitration panel ("Panel") has three (3) arbitrators. If the Respondents fail to or refuse to select an arbitrator within thirty (30) days from the date of the Arbitration Notice, the Arbitration shall proceed with a single arbitrator.
3. If the Respondent selects Arbitrator within the thirty (30) days provided for in Section 2, however the Party Selected Arbitrators cannot agree on an Appointed Neutral, or the panel is not otherwise selected under Rule 2 within thirty (30) days from the date of the Arbitration Notice, any party may notify the nearest chapter of The Community Associations Institute, for any dispute arising under the Governing Documents or the American Arbitration Association, or such other independent body providing arbitration services, for any dispute relating to the design or construction of improvements on the Properties, which shall appoint one Neutral ("Appointed Neutral"), notifying the Appointed Neutral and all Parties in writing of such appointment. The Appointed Neutral shall thereafter be the sole arbitrator and any Party Appointed Arbitrators or their designees shall have no further duties involving the arbitration proceedings.
4. No Owner, Member, relative of an Owner, or relative of a Member is eligible to serve as a Neutral or Party Appointed Arbitrator in any arbitration. In addition, no person may serve as a Neutral or Party Appointed Arbitrator in any arbitration in which that person has any financial or personal interest in the result of the arbitration. Any person designated as a Neutral or Appointed Neutral shall immediately disclose in writing to all Parties any circumstance likely to affect impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Bias Disclosure"). If any Party objects to the service of any Neutral or Party Appointed Arbitrator after receipt of that Arbitrator's Bias Disclosure, such Neutral or Party Appointed Arbitrator shall be replaced in the same manner in which that Neutral or Party Appointed Arbitrator was selected.
5. The Neutral or single Arbitrator, as the case may be, shall fix the date, time and place for the hearing. The place of the hearing shall be within the Properties unless otherwise

agreed to by the Parties. In fixing the date of the hearing, or in continuing a hearing, the Neutral or single Arbitrator shall take into consideration the amount of time reasonably required to determine Claimant's damages accurately.

6. There shall be no stenographic record of the proceedings.
7. Any Party may be represented by an attorney or other authorized representative throughout the arbitration proceedings. In the event the Respondent fails to participate in the arbitration proceedings, the Arbitrator(s) may not enter an Award by default, but shall hear Claimant's case and decide accordingly.
8. All persons who, in the judgment of the Arbitrator, have a direct interest in the arbitration are entitled to attend hearings. The Arbitrator(s) shall determine any relevant legal issues, including whether all indispensable parties are Bound Parties or whether the claim is barred by the statute of limitations.
9. The hearing shall be conducted in whatever manner will, in the Arbitrator(s)'s judgment, most fairly and expeditiously permit the full presentation of the evidence and arguments of the Parties. The Arbitrator(s) may issue such orders as it/they deem(s) necessary to safeguard the rights of the Parties in the dispute without prejudice to the rights of the Parties or the final determination of the dispute.
10. If the Arbitrator(s) decides that it/they has/have insufficient expertise to determine a relevant issue raised during arbitration, the Arbitrator(s) may retain the services of an independent expert who will assist the Arbitrator(s) in making the necessary determination. The scope of such professional's assistance shall be determined by the Arbitrator(s) in the Arbitrator(s)'s discretion. Such independent professional must not have any bias or financial or personal interest in the outcome of the arbitration, and shall immediately notify the Parties of any such bias or interest by delivering a Bias Disclosure to the Parties. If any Party objects to the service of any professional after receipt of a Bias Disclosure, such professional shall be replaced by another independent licensed professional selected by the Arbitrator(s).
11. No formal discovery shall be conducted in the absence of express written agreement among all the Parties. The only evidence to be presented at the hearing shall be that which is disclosed to all Parties at least thirty (30) days prior to the hearing; provided, however, no Party shall deliberately withhold or refuse to disclose any evidence which is relevant and material to the Claim, and is not otherwise privileged. The Parties may offer such evidence as is relevant and material to the Claim, and shall produce such additional evidence as the Arbitrator(s) may deem necessary to an understanding and determination of the Claim. The Arbitrator(s) shall be the sole judge of the relevance and materiality of any evidence offered, and conformity to the legal rules of evidence shall not be necessary. The Arbitrator(s) shall be authorized, but not required, to administer oaths to witnesses.
12. The Arbitrator(s) shall declare the hearings closed when satisfied the record is complete.
13. There will be no post-hearing briefs.

14. The Award shall be rendered immediately following the close of the hearing, if possible, and no later than fourteen (14) days from the close of the hearing, unless otherwise agreed by the Parties. The Award shall be in writing, shall be signed by the Arbitrator(s) and acknowledged before a Notary Public. If the Arbitrator(s) believes an opinion is necessary, it shall be in summary form.
15. If there is more than one Arbitrator, all decisions of the Panel and Award shall be by majority vote.
16. Each Party agrees to accept as legal delivery of the Award the deposit of a true copy in the mail addressed to that Party or its attorney at the address communicated to the Arbitrator(s) at the hearing.

**ARTICLE XV  
DIVISION OF CAPITAL BUDGETING AND EXPENSES FOR CHANNEL WALK AND  
SHORELINE UNITS**

**Section 1. Capital Budgets.** Capital budgets for improvements, repairs or maintenance to Limited Common Areas, including but not limited to roofs, gutters, downspouts, decks, pilings/foundations and building exteriors, shall be separately maintained for Channel Walk and Shoreline units and will be approved at the Annual Meeting in the manner described in this Article. Capital improvements, repairs and maintenance to Common Areas shared by all Owners are exempt from this separation and will continue to be managed with a general capital account.

**Section 2. Accounting.** The Board shall direct the Association's accountant or bookkeeper to immediately create a separate capital account for Channel Walk and a separate capital account for Shoreline, in addition to a common account for Common Expenses, and to maintain separate capital accounts for Channel Walk and Shoreline in addition to the common account unless or until this Article is amended to eliminate this requirement. For the original creation of separate capital accounts, the Board shall determine the amount to retain in the common account and any remaining funds shall be divided in a pro-rata fashion, based on 83 Channel Walk units and 24 Shoreline units, into separate capital accounts for Channel Walk and Shoreline. From that point forward, capital projects are managed, accounted for, and assessed separately.

**Section 3. Committees.** Immediately following the Special Meeting of May 25, 2013, the Board of Directors shall appoint the members of the Channel Walk Capital Committee and the Shoreline Capital Committee. Each committee shall have three (3) members, who must be Owners of at least one (1) unit in the section of the community for the committee to which they are appointed and one member of each Capital Committee shall be a standing Board member. Any vacancy on either committee shall immediately be filled by a new appointee, selected by the Board of Directors.

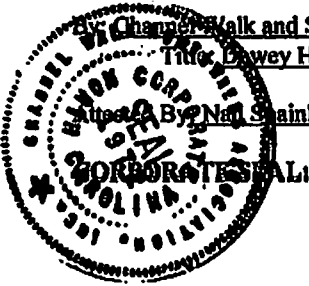
**Section 4. Approval of Separate Capital Budgets.** Starting in advance of the 2013 Annual Meeting, the committees described in Section 3 shall prepare capital budgets annually and present them to the Board in advance of the Annual Meeting with enough time for the Board to review and discuss the recommendations with the respective committees so that joint capital projects, if necessary, can be economically undertaken. The Owners in each respective section of the community shall vote to approve the capital budgets at the 2013 Annual Meeting, and any annual meeting thereafter, in the same manner as the Members vote to approve the annual budget. The approval of separate capital budgets for

Channelwalk and Shoreline units may result in different monthly dues for Association Members, based on the section of the community in which their unit is located. This process shall continue at every subsequent Annual Meeting.

**Section 5. Separate Capital Expenditures.** The Association shall follow the same approval method for separate capital expenditures as set out for Limited Common Expenses in the Declaration.

**Section 6. Separate Capital Assessments.** The Association shall follow the same approval method for separate capital assessments as set out in Article VI of the Declaration.

**IN TESTIMONY WHEREOF**, for the purpose of certifying the adoption of the amendments aforesaid, and causing the same to be recorded in the office of the Register of Deeds of New Hanover County, this document has been executed on behalf of the Association by its President, attested by its Secretary, and its seal affixed hereto, all by order of the Board of Directors and the membership of the Association first duly given.



By: Channel Walk and Shoreline Homeowners Association, Inc.  
Title: Dewey Hudson, President

Attest: Nan Spainhour, Secretary

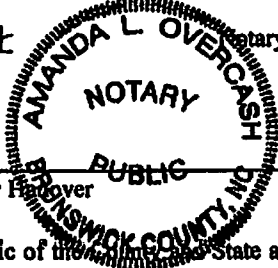
Dewey Hudson (SEAL)

Nan Spainhour (SEAL)

State of North Carolina - County of New Hanover

I, the undersigned Notary Public of the County and State aforesaid, certify that Dewey Hudson personally came before me this day and acknowledged that he is the President of Channel Walk and Shoreline Homeowners Association, Inc., a North Carolina non-profit corporation, and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this 21<sup>st</sup> day of November, 2013

My Commission Expires: 10/28/17

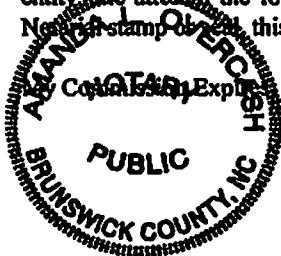


Notary Public Amanda Overcash

State of North Carolina - County of New Hanover

I, the undersigned Notary Public of the County and State aforesaid, certify that Nan Spainhour personally came before me this day and acknowledged that she is the Secretary of Channel Walk and Shoreline Homeowners Association, Inc., a North Carolina non-profit corporation, and that by authority duly given and as the act of such entity, she signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this 21<sup>st</sup> day of November, 2013

My Commission Expires: 10/28/17



Notary Public Amanda Overcash



**TAMMY THEUSCH BEASLEY  
REGISTER OF DEEDS, NEW HANOVER  
216 NORTH SECOND STREET**

**WILMINGTON, NC 28401**

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**Filed For Registration: 12/05/2013 10:51:17 AM**  
**Book: RE 5786 Page: 876-893**  
**Document No.: 2013042166**  
**18 PGS \$34.00**

**Recorder: CRESWELL, ANDREA**

**State of North Carolina, County of New Hanover**

**PLEASE RETAIN YELLOW TRAILER PAGE WITH ORIGINAL DOCUMENT.**

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NEW HANOVER COUNTY, NC  
2013 DEC 05 10:51:17 AM  
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INSTRUMENT # 2013042166

**CHANNEL WALK AND SHORELINE HOMEOWNER'S ASSOCIATION, INC.  
AMENDED AND RESTATED BYLAWS**

**Return to:**

**Ellen P. Wortman  
Hedrick, Gardner, Kincheloe & Garofalo, LLP  
1838 Sir Tyler Drive, Suite 200  
Wilmington, NC 28405**