

BY-LAWS OF
HARBOUR LANDING POA, INC.

ARTICLE I
NAME AND LOCATION

The name of the Association is HARBOUR LANDING POA, INC., hereafter referred to as the "Association." The principal office of the Association shall be at: Jeff Grote, 1426 Wall Rd., Wake Forest, NC, 27587 but meetings of members and directors may be held at such places within the State of North Carolina, as may be designated by the Board of Directors of the Association.

ARTICLE II
DEFINITIONS

1. "**Association**" shall mean and refer to HARBOUR LANDING POA, INC., its successors and assigns.
2. "**Common elements**" shall mean all real property owned or controlled by deed, easement or contract by the Association, including the limited common elements, if any.
3. "**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 HARBOUR LANDING SUBDIVISION, all sections and phases, including the Declarant so long as any lot or lots are still in its name.
4. "**Declarant**" shall mean and refer to Wesley Simpson, David S. Berne, Jeff Berne, James C. Lewis, and Sidney Mansfield.
5. "**Member**" shall mean and refer to those persons or entities entitled to membership in the Association, by virtue of ownership of one or more lots in HARBOUR LANDING.
6. "**Assessment**" shall mean and refer to a member's share of the common expenses assessed against each member. The can be regular, special and segment assessments.
7. "**Subdivision**" shall mean and refer to the real property, which is a part of HARBOUR LANDING SUBDIVISION as shown on any of the recorded plats thereof.
8. "**Declaration**" shall mean the Declaration of Covenants and Restrictions for HARBOUR LANDING SUBDIVISION recorded in Book 2166, Page 1297, BRUNSWICK County Registry and all amendments thereto.

ARTICLE III
MEMBERSHIP AND MANAGEMENT

1. **Membership.** Every Owner of a lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment. There shall be two (2) classes of members; Class A and Class B as set forth in the Declaration. Class A members shall be the owners of all lots in the Development with the exception of the Declarant and shall be entitled to one vote for each lot owned. When more than one person holds interest in any lot all such persons shall be members. The vote for such lots shall be exercised as they among themselves determine but in no event shall more than one vote be cast per lot.

Class B members shall be the Declarant and any successor Declarant and shall be entitled to 20 votes for each lot owned. The Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs first:

(a) Declarant no longer owns any lots in the Development provided that the type B membership shall be reinstated with all rights, privileges, responsibilities in voting power if additional lands are annexed to the Development by the Declarant; (b) August 1, 2007; or (c) the Declarant decides to voluntarily terminate and convert the type B membership. The Class B member has a right to cast 1 vote per lot despite the fact that the Declarant is not obligated to pay any annual or special assessments. Declarant shall pay segment assessments for lots serviced by any wastewater disposal system as described elsewhere in these Restrictions. The Class B member shall also have a veto power described in Article VIII.

Class A and B members are sometimes hereinafter collectively referred to as the members.

2. **Management.** Management of the affairs of the Association shall be carried out by a Board of Directors in accordance with the terms and conditions of the Declaration, Articles of Incorporation and the By-laws of the Corporation as adopted and amended.

ARTICLE IV
MEETINGS OF MEMBERS

1. **Annual Meeting.** The first annual meeting of the members of the Association shall be held before _____, 2007. Subsequent annual meetings shall be held at a date and time to be determined by the Board of Directors.

2. **Special Meetings.** Special meetings of the members may be called at any time by the President of the Association or by a majority of the Board of Directors or upon written request of the members entitled to vote ten percent (10%) of all the votes of the Association.

3. **Notice of Meetings.** Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before each meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. Waiver by a member in writing of the notice required herein, signed by the member before, at or after such meeting, shall be equivalent to the giving of such notice.

4. **Quorum.** The presence of a meeting of members entitled to cast, twenty-five (25%) percent of the votes of the Association shall constitute a quorum for any action except as otherwise provided in these bylaws. If however, such quorum shall not be present or represented at any meeting, a second meeting may be called subject to the same proper notice, at which there shall be no quorum requirement for such meeting to be held.

5. **Proxies.** At all meetings of the members, each vote may be cast in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance of his lot by the member giving his proxy.

6. **Ballots By Mail.** When authorized by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for the vote of the members and a ballot on which each member may vote for or against such motions. Each ballot presented at such meeting shall be counted in calculating the quorum requirements for the meeting to be held.

ARTICLE V BOARD OF DIRECTORS

1. **Number.** The affairs of the Association shall be initially managed by a Board of one (1) Director appointed by Declarant. The number of Directors shall increase to three (3) at the first meeting all of whom shall be members of the Association, except for any Directors appointed by the Class B member.

2. **Term of Office.** At the first annual meeting the Class A members shall elect one (1) Director for a term of two (2) years and the Class B member shall appoint one (1) Director for a term of one (1) year and one Director for a term of three (3) years. At each annual meeting thereafter the Class A members shall elect the necessary number of

Directors for a term of three (3) years to replace any Director whose term has expired, however, the Declarant shall have the right to appoint the replacement of any director it appoints until such time that the Class B membership ceases.

3. **Removal.** Any Director elected by the Class A members may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director elected by the Class A members, a successor shall be elected by the remaining members of the Board, and shall serve until the next annual meeting. If the Director who has died, resigned, or been removed shall have one or more years remaining in his term at the time of the next annual meeting, a successor shall be elected at such meeting to serve for the remainder of the vacated term. The Class B member may remove any Director it appoints at any time, with or without cause. The Class B member shall appoint a replacement Director if there is a vacancy cause by a Director if previously appointed.

4. **Compensation.** No Director shall have compensation for any service rendered to the Association in the capacity as Director. However, any Director shall be reimbursed for actual expenses incurred in the performance of duties, provided, however, the Board may employ a Director to manage the business affairs of the Association, and may pay the Director for services as Manager.

5. **Nomination.** Nomination for election of the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of three (3) members of the Association who shall be appointed by the Board of Directors prior to each annual meeting of the members and serve to the close of the annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine but not less than the number of vacancies that are to be filled by the Class A members. The Committee's nominations shall be included in the notice sent to members prior to the annual meeting.

6. **Election.** Election to the Board of Directors shall be by written ballot. At such election, the Class A members of their proxies may cast one (1) vote for each vacancy. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. If the number of candidates does not exceed the number of vacancies, election may be by voice vote.

ARTICLE VI MEETINGS OF DIRECTORS

1. **Regular Meetings.** Regular meetings of the Board of Directors shall be held at such place and hour as may be fixed from time to time by resolution of the Board.

2. **Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not

less than one (1) day notice to each Director. Notice may be waived by any Director at or after the meeting is held.

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

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

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the common elements and facilities, and the personal conduct of the members, guests and tenants thereon, and to establish penalties including fines for the infraction thereof;

(b) suspend a member's voting rights and right to use the recreational facilities 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 of hearing, for violating any other provisions of the Restricting Covenants or the rules and regulations adopted by the Board of Directors, by provided, however, that the right of the owner to use the right of ways in the Subdivision shall not be suspended;

(c) adopt and publish rules and regulations governing the rental of lots;

(d) exercise all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by all other provisions of these By-Laws, the Articles of Incorporation, the North Carolina Planned Community Act, the North Carolina Non Profit Corporation Act and under the common law of the State of North Carolina;

(e) 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.

(f) Employ a manager, an independent contractor, or such other employees they deem necessary, and to prescribe their duties;

(g) Employ attorneys, accountants or other professional personnel to represent and assist the Association when deemed necessary;

(h) Enter into contracts with others to provide necessary supplies and services to the Association.

(i) Operate and manage any wastewater disposal systems servicing one (1) or more lots in the Development.

(j) Acquire additional common elements or encumber or convey any interest in any of the common elements in accordance with the terms of the Declaration of the North Carolina Planned Communities Act.

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

(a) keep a complete record of all its acts by preparing written minutes of all meetings describing all votes taken. Copies of the minutes shall be provided to any member upon request;

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) to fix the amount of annual, special and segment assessment and the manner of payment thereof against each member and to send written notice of any change in assessment or manner of payment of same to every owner subject thereto at least thirty (30) days in advance of such assessment payment period;

(d) foreclose the lien, and sell, under a power of sale and in the manner prescribed by law for foreclosures with powers of sale, any property for which assessments are not paid with sixty (60) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(e) issue upon demand a statement settling forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for this service. If the statement states an assessment has been paid, such statement shall be conclusive evidence of such payment. This duty may be delegated to an officer of the Association, a manager or agent of the Association;

(f) procure and maintain adequate liability insurance covering members' liability for the common elements and facilities and to procure and maintain adequate liability insurance on all real property owned by the Association;

(g) act as insurance trustees in the collection and disbursement of hazard insurance proceeds;

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

(i) maintain, repair, manage and improve all of the common elements and facilities in accordance with the terms of the Declaration;

(j) to establish the Fiscal year of the Association.

ARTICLE VIII DECLARANT VETO POWER

So long as Class B membership exists, the Class B Member shall have a veto power over all the actions of the members and the Board of Directors and any committee. This veto power shall be exercisable only by the Class B Member, or its successors and assigns in its absolute discretion. No action authorized by the members or the Board of Directors or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless the Class B Member shall been given written notice of the meeting and proposed action and given the opportunity at any such meeting to discuss the prospective action, policy or program. This veto may be exercised by providing the Association a notice of veto in writing within ten (10) days following actual notice of the action taken.

ARTICLE IX OFFICERS AND THEIR DUTIES

1. **Enumeration of Officers.** The officers of this Association shall be a President and Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create. The President and Vice President must be Directors of the Association. The other officers need only to be members of the Association.

2. **Election of Officers.** The officers shall be elected by the Board of Directors at the first meeting of the Board following each annual meeting of the members. All elections, and appointments shall be by majority vote of the Board.

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

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 as the Board may, from time to time, determine.

5. **Resignation and Removal.** Any officer may be removed from office with or without cause by a majority vote of the Board. Any officer may resign at any time. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Acceptance of such resignation shall not be necessary to make it effective.

6. **Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaced.

7. **Multiple Offices.** Any Director elected by the Class A members who is elected President may not also serve as Secretary or Treasurer. Any other person may hold more than one office simultaneously.

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

(a) **President.** The President shall preside at all meetings of the Board of Directors and shall serve as Chairman at all meetings of the members; shall see that orders and resolutions of the Board are carried out; shall sign all legal documents and other written instruments.

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

(c) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the 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 a current roster of the members together with their addresses, and shall perform such other duties as may be required by the Board.

(d) **Treasurer.** The Treasurer 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 of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures which shall be mailed to the membership at least thirty (30) days but more than sixty (60) days prior to the annual meeting.

ARTICLE X COMMITTEES

The Board of Directors shall appoint a Nominating Committee, Audit Committee, and any such other committee it deems appropriate. The Board shall also appoint an Architectural Committee after the Declarant assigns this right to the Board of Directors.

1. Nominating Committee.

The Board of Directors shall appoint a Nominating Committee composed of three (3) members with duties as described in Article V, Paragraph 5.

2. Audit Committee.

The Board of Directors shall annually appoint three (3) members to the Audit Committee who shall not be members of the Board of Directors or officers of the Association. It shall be the duty of the Audit Committee to review all financial records of the Association since the Committee's previous report. It shall have complete and full access to all such records and such aid as the Treasurer may be able to provide, but the Treasurer shall be prohibited from compiling the Audit Committee's report or from otherwise directing its inquiry. The Audit Committee shall present its report to the Board of Directors and the members at the annual meeting.

The Board of Directors shall order an audit of the Association books at any time by a certified public accountant upon the request of ten (10%) percent of the members or upon the majority vote of the Board of Directors. The cost thereof will be born by the Association. Any single member may demand an audit by a certified public accountant if the cost of such audit is paid in advance by the requesting party.

3. Architectural Committee.

- 3.1 Declarant Exemption. The Class B member (Declarant) shall be exempt from any architectural review or approval for any construction or subsequent modification or improvement on any lot or common area owned by the Declarant.
- 3.2 Committee Function. No class A member (lot owner) shall erect, place, alter, repair or replace any dwelling, building, garage, wall, fence, pier, dock, landscaping or other structure or improvement of any nature upon any lot until the site plan, construction plan, and landscaping plan have been approved in writing by the Architectural Committee. All approved construction together with landscaping shall be placed upon the premises only in accordance with the plans and specifications as approved. Any change in the appearance of a building, wall, fence, or other structure shall be deemed an alteration requiring approval.
- 3.3 Committee Membership. So long as the Class B member (Declarant) owns at least one lot in the subdivision the Declarant shall act as the Architectural Committee and shall have all rights, privileges and powers and authority granted to the Architectural Committee in these By-Laws and under the Restrictions. Declarant may assign its powers hereunder to an Architectural Committee composed of no less than 3 and no more than 5 members. The Declarant shall have the right to appoint a majority to the Architectural Committee. Any members of the Committee not appointed by the Class B member shall be appointed by the Board of Directors of the Association and must be members of the Association. The Class B member may voluntarily

transfer its power to appoint committee members to the Board of Directors any time it desires. Any Committee member appointed by the Board of Directors shall serve at the pleasure of the Board of Directors. Members shall serve without compensation.

- 3.4 **Procedure.** The Architectural Committee shall make all efforts to cooperate with lot owners or their agents and shall render a prompt response to any submission. Within fifteen (15) days after receipt of all required information the Architectural Committee shall provide in writing to the owner of the lot a response stating whether or not the requested improvements are approved. The Architectural Committee shall have the power to promulgate reasonable rules and regulations designed to carry out the provisions and intent of this paragraph. Such rules and regulations shall be approved by the Declarant (or the Board of Directors if it has been assigned this power) prior to implementation and may include a reasonable fee to cover the expenses of the Committee.

The Architectural Committee may (1) approve or (2) approve with conditions or (3) deny a submission. A denial is an extreme response and will not be given unless approval with condition cannot be made. A denial prohibits construction of the proposed improvement. The Committee's decision shall be by majority vote.

The Architectural Committee may not deny a submission unless it makes one of the following findings:

1. That the improvements sought to be constructed will have a negative economic impact on another lot within the subdivision.
2. That a required specific building standard or other covenant or condition contained within the Declaration has not been met.
3. That the improvements are architecturally incompatible with proposed or constructed improvements on other lots within the subdivision, or
4. That the natural features of the lot will be disturbed to an extent more than reasonably necessary to construct the proposed improvement.

- 3.5 **Appeal of Committee Action.** A lot owner may appeal any decision of the Architectural Committee provided that the owner involved complies with the decision of the Architectural Committee until such time the Board of Directors affirms, amends or reverses the Architectural Committee's decision. An appeal must be legibly written, state the grounds for the appeal and be submitted to the Board of Directors within 30 days of the decision of the Architectural

Committee. Both the lot owner and the Architectural Committee may appear before the Board of Directors and present evidence. The Board of Directors shall act upon the appeal by amending, reversing, or confirming the decision of the Architectural Committee within seven days of receipt of the hearing. The Board of Directors' decision shall be by majority vote and in writing. All lot owners must exhaust this avenue of appeal before resorting to a court of law or equity for relief.

ARTICLE XI 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 at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XII ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay the Association such sums are assessed against the members under the terms of the Declaration. Unpaid assessments are secured by a continuing lien upon the member's lot. Any assessments which are not paid when due shall be deemed delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate allowed by law, and the Association may bring an action at law against the lot owner personally and may also foreclose the lien against the property, with costs of such action, including reasonable attorney's fees, being added to the amount of such assessment. No member may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common area or abandonment of the member's lot. Segment assessment levied by the Association for community wastewater collection, treatment and disposal system shall be given the highest priority for collection except for taxes and insurance.

ARTICLE XIII ENFORCEMENT

1. **Remedies.** The Board of Directors may take any of the following actions or combination thereof, against a member to remedy a member's non-compliance with the Declaration, Bylaws or any rules and regulations of the Association as amended from time to time:

- (a) Waive the default.
- (b) Issue a warning letter.
- (c) Fine the member up to \$100.00 per day for a violation.

- (d) Suspend the right of any member (including the member's family and guests) to use the common elements, however, a member's use of the right of ways may not be suspended.
- (e) Suspend a member's right to vote as a member of the Association or to hold office in the Association.
- (f) File a civil action seeking monetary damage, and/or injunctive relief together with costs, interest and reasonable attorney fees.

2. **Right of Entry**. If the violation in question is a structure, thing or condition on a member's lot, the Association and its representative may enter upon the lot and remove or abate the non-complying structure, thing or condition at the expense of the member and the Association and its representative shall not be deemed guilty of civil or criminal trespass. Nothing herein shall allow the Association or its representative to enter any occupied dwelling on a lot.

3. **Right to a Hearing**. Before fining a member or filing a civil lawsuit against a member the Board of Directors shall mail the member written notice specifying the nature of the default or violation, the cure thereof, and the time within which the cure shall be effectuated. Within the time limit specified in the notice, the member may cure the default specified, or mail a written notice to the Board requesting a hearing before the Board. If a hearing is requested, the Board shall thereafter mail to the member a notice specifying the time and place for such hearing. At the hearing, the Association or its designee and the member may submit any relevance evidence concerning the alleged violation. After considering the evidence the Board, by majority vote, shall issue a written determination of its findings. The Board may take any of the actions, or combination thereof described in paragraph 1 above. The Board shall hand deliver or mail to the member a copy of its determination. If the defaulting member does not cure the default within the time limit specified, the Board may implement remedial action to obtain relief.

4. **Recover of Attorney's Fees and Costs**. In any proceeding arising because of an alleged default by a member, the Association shall be entitle to recover the costs of such proceeding and reasonable attorney's fees with interest thereon at the highest rate allowed by law. Any unpaid fine, costs, expenses or attorney fees shall be a lien against the member's lot and may be enforced as an assessment lien.

5. **Nonwaiver of Covenants**. The failure of the Association or any member thereof to enforce any terms, provision, right, covenants or condition that may be granted by the Declaration, these By-Laws, the Articles of the Incorporation or Association, the rules and regulations, as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of the Association or a member to enforce such term, provision, right, covenants, or condition in the future, irrespective of the number of violations or breaches thereof that may have occurred.

ARTICLE XIV
AMENDMENT

1. These Bylaws may be amended at any regular meeting or at a special meeting of the members by the affirmative vote of sixty-seven (67%) percent of the Class A members and the Class B member entitled to vote. Members may vote in person or by written ballot within the time limit set by the Board of Directors.
2. These Bylaws may also be amended by the Class B member or its successor in interest at time without the consent of the Class A members.
3. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

The undersigned Incorporator certifies the foregoing Bylaws were adopted as the first Bylaws of HARBOUR LANDING POA, Inc., in accordance with the North Carolina Nonprofit Corporation Act.

Feb. 27 2006

February 27, 2006

Craig Lewis

Craig Lewis, Incorporator