

COPY

BYLAWS
OF
OYSTER HARBOUR HOME OWNER'S ASSOCIATION, INC.

ARTICLE 1

OYSTER HARBOUR HOME OWNER'S ASSOCIATION, INC.

The name of the corporation is Oyster Harbour Homeowner's Association, Inc. hereinafter referred to as the "Association". The principle office of the corporation shall be located at 2930 Hildan Branch Road SW, Supply, Brunswick County, North Carolina, but meeting of members and directors may be held at such places within the State of North Carolina, County of Brunswick, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

- Section 1. "Association" or "Owners Association" shall mean and refer to Oyster Harbour Homeowner's Association, Inc., a not for profit North Carolina corporation, its successors and assigns.
- Section 2. "Common Elements" means any real property within Oyster Harbour Planned Community owned or leased by the Association, other than a lot to include all property owned by the Association for the common use and enjoyment of all or a designated class of members. Common property includes without limitation all existing and future roads and right of ways and all greenways, median strips, cul-de-sac centers, planted areas, and recreational areas, and facilities, open space, walking trails, easements, boat ramps, community boat slips, and community piers that are developed on the common elements (it being understood that this enumeration is by way of description of the type of facilities that may be developed and in no way shall bind or obligate the Declarant to provide any of the described facilities) and all entry way directional, and informational signs (in the area set aside for their location) and any other property as may be purchased or provided for the common use and benefit of the Declarant, the Lot Owners and any Member in the Association, including without limitation such common property as may be shown on the recorded plat(s) of the property. Except by the Declarant, the Common Elements shall not be used for public commercial purposes, but may be used for enjoyment of the Association's members for fundraising activities to support the purposes of the Association.

- Section 3. "Declarant" shall mean Oyster Harbour, LLC, a North Carolina limited liability company, and its successors and assigns if such successors and assigns acquire two or more undeveloped Lots from the Declarant for the purpose of development and if the rights and obligations of the Declarant hereinafter are expressly assigned to and assume by such successors and assigns.
- Section 4. "Declaration" shall mean and refer to any Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded or to be recorded at the office of the Register of Deeds of Brunswick County, North Carolina.
- Section 5. "Executive Board". There shall be three members of the Executive Board of the Association who shall serve until such time as their successors are duly elected and agree to serve. The Executive Board shall have annual meetings and other such meetings as may be called at the request of the President of the Association or by any Executive Board Members. So long as the Declarant, or its successors and assigns, is the Class B member, it shall select the Board.
- Section 6. "Lot" shall mean and refer to any improved or unimproved building lot shown upon any recorded plat of the Planned Community. "Lot means a physical portion of the Planned Community designated for separate ownership or occupancy by a Lot Owner.
- Section 7. "Lot Owner" means a Declarant or other person who is a contract buyer and/or the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of any of the property made subject to the Declaration, but does not include a person having an interest in an Lot solely as security for an obligation.
- Section 8. "Member" shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the Declaration and in Article III, Section 1 of these Bylaws.
- Section 9. "Property" shall mean and refer to that certain property shown on the site specific plan to be recorded in the office of the Register of Deeds for Brunswick County, North Carolina and any additional property which Declarant may make a part of the Oyster Harbour Planned Community, as provided for in the Declaration of Restrictive Covenants of Oyster Harbour Planned Community, recorded separately. The terms "Property" "Planned Community", and "Oyster Harbor" are interchangeable.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to the Declaration shall be a Member of the Association. Membership is appurtenant to and may not be assigned. The Corporation shall have two classes of members who meet the qualifications of and are approved as set forth in the Bylaws of the Corporation, as follows:

A. Class A members shall be all Lot Owners with the exception of the Declarant, and shall be entitled to one vote for each lot owned. When more than one person owns an interest in an lot such persons shall be members but the vote for such lots shall be exercised as they among themselves, shall determine in writing, which writing shall be filed with the Secretary of the meeting prior to voting, but in no event shall more than one vote be cast with respect to any lot.

B. Class B members shall be entitled to vote ten (10) votes for each owned. Class B membership shall consist of the Declarant, or its successors or assigns until the happening of either of the following events whichever occurs earlier.

- (i) The earlier of four months after ninety percent (90%) of all the lots in the Planned Community are sold as well as all adjacent undeveloped acreage sold and conveyed by the Declarant to unrelated third parties; or
- (ii) Ten years from the date of recordation of this Declaration; or
- (iii) At such time as Declarant voluntarily relinquishes majority control of the Association by duly recorded instrument.

Upon the happening of the earlier of either the three above described events, Class B membership shall cease and terminate and shall be converted to Class A membership.

Section 2. Property Rights. Each member shall be entitled to the use and enjoyment of the Common Elements as provided in the Declaration. Any Member may delegate his rights of enjoyment of the Common Elements to the members of his family, his tenants or contract purchasers who reside on the property.

ARTICLE IV

MEETING OF MEMBERS

- Section 1.** Annual Meetings. The first annual meeting of the Members shall be held on September 1, 2001, and each subsequent regular annual meeting of the Members shall be held between September 1st and September 30th annually at a reasonable hour.
- Section 2.** Special Meetings. Special Meetings of the Members may be called at any time by the President, a majority of the Executive Board, or Lot Owners holding ten percent (10%) of the votes in the Association.
- Section 3.** Notice of Meeting. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the Secretary shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner. The notice of any meeting shall state the time and place of the meeting and items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a Director or Officer.
- Section 4.** Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, ~~ten percent~~ (10%) of the votes that may be cast for election of the executive board. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the Declaration, the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such times as a quorum is present and business can be conducted.
- Section 5.** Proxies. Votes allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. A lot Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated. A proxy terminates eleven months after its date, unless it specifies a shorter term.

ARTICLE V

EXECUTIVE BOARD, SELECTION, TERM OF OFFICE

Section 1. Number. The number of Members constituting the initial Executive Board shall be three, and the names and addresses of the persons who are to serve as members of the Executive Board until the first meeting of the Corporation, or until their successors be elected and qualify, are:

NAME	ADDRESS
William G. Allen	10800 Sikes Place, Suite 250 Charlotte, NC 28277
Maxine Turner	10800 Sikes Place, Suite 250 Charlotte, NC 28277
Amon McCormack	10800 Sikes Place, Suite 250 Charlotte, NC 28277

The members of the Executive Board need not be Members of the Association.

Section 2. Term of Office. Subject to Sections 3, 4 and 5, during the period of Declarant control, a Declarant or persons designated by the Declarant may appoint and remove the officers and members of the Executive Board. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before the termination of the period of Declarant control, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

Section 3. Control and Management. Conveyance of control and management responsibilities to the Association shall take place within 120 days after 80% of all the lots have been conveyed to Lot Owners other than Declarant, or no later than two (2) years after Declarant has ceased to offer lots for sale in the ordinary course of business.

Section 4. Election. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the lots to Lot Owners other than Declarant, at least one member and not less than 33% of the members of the Executive Board shall be elected by Lot Owners other than the Declarant.

- Section 5. Action Taken without a Meeting. Unless sooner terminated by an amendment to the declaration executed by the Declarant, the Declarant may execute any special Declarant rights so long as the Declarant owns any Lot or ten (10) years after recording of the Declaration. Neither the Association or any Lot Owner may take any action or adopt any rule that will interfere with or diminish any special Declaration right without the prior written consent of the Declarant.
- Section 6. Term of Office. At the first annual meeting after the expiration of the period of Declarant control, the Members shall elect one member of the Executive Board for a term of three years, one member of the Executive Board for a term of two years, and one member of the Executive Board for a term of one year or until the respective successors are properly chosen. Thereafter these terms shall continue in effect to provide for staggered terms.
- Section 7. Removal. Any member of the Executive Board 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 member of the Executive Board, his successor shall serve for the unexpired term of his predecessor.
- Section 8. Compensation. No member of the Executive Board shall receive compensation for any service he may render to the Association as a member of the Executive Board. However, any member of the Executive Board may be reimbursed for his actual expenses incurred in the performance of his duties.
- Section 9. Action Taken Without a Meeting. The members of the Executive Board shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the members of the Executive Board. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

- Section 1. Nomination. Nomination for election to the Executive Board shall be made by a Nominating committee. Nominations for election to the Board may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Executive Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Executive Board prior to each annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

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

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meeting. Regular meetings of the board of Directors shall be held quarterly, or at such other periodic intervals as may be established by the Board of Directors from time to time, without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meeting. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

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

ARTICLE VIII

POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 1. Powers. The Executive Board may act in all instances on behalf of the Association. It shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Elements, and the personal conduct of the Members, and their guests thereon;
- (b) suspend the voting rights and any other rights of a Member during any period in which such member shall be in default in the payment of any assessment, dues or charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (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 Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board.
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and
- (f) employ attorneys to represent the Association when deemed necessary.

Section 7. Duties. It shall be the duty of the Executive Board 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 any special meeting when such statement is required in writing by one-fourth (1/4) of the Members.
- (b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.
- (c) The Executive Board may not act unilaterally on behalf of the Association to amend the Declaration, to terminate the Planned Community, or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of office of Executive Board members. The Executive Board may unilaterally fill vacancies in its membership for the unexpired portion of any term. The Lot Owners at which a quorum is present, may remove any member of the Executive Board with or without cause, other than a member appointed by the Declarant.

Within thirty (30) days after adoption of any proposed budget Planned Community, the Executive Board shall provide to all the Lot Owners the summary of the budget and notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Lot Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all of the Lot Owners in the Association reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Executive Board.

- (d) 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 due date or to bring an action at law against the owner personally obligated to pay the same;
- (e) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (f) procure and maintain adequate liability insurance covering the Association, its members of the Executive Board, officers, agents and employees and to procure and maintain adequate hazard insurance on any real and personal property owned by the Association;
- (g) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (h) cause the Common Elements to be maintained.

ARTICLE IX

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 Executive Board, 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 Executive Board following each annual meeting of the Members.
- Section 3.** Term. The officers of this Association shall be elected annually by the Executive 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 Executive 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 Executive 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 Executive Board. Any officer may resign at any time by giving written notice to the Executive Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless 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 Executive Board. 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 offices except the offices of Secretary and Treasurer and the special offices created pursuant to Section 4 of this Article.
- Section 8. Duties. The duties of the officers are as follows:
- (a) President. The President shall preside at all meetings of the Board of Directors; shall see that order and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; and shall co-sign all checks and promissory notes.
 - (b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, disability or refusal to act, and shall co-sign all checks and promissory notes.
 - (c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of all of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings to the Board and the Association together with their addresses; and shall perform such other duties as 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 authorize payment of books of account; and shall prepare an annual budget and a statement of income expenditures to be presented to the membership at its annual meeting and deliver a copy of each to the Members.

ARTICLE X

COMMITTEES

The Executive Board shall appoint an Architectural Control Committee as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Executive Board shall appoint other committees as deemed appropriate in carrying out its purpose.

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. The Declaration, the Articles of Incorporation and the Bylaws shall be maintained at the office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII

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 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 the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same 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 the assessments. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his lot.

ARTICLE XIII

AMENDMENT OF DECLARATION

- Section 1. Except in cases of amendments that may be executed by the Declarant under the terms of the Declaration or by certain Lot Owners pursuant to the provisions of G.S. 47F-2-118(b), the Declaration may be amended only by affirmative vote or written agreement signed by Lot Owners of Lots to which it leaves sixty-seven percent (67%) of the votes in the Association are allocated or by the Declarant if necessary for the exercise of any development right.
- Section 2. No action to challenge the validity of an amendment adopted pursuant to this section may be brought more than one year after the amendment is recorded.

- Section 3. Every amendment to the Declaration shall be recorded in the Brunswick county Registry and is effective only upon recordation.
- Section 4. Amendments to the Declaration shall be prepared, executed, recorded and certified in accordance with the provisions of G.S.47-41.01.

ARTICLE XIV

AMENDMENT OF BYLAWS

The Bylaws of the Corporation may be amended by majority vote of the members of the Executive Board.

ARTICLE XV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Oyster Harbour Homeowner's Association, Inc. Brunswick County, North Carolina.

ARTICLE XVI

GENERAL AND MISCELLANEOUS PROVISIONS

- Section 1. These Bylaws may be amended, at regular or special meetings of the Members, by a vote of three-fourths (3/4) of all Members.
- 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 and these Bylaws, the Declaration shall control.
- Section 3. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

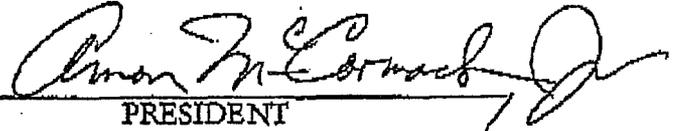
That I am duly elected and acting Secretary of the Oyster Harbour Homeowner's Association, Inc., a North Carolina Corporation; and

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 13th day of September, 2000.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 13th day of September, 2000.

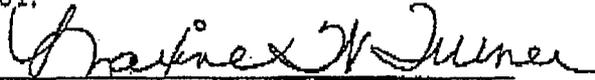
OYSTER HARBOUR HOMEOWNER'S
ASSOCIATION, INC.

BY:


PRESIDENT

ATTEST:

BY:



SECRETARY
(CORPORATE SEAL)