

**Bylaws
of
St. James Plantation Property Owners' Association, Inc.**

As Amended July 2004

Article I – Name and Location

The name of the corporation is St. James Plantation Property Owners' Association, Inc. The principal office of the corporation shall be located at St. James Plantation, Brunswick County, North Carolina, 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.

Article II – Definitions

The following terms, as used herein, shall have the following meanings:

(a) "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Association and any amendments thereto filed in the office of the Secretary of State of North Carolina.

(b) "Association" shall mean and refer to St. James Plantation Property Owners' Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

(c) "Board of Directors" or "Board" shall mean and refer collectively to those persons elected or appointed to act as the directors of the Association.

(d) "Bylaws" means these bylaws of the Association, as they now or hereafter exist.

(e) "Common Properties" shall mean and refer to all real property, together with any improvements thereon, and to all personal property, now or hereafter owned by or leased to the Association or with respect to which the Association holds an easement for the use, care or maintenance thereof, held for the common use and enjoyment of some or all of the Owners as provided herein and/or for other purposes as may be permitted by the Declaration. Common Properties shall include all property designated as "Common Area" on recorded plats and maps of the Development.

(f) "Declarant" shall mean and refer, collectively, to: (a) First St. James, Inc., a North Carolina corporation; (b) successors of First St. James, Inc. or another Declarant by operation of law; and (c) any Persons who are (i) assignees of any or all of a Declarant's rights, (ii) hold title to any portion of the Development or the Additional Property (as defined in the Declaration), and (iii) are designated as a Declarant in a written instrument executed by the assignor Declarant and recorded in the Brunswick County Registry.

(g) "Declaration" shall mean and refer to the Master Declaration of Covenants, Conditions and Restrictions for St. James Plantation recorded in Book 839, Page 453, and all

supplements or amendments made in accordance with the provisions thereof and filed in the Brunswick County Registry.

(h) "Development" shall mean and refer collectively to all of those lots and parcels of land that are subject to the Master Declaration, together with all improvements constructed thereon.

(i) "Member" shall mean and refer to an Owner who is a Member of the Association as provided in the Declaration.

(j) "Owner" shall mean and refer to the Owner as shown on the real estate records of Brunswick County, North Carolina, whether it be one or more Persons, firms, associations, corporations or other legal entities, of fee simple title to any lot or parcel of land in the Development, but shall not mean any Mortgagee, or its successors or assigns, unless and until such Mortgagee has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. In the event that there is of record a deed granting one or more parties a life estate in any lot or parcel of land in the Development, the Owner of such lot or parcel of land in the Development shall be the holder or holders of the life interest, regardless of who holds the fee interest. In the event that there is of record a long-term contract of sale covering any lot or parcel of land in the Development, the Owner of such lot or parcel of land in the Development shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property for a period extending beyond nine (9) months from the date of the contract and where the purchaser does not receive title to the property until such payments are made in full but the purchaser is given the use of said property in the interim.

Article III – Meetings of Members

Section 3.1 Annual Meetings. The annual meeting of the Members shall be held on the second Sunday of October of each year, unless otherwise determined by the Board of Directors. The purposes of the annual meeting shall be to review the budget for the following year, elect directors if any positions are open, and conduct such other business as shall properly come before the meeting.

Section 3.2 Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of Members who are entitled to vote one-fourth ($\frac{1}{4}$) of all the votes of the membership, which request shall state the purpose(s) of the proposed meeting. Business transacted at all special meetings shall be confined to the subject stated in the notice thereof.

Section 3.3 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 such 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.

Section 3.4 Quorum and Voting. The presence at an annual meeting or a duly called special meeting of Members and authorized proxies representing ten percent (10%) of the votes entitled to be cast shall constitute a quorum for any action, except as otherwise required by the Declaration, Articles of Incorporation, or these Bylaws. If a quorum is not present, those present shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. If a quorum is present, the affirmative vote of a majority of the votes cast is the act of the Members, unless a greater vote or voting by class is required by the Declaration, Articles of Incorporation or these Bylaws.

Section 3.5 Proxies; Ballots; Electronic Communication. At all meetings of Members, a Member may vote in person or by proxy. A Member may appoint one or more proxies to vote or otherwise act for the Member by signing an appointment form, either personally or by the Member's attorney-in-fact. In addition, a Member may appoint one or more proxies by an electronic mail message or other form of electronic, wire, or wireless communication that provides a written statement appearing to have been sent by the Member. An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes and is valid for eleven (11) months, unless a shorter period is expressly provided in the appointment. A proxy shall be revocable and shall automatically terminate upon conveyance of the Member's property in the Development. The Association may provide a form of proxy for use by any Member, and the Association may provide a form of ballot for use by a Member to instruct the Member's proxy how to vote on a matter or matters appearing on the ballot. The Association may also provide an internet website or other means for transmittal of proxies and ballots by electronic, wire or wireless communication.

Article IV – Board of Directors; Selection; Term of Office

Section 4.1 Number and Qualifications. The Board of Directors shall consist of five (5) individuals appointed or elected in accordance with these Bylaws. All directors, except those appointed by Declarant, must be Members of the Association.

Section 4.2 Term of Office. A director elected by the Members shall serve for a term of three (3) years, or until such director's successor has been duly elected. Directors shall be elected for staggered terms, such that not more than one half (1/2) of the elected directors' terms shall expire in the same year. A directors appointed by Declarant shall serve until Declarant has appointed a successor, or until the Declarant's right to appoint directors has expired.

Section 4.3 Removal. A director elected by the Members may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. Only Declarant may remove a director appointed by Declarant.

Section 4.4 Compensation. No director shall receive compensation for any service rendered to the Association as a director. However, any director may be reimbursed for actual expenses authorized by the Board.

Section 4.5 Declarant's Right to Appoint Directors. During such time as the Type "C" membership shall exist, as provided in the Declaration, Declarant shall have the absolute right in its sole discretion to appoint a sufficient number of directors to constitute a majority of the Board. When the Type "C" membership shall cease to exist, the then current directors appointed by Declarant shall continue to serve as directors until the next annual meeting of the Association. If the Type "C" membership shall cease to exist and subsequently be reinstated, as provided in the Declaration, Declarant's right to appoint a majority of the directors shall also be reinstated. In addition to the foregoing, when the Type "C" membership shall cease to exist, but for so long as Declarant owns a combined total of at least ten (10) residential lots, dwellings and/or commercial units within the Development, Declarant shall have the absolute right in its sole discretion to appoint one (1) director.

Article V – Appointment and Election of Directors

Section 5.1 Appointment of Directors By Declarant. Declarant shall appoint directors by delivering to any officer of the Association or to the Board a written instrument naming the individual or individuals being appointed. Declarant may remove any director appointed by Declarant by delivering a written instrument to any officer of the Association or to the Board naming the director being removed. Any removal or appointment of a director by Declarant shall be effective immediately upon delivery of such instrument.

Section 5.2 Nomination and Election of Directors by the Members. The nomination and election of directors by the Members shall be conducted as follows:

(a) Prior to each annual meeting at which one or more directors are to be elected, the Board shall appoint a Nominating Committee to receive the names of candidates and make nominations. The Nominating Committee shall consist of three (3) or more Members of the Association. The Nominating Committee shall nominate as many individuals as the committee shall in its discretion determine, but not less than the number of positions that are to be filled. Nominations may also be made from the floor at the annual meeting.

(b) The election of directors shall be by secret written ballot. A Member may cast, in respect to each position for which a director is to be elected, the vote or votes that the Member is entitled to exercise under the Declaration for each property owned by the Member. Notwithstanding that Declarant is entitled to appoint one or more directors, Declarant may still cast the number of votes that Declarant is entitled to exercise under the Declaration for each property owned by Declarant. The candidates receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 5.3 Vacancies. In the event of death, resignation or removal of a director elected by the Members, the Board may elect a temporary director to serve until the Members elect a successor, and at the next annual meeting the Members may elect a successor to serve for the remainder of the unexpired term, if any. In the event of the death, resignation or removal of a director appointed by Declarant, only Declarant may appoint a successor.

Article VI – Meetings of Directors

Section 6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually without notice at such place and time as may be fixed from time to time by the Board.

Section 6.2 Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two directors, upon not less than three (3) days notice to each director.

Section 6.3 Quorum and Voting. A majority of the directors in office immediately before a meeting begins shall constitute a quorum for the transaction of business. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present is the act of the Board.

Section 6.4 Waiver Of Notice. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

Section 6.5 Action by Written Consent. Any action required or permitted by law to be taken at a meeting of directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors, which consent shall be filed with the corporate records.

Article VII – Function, Powers and Duties of the Board of Directors

Section 7.1 Function of the Board of Directors. All corporate powers of the Association shall be exercised by or under the authority of, and the affairs of the Association managed under the direction of, the Board of Directors.

Section 7.2 Powers of the Board. Without limiting the provisions of Section 7.1 above, the Board shall have power to: (a) formulate, adopt, publish and enforce rules and regulations governing the use of the Common Properties and the personal conduct of individuals thereon; (b) suspend voting rights and the right to use Common Properties during any period in which a Member shall be in default in the payment of any assessment levied by the Association, provided that a Member's right to use the Association's streets for access to the Member's property, subject to applicable motor vehicle rules, shall not be suspended; (c) declare the position of a director, other than a director appointed by Declarant, to be vacant in the event such director is absent from three (3) consecutive regular meetings of the Board without consent of the President; and (d) authorize the Association to employ or contract with any person or entity to maintain the Common Properties, manage the administrative functions of the Association, and/or for such other purposes as the Board shall deem appropriate, and to prescribe the duties of any such employees and contractors.

Section 7.2 Duties of the Board. It shall be the duty of the Board of Directors to: (a) cause to be kept a record of its actions and to present a statement thereof to the Members at the

annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (¼) of the Members who are entitled to vote; (b) supervise or oversee the supervision of all officers, agents and employees of the Association, and take appropriate action if their duties are not properly performed; (c) as more fully provided in the Declaration, (1) fix the amount of the annual assessment for each classification of property within the Development, (2) cause written notice of each assessment to be sent to every Owner subject thereto, (3) authorize foreclosure of the lien against any property for which an assessment remains unpaid, or an action at law against the owner personally obligated to pay the same, (4) cause the Association to issue, upon demand by any Owner and for a reasonable charge, a certificate stating whether such Owner's property has any unpaid assessments, (5) cause the Association to procure insurance as required in the Declaration, and (6) cause the Common Properties to be maintained; and (d) exercise its powers in good faith and do and perform such things not expressly prohibited by law, the Declaration, or these Bylaws as are necessary and appropriate to the proper administration and operation of the Association and the Development.

Article VIII – Officers and Their Duties

Section 8.1 Principal Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, who shall be appointed by the Board of Directors at the first meeting of the Board following each annual meeting of the Members, or as soon thereafter as practicable. The principal officers shall serve for a term of one (1) year or until their respective successors are duly appointed. One person may hold any two or more offices at the same time, except for the offices of President and Secretary. The President and Secretary shall be appointed from among the directors of the Association. The Vice President and Treasurer may, but need not, be directors of the Association.

Section 8.2 Other Officers. The Board of Directors may appoint such other officers as the Board shall deem appropriate, or 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. Such other officers may, but need not, be directors of the Association.

Section 8.3 Removal or Resignation. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Any such resignation shall take effect on the date of receipt of the 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 8.4 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 replaces.

Section 8.5 Duties. The duties of the officers are as follows:

(a) President. The President shall preside at meetings of the Board of Directors, and see that orders and resolutions of the Board are carried out.

(b) Vice President. The Vice President shall act in the place and stead of the president in the event of the absence, inability or refusal to act of the President, and shall exercise and discharge such other duties as 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, cause notice of meetings to be sent as required by these Bylaws, and perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall cause to be deposited in appropriate bank accounts all monies of the Association, cause funds to be disbursed as directed by the Board, cause proper books of account to be kept, cause an annual audit of the Association books to be made by an independent accountant, and cause an annual balance sheet and statement of income and expenditures to be made available to the Members.

Article IX – Financial Matters

Section 9.1. Annual Budget. Prior to each annual meeting of the Members, the Board of Directors shall adopt a budget for the following year. The budget shall be presented and reviewed at the annual meeting or at a special meeting of the Members called for that purpose. A vote by the Members is not required and the budget adopted by the Board shall be deemed ratified unless at the meeting of Members a motion is made to reject the budget, and in that event a majority of all the votes entitled to be cast shall be required to reject the budget. If a budget is rejected, the last ratified budget shall be continued until such time that the Members ratify a subsequent budget. The Board shall have authority to make reasonable adjustments in the budget during the year, as the Board shall determine to be necessary or appropriate.

Section 9.2 Fiscal Year; Audit. The fiscal year of the Association shall begin on the first day of January and end on the last day of December. An audit of the accounts of the Association shall be made annually by an independent certified public accountant.

Article X – Committees

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration, and the Board shall appoint a Nominating Committee and a Rules Enforcement Committee, as provided in these Bylaws. The Board may appoint such other committees as the Board shall determine to be appropriate in carrying out the functions of the Association.

Article XI – Rules Enforcement; Fines and Suspension of Privileges

Section 11.1 Architectural and Construction Violations. The Architectural Control Committee shall have authority to enforce the architectural control provisions and construction requirements contained in the Declaration and any applicable restrictive covenants, and the provisions of the Association's design guidelines. As provided in the Declaration, the committee shall consist of not less than three (3) or more than five (5) persons appointed by the Board of

Directors, and the Board shall have the power to remove any appointee at any time without cause. In the event of an observed or alleged violation, a committee or Association representative may issue a notice of violation. A stop work order may also be issued. The committee shall hold a hearing to determine whether a fine will be imposed. The Member who owns the subject property and, if applicable, the contractor shall be given an opportunity to present evidence and notice of the committee's decision. If the Member or contractor does not appear at the hearing the committee may still make a decision. A majority of the committee shall constitute a quorum for the conduct of a hearing and a decision of a majority of those present shall constitute a decision of the committee. The committee may impose a fine of up to \$150 for each violation and, without further hearing or action by the committee, for each day that the violation continues after the decision. Other remedies for noncompliance shall be as described in the Declaration and the design guidelines.

Section 11.2 Other Rules Violations. Except as provided in Section 11.1 above regarding architectural and construction violations, the Rules Enforcement Committee shall have authority to enforce all other rules and regulations of the Association. The committee shall consist of not less than three (3) or more than five (5) persons appointed by the Board of Directors, and the Board shall have the power to remove any appointee at any time without cause. In the event of an observed or alleged violation, a committee or Association representative may issue a notice of violation or take other necessary or appropriate action. If a Member or a person living in a Member's household in the Development is charged with a violation, the Member shall be entitled to a hearing before the committee to determine whether a fine will be imposed or privileges to use the Common Properties suspended. The Member shall be given an opportunity to present evidence and notice of the committee's decision. If the Member does not appear at the hearing the committee may still make a decision. A person who is not a Member or living in a Member's household in the Development is not entitled to a hearing. A majority of the committee shall constitute a quorum and a decision of a majority of those present shall constitute a decision of the committee. The committee may impose a fine of up to \$150 for each violation and, without further hearing or action by the committee, for each day that the violation continues after the decision. The committee may also suspend the right or privilege to use the Common Properties for a period of up to sixty (60) days; provided that a Member's right to use the Association's streets for access to the Member's property, subject to applicable motor vehicle rules, shall not be suspended.

Article XII – Corporate Seal; Books and Records

The Association shall have a seal in circular form having within its circumference the name of the Association. The Association shall maintain appropriate accounting records and records of all meetings and all official actions without meeting of the Board of Directors and the Members. The books and records of the Association, including the Declaration, Articles of Incorporation and these Bylaws, shall be made reasonably available for inspection by any Member. An appointment may be required and a reasonable charge may be made for copies.

Article XIII – Amendments

Except for the provisions hereof relating to the appointment of directors by Declarant, which shall not be subject to amendment without Declarant's written consent, these Bylaws may be amended or repealed and new bylaws adopted by the Board of Directors or by the Members; provided, however, that any amendment which shall materially and adversely affect the validity or priority of the lien of or the rights of Institutional Lenders (as hereinafter defined) holding first mortgage loans on property located within the Development must have the prior approval of such Institutional Lenders. "Institutional Lenders" shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily making loans secured by first liens on real property, and eligible insurers and governmental guarantors.

Article XIV – Conflicts

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