

**AMENDED AND RESTATED BY-LAWS OF  
NORTH SHORES BOARD OF GOVERNORS, INC.**

(A Non-Profit Corporation Without Capital Stock)

1. The principal office of the corporation shall be as provided in Paragraph 3 of the Certificate of Incorporation. The resident agent in charge thereof shall be the corporation itself.

CORPORATE SEAL

2. The corporate seal shall have inscribed thereon the name of the corporation, the year of its incorporation and the words, "Incorporated, Delaware".

MEETINGS OF MEMBERS

3. The annual meeting of members for the election of directors shall be held on the second Saturday in May of each year, at which meeting they shall elect, by ballot, by plurality vote, a Board of Directors and may transact such other business as may come before the meeting. If a later meeting date should be selected, written notice of said date shall be given to each property owner not later than April 15th of any year and such later date shall not be scheduled later than the second Saturday in June of any year.

It shall be the duty of the President to call a special meeting of the property owners in North Shores as directed by Resolution of the Board of Directors, or upon a Petition signed by a majority of the property owners in North Shores. 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 such special meeting except as stated in the notice unless by consent of four-fifths (4/5) of the property owners present, either by person or by proxy.

It shall be the duty of the Secretary to mail 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 unit owner of record, at least five (5) but not more than ten (10) days prior to such meeting. The mailing of a notice in the manner provided in this subparagraph shall be considered notice served. All meetings of members shall be held at such place or places, within or without the State of Delaware, as may, from time to time, be designated by the Board of Directors or as shall be specified and fixed in the respective notices of meetings or waivers thereof.

Each member (as the term "member" is hereafter defined) entitled to vote, shall at every

meeting of the members be entitled to one vote, in person or by proxy, but no proxy shall be voted on after three years from its date, unless it provides for a longer period. Such right to vote shall be subject to the right of the Board of Directors to close the membership rolls or to fix a record date for determining membership and if the directors shall not have exercised such right, no vote shall be cast at any general or special meeting when the person attempting to exercise such vote has attained title to his, her, their, or its property within twenty days next preceding the date of the meeting.

Notice of all meetings shall be mailed by the Secretary to each member of record entitled to vote, at the member's last known post office address. It shall be the continuing duty of the members to provide the corporation with a current mailing address.

Any notice given by the corporation, for the purpose of a meeting, or otherwise, shall be considered to have been properly given, once the notice is deposited in the United States Mail, addressed to the last known address of the member, with postage prepaid.

One third (1/3) of the total number of members of the corporation shall constitute a quorum for purposes of an annual or special meeting of the members, but a smaller number may adjourn, from time to time, without further notice until a quorum is secured.

#### MEMBERS

4. Each owner(s) whether singular or plural, individual, corporate or otherwise of each lot, improved or unimproved, and each condominium apartment or townhouse in North Shores shall be a member. Each such lot, improved or unimproved, and each condominium unit or townhouse in North Shores shall be entitled to one vote, through its owner(s) of record, either in person, by proxy, or by ballot. Each owner(s) whether singular or plural, individual, corporate or otherwise of each lot, improved or unimproved, and each condominium apartment or townhouse in North Shores shall be a member. When a lot, building site, condominium unit, or townhouse is owned of record in joint tenancy or tenancy in common, when two or more persons, firms or entities hold title, the membership as to such properties shall be joint and the right of such membership, including the voting power arising therefrom for each lot, shall be exercised as they among themselves shall determine, but in no event shall more than one vote be cast with respect to any such lot, condominium unit or townhouse. A vote received for any individual lot, condominium or townhouse shall be deemed valid unless challenged, in writing, by any other

joint owner of said lot, and in the event of such challenge, the vote shall not be counted. Further, as provided in Paragraph 24 of Schedule A of the North Shores Covenants, each owner in North Shores who is entitled to one vote shall be subject to annual maintenance charges or assessments.

#### DIRECTORS

5. The property and business of the corporation shall be managed and controlled by its Board of Directors not exceeding five (5) in number. Directors must be members. The Directors shall hold office until the next annual election and until their successors are elected and qualified. They shall be elected by the members, except that if there be a vacancy in the Board by reason of death, resignation, or otherwise, such vacancy shall be filled for the unexpired term by the remaining Directors, though less than a quorum, by majority vote.

#### POWERS OF DIRECTORS

6. The Board of Directors shall have, in addition to such powers as are hereinafter expressly conferred on it, all such powers as may be exercised by the corporation, subject to the provisions of the statute, the Certificate of Incorporation, and the By-Laws.

#### OFFICERS OF THE CORPORATION

7. The principal officers of the Corporation shall be a President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The members of the Board may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as, in their judgment, may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

The officers of the Corporation shall be elected annually by the Board of Directors at the Organizational Meeting of each new Board and shall hold office at the pleasure of the Board. 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 or her successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

#### DUTIES OF PRESIDENT

8. The President shall be the Chief Executive Officer of the Corporation and shall preside at all meetings of the members and of the Board of Directors. He or she 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 committees from among the property owners in North Shores from time to time as he or she may, in his or her discretion, decide is appropriate to assist in the conduct of the affairs of the Corporation. Further, the President shall see that all orders and resolutions of the Board of Directors are carried into effect; to execute all contracts, agreements, deeds, bonds, mortgages and other obligations and instruments, in the name of the corporation, and to affix the corporate seal thereto when authorized by the Board.

He shall have the general supervision and direction of the other officers of the corporation and shall see that their duties are properly performed.

#### VICE-PRESIDENT

9. The Vice-President shall be vested with all of the powers required to perform all of the duties of the Office of the President in the event of the absence or disability of the President, including, but not limited to, the power to execute all contracts, agreements, deeds, bonds, mortgages, and other obligations and instruments in the name of the corporation, and to affix the corporate seal thereto when authorized by the Board of Directors.

In the absence or disability of the President and the Vice President, the Board may appoint from their own number a President pro tem, who shall be authorized to preside at a meeting or meetings of the members and of the Board of Directors. The powers of the President Pro Tern shall exist only for the particular meeting at which he was appointed to act in the absence or disability of the President and Vice President.

#### SECRETARY

10. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the property owners; shall have charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall attend all meetings of the members, the Board of Directors, and any executive or standing committees. The Secretary shall give proper notice of meetings of members and directors and perform such other duties as shall be assigned by the President or the Board of Directors. The Secretary shall maintain the membership list or rolls, which shall be used in determining those members who are entitled to vote at any general or special membership meeting.

#### TREASURER

11. The Treasurer shall have responsibility for the funds and securities of the Corporation and shall be responsible for keeping full and accurate accounts of all receipts and disbursements and books belonging to the Corporation. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the property owners of North Shores in such depositories as may, from time to time, be designated by the Board of Directors.

The Treasurer shall give the corporation a bond, if required by the Board of Directors, in such sum and in form with security satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and the restoration to the corporation, in case of death, resignation or removal from office of all books, papers, vouchers, money and other property or whatever kind in his possession, belonging to the corporation. He or she shall perform such other duties as the Board of Directors may, from time to time, prescribe or require.

#### DUTIES OF OFFICERS MAY BE DELEGATED

12. In case of the absence or disability of any officer of the corporation or for any other reason deemed sufficient by a majority of the Board, the Board of Directors may delegate his powers or duties to any other officer or to any Director for the time being.

#### COMMITTEES

13. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of one or more directors, which committees, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the corporation; but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors of any responsibility imposed upon the Board or its members by law.

Other committees not having and exercising the authority of the Board of Directors in the management of the corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be members of the corporation and the President shall appoint the members thereof. Any member of any such committee may be removed by the President whenever in his or her judgment the best interest of the corporation shall be served by such removal. Further, the authority of any such committee may be terminated

by a majority of the directors present at a meeting at which a quorum is present.

#### ASSESSMENTS AND DEBT DUE THE ASSOCIATION

14. Each owner of property in North Shores shall pay an annual assessment to North Shores Board of Governors, Inc. The assessments previously paid to the unincorporated Board of Governors shall continue in full force and effect until such time as they may be modified or adjusted by the Board of Directors as provided in Article 6 of the Certificate of Incorporation.

Assessments levied by the Association shall be used to promote recreation, health, safety and general welfare of the members and for the acquisition, installation, construction, maintenance or use of facilities provided for the common good of the members.

Assessments and any other debt owed to the Association by a member or members and which are not paid when due shall be a continuing lien upon the property of the member or members and shall extend to each lot, building site, condominium unit, apartment or townhouse in North Shores owned by a single or multiple owners and shall bind the property in the hands of the delinquent owner or owners and any subsequent owner or holder of title. In order to give public notice of delinquent amounts due to the Association, it may record a Statement of Assessments and Debts Due to North Shores Board of Governors, Inc. in the Court House at Georgetown, Sussex County, Delaware, if such amounts are not paid within ninety (90) days from the due date of such assessments. A twenty (20) percent penalty fee shall be added to the amount if not paid within the period above provided and the Association, in addition to recording the Statement of Assessments and Debts Due, may bring any action it deems necessary or desirable to collect any amounts, whether annual or special assessments or other debts which are owed to the Association.

In the event the Association is required, by contract or other obligation, to stand good for or guarantee payments to the City of Rehoboth Beach or to any other entity or agency, for items such as sewer, water or other services, the Association shall be entitled to complete financial reimbursement and indemnification from the member or members on whose behalf such payments have been made. In the event the Association shall make a payment in behalf of a member or members to the City of Rehoboth or to any other entity or agency for services, as provided above, the Association shall be entitled to full reimbursement from such member within thirty (30) days after making demand for payment and reimbursement upon such member. If the

Association is not reimbursed within thirty (30) days, a twenty (20) percent penalty shall be added to the amounts owed to the Association. This provision is in addition to the right of the Association to record a Statement of Assessments and Debts Due, as provided above. Further, in the event of such a payment in behalf of a member or members, the Association shall be entitled in addition to the other remedies provided for herein, to take legal action against such persons to recover any and all delinquent amounts due to the Association, together with any and all amounts advanced or paid in behalf of any member or members. In addition, in the event the Association is required to pay to the City or any other entity or agency any penalties, over and above the amount of the actual obligation, the Association may collect, all such delinquency or penalty payments, in addition to all other amounts due from the member or members. Notwithstanding these provisions, the Association may collect interest due on all obligations owed to it by any member or members.

In the event a member conveys or transfers property to a subsequent purchaser without paying assessments owed, the Association may proceed against both the member and the buyer, since the obligation for assessments is an obligation upon the delinquent member, as well as a continuing charge or lien upon the lands in the hands of the subsequent purchaser.

In the event legal action is brought by the Association to collect a delinquent assessment, or any amount owed to the Association or any amount which the Association has advanced or paid in behalf of or on account of a member, all landowners, present and future, are expressly put on notice that North Shores Board of Governors, Inc. is entitled to the award of reasonable attorney's fees and court costs and that said costs and fees shall be added to and become a part of any court award or judgment rendered to the Association.

Paragraph 14 of the By-Laws has provided for interest to be added to delinquent payments owed to the Association at the rate of twenty (20) percent. In the event this provision should be held to be contrary to law, then interest shall accrue at a rate equal to the Delaware Legal Rate of Interest on Judgments, in effect at the time the debt was created.

#### RULES OF ORDER

15. In the event of any dispute with respect to procedure at any meeting of the members or the Board of Directors or any committee thereof, "Robert's Rules of Order" shall be the parliamentary authority for all matters of procedure not specifically covered by these By-

Laws.

#### ORDER OF BUSINESS

16. In general, the order of business at the annual meeting of the Association shall be as follows:

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|--|------------------------|
| 1. Call to Order                                   | 4. Unfinished Business |
| 2. Approval of the Minutes of the previous meeting | 5. New Business        |
| 3. Report of any Standing Committees               | 6. Adjournment         |

#### DISTRIBUTION OF ASSETS AFTER TERMINATION

17. No member of this property owners association or corporation shall have, as an individual any interest in or title to the assets of North Shores Board of Governors or North Shores Board of Governors, Inc., and such assets shall be used exclusively for the purposes of the corporation. In the event of dissolution or other termination of this corporation, all of its assets shall be assigned to an entity or an institution that qualifies for tax exemption under the Internal Revenue Code of 1986, as amended, as selected by the Board of Directors. In the event of dissolution or other termination, all monies on hand shall be used to pay-off current outstanding debts and to continue the operation of the corporation until such time as the assignment to a tax exempt corporation, as mentioned above, has been concluded. At that time, the residue of any cash assets will be added to the physical assets so assigned and transferred.

#### AMENDMENTS TO BY-LAWS

18. These By-Laws may be amended, from time to time, by the Board of Directors, in the proper exercise of their authority.

The foregoing By-Laws were duly approved and adopted by the Board of Directors on Thursday, April 5, 2012 at 4:00 p.m.

By Bruce S. Wilson, Secretary

