

HARBOUR PLACE AT PIRATE'S COVE HOMEOWNERS' ASSOCIATION, INC.  
BYLAWS

ARTICLE I  
MEMBERS

Section 1: The membership of Harbour Place at Pirate's Cove Homeowners' Association, Inc. shall consist of the owners of units in Harbour Place at Pirate's Cove-A Condominium. Membership shall be established by acquisition of fee title to a Unit whether by conveyance, devise, or judicial decree. A new owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to the unit designated shall be terminated.

Section 2: The first annual meeting of the members shall be held within two years from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day and the same month of each year thereafter.

Section 3: Special meetings of the members may be called at any time by the president or the board, or upon written request of twenty percent (20%) of the members, pursuant to G.S. Sec. 47C-3-108.

Section 4: Written notice of each meeting shall be given by, or at the direction of, the secretary or person(s) authorized to call the meeting, by hand delivering or mailing a copy of such notice, postage prepaid, at least ten (10) days and not more than fifty (50) days before such meeting to each member as provided in Sec. 47C-3-108.

Section 5: Within thirty (30) days after adoption of any

proposed budget for the Condominium, the Board shall provide a summary of the budget to all the Unit Owners. The budget shall be considered at a meeting of the Unit Owners as set forth in G.S. Sec. 47C-3-103(c).

Section 6: The presence at the meeting of members or proxies entitled to cast fifty percent (50%) of the votes shall constitute a quorum for any action except as otherwise provided by law.

Section 7: Every Unit Owner shall be entitled to one vote for each unit owned. Where there is more than one owner of a unit, the vote allotted for such unit shall be exercised in accord with the agreement of a majority in interest. In no event shall there be more than one vote cast per condominium unit.

ARTICLE II  
OFFICERS AND BOARD OF DIRECTORS; SELECTION, TERM OF OFFICE

Section 1: The affairs of the Association shall be managed by a Board of Directors of not less than three (3) members nor more than five (5) members, who shall be entitled to act on behalf of the Association. The number shall be determined by the Unit Owners from time to time.

Subject to the initial period of declarant control as set forth in Article I of the Declaration, nomination for election of the Board of Directors shall be made from the floor at the annual meeting. Election shall be by secret written ballot and by a majority of the Unit Owners when a quorum is present. Cumulative voting is not permitted.

Section 2: At the first annual meeting following the termination of declarant control, three (3) Board members shall be elected to serve until the following annual meeting.

Section 3: Any Board member, except those appointed by the declarant, may be removed in accordance with G.S. Sec. 47C-3-103(b). In the event of death, resignation or removal of a director, his successor shall be selected by a majority of the members voting at a meeting when a quorum is present.

Section 4: No Board member shall receive compensation for any service he may render to the Association. However, with the prior approval of the Board, any Board member may be reimbursed for actual expenses incurred in the performance of his duties.

Section 5: The Board shall have the right to take any action in the absence of a meeting which they could take at a duly held meeting by obtaining the written consent of all the Board members to the action. Any action so approved shall be filed in the corporate books and records and shall have the same effect as though taken at a meeting of the Board.

ARTICLE III  
MEETINGS OF BOARD

Section 1: Meetings of the board shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Special meetings of the Board may be called by any two members of the Board, after not less than five (5) days notice to each Board member.

Section 2: A majority of the Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Board members present at a duly held meeting shall be regarded as the act of the Board.

ARTICLE IV  
POWERS AND DUTIES OF THE BOARD

Section 1: Subject to the provisions contained herein and applicable law, the Board shall have the power and authority to exercise all the rights of the Association, including, but not limited to:

(a) Adopt rules and regulations governing the use of the Common Area and facilities, the personal conduct of the members and their guests thereon, and establish penalties for the infraction thereof.

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

(c) Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(d) Employ a manager, an independent contractor, or other employees as they deem necessary, and prescribe their duties, provided always, any contract for professional management must contain a clause requiring not more than 90 days termination notice;

(e) Procure, maintain and pay premiums on an insurance master policy(s) and assess the Owners of the same for their portion of such expenses in the manner set out in the Declaration;

(f) Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than

for service provided to Unit Owners;

(g) Exercise all other powers that may be exercised in this state by legal entities of the same type as the Association;

(h) Exercise any other powers necessary and proper for the governance and operation of the Association; and

(i) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation law of the State of North Carolina by law may now or hereafter have or exercise.

Section 2: It shall be the duty of the Board to

(a) cause the Common Elements to be maintained, repaired, and replaced as necessary, and to assess the Unit Owners to recover the cost of the upkeep of the Common Elements;

(b) serve as the architectural committee;

(c) keep a complete record of all its acts and corporate affairs and present a statement thereof to the members at the annual meeting, or at any special meeting when such statement is requested in writing by 20% of the members;

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

(e) fix the amount of the annual assessment for common expenses and insurance at least thirty (30) days in advance of each annual assessment period pursuant to the provisions set forth in the Declaration and G.S. Sec. 47C-3-103(c);

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

(g) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date and to bring an action at law against the Owner personally obligated to pay the same.

(h) issue, or have issued, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(i) procure and maintain, at all times, adequate hazard insurance on the property owned by the Association and all property for which the Association has the duty to maintain, and sufficient liability insurance to adequately protect the Association as provided in G.S. Sec. 47C-3-113; and

(j) cause all officers or employees, including officers and employees of professional management, having fiscal responsibilities to be bonded, as it may deem appropriate.

#### ARTICLE V OFFICERS AND THEIR DUTIES

Section 1: The officers of this Association shall be a president, vice-president, secretary/treasurer and assistant secretary if required by the Board. The officers shall be appointed by the Board from among the members of the Board except for the Assistant Secretary who need not be a member of the Board of Directors.

Section 2:

(a) The president shall preside at all meetings of the Board; see that orders and resolutions of the Board are carried

out; sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

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

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; prepare, execute, certify, and record amendments to the declaration on behalf of the Association; and perform such other duties as required by the Board. An assistant secretary shall act in the place of the secretary in the event of his absence, inability or refusal to act.

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the Board; sign all checks and promissory notes (such checks and promissory notes to be co-signed by the president) of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and deliver a copy to each member.

ARTICLE VI  
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 or a mortgagee of any member. The Articles of Incorporation and the Declaration and Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE VII  
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words "Harbour Place at Pirate's Cove Homeowners' Association, Inc." and the words "Corporate Seal - 1999" in the center thereof.

ARTICLE VIII  
AMENDMENT TO BYLAWS

Section 1: These bylaws may be amended, at a regular or special meeting of the members, by a vote of the majority of the members.