

**BYLAWS  
OF THE  
QUEENS HARBOR HOA, INC.**

**ARTICLE I**

**NAME AND LOCATION**

**Section 1.1 Name** The name of the corporation is QUEENS HARBOR HOA, INC., (hereinafter the "Association"). The principal office of the Association shall be located in Onslow County, North Carolina. Meetings of Members and directors may be held in such places within Onslow County, North Carolina, as may be designated by the Board of Directors.

**Section 1.2 Definitions** Terms specifically defined in the Declaration of Covenants, Conditions and Restrictions for Queens Harbor, as may be amended from time to time, and including all attachments (hereinafter referred to as the "Declaration") shall have the same meaning in these Bylaws, unless the context shall otherwise prohibit.

**ARTICLE II**

**MEMBERSHIP AND VOTING RIGHTS**

**Section 2.1 Membership.** Every Owner of a Lot that is subject to assessment by the Association 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.

**Section 2.2 Voting Rights** The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

(a) **Class A Lots.** Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Ownership of a Class A Lot shall entitle the Owners of such Lot to one (1) vote. When more than one person holds an ownership interest in any Lot, all such persons shall be Members, but no more than one vote shall be cast with respect to any Lot. The vote for any Lot shall be exercised as the Members holding an interest in such Lot determine among themselves. In the event of disagreement, the decision of Members holding a majority of the interest in such Lot shall govern. Unless otherwise notified by a co-owner as to a dispute between the co-owners regarding their vote prior to the casting of that vote, the vote of any co-owner shall be conclusively presumed to be the majority vote of the Owners of that Lot but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Class A Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as provided in subparagraphs (1) or (2) below. Declarant shall be entitled to three (3) votes for each Class B Lot owned by Declarant.

(1) Within One Hundred Twenty Days (120) when the total votes outstanding in the Class A membership is seventy-five (75%) percent of the total votes outstanding in the Class B membership, or

(2) On the fifth anniversary of the conveyance of a Lot or other parcel within the development.

### **ARTICLE III**

#### **MEETINGS OF MEMBERS**

Section 3.1 Annual Meetings. The first annual meeting of the Members shall be held within eighteen (18) months from the date of incorporation of the Association. Each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter on the day, at the hour, and at the place specified in the notice of the Members of the meeting.

Section 3.2 Special Meetings. Special meetings of the Members may be called at any time by the President or a majority of the members of the Board of Directors. Special meetings of the Members shall be called upon the written request of the Members entitled to one-fourth (1/4) of the votes appurtenant to the Class A Lots.

Section 3.3 Place of Meetings. Meetings of the Members shall be held at such place within Onslow County, North Carolina, as may be determined by the Board of Directors.

Section 3.4 Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws, 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, to each Member entitled to vote at such meeting, by hand delivery or by mailing a copy of such notice, postage prepaid, 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. Notice shall be mailed or delivered not less than fifteen (15) days nor more than thirty (30) days before the date of the meeting. Such notice shall specify the place, day and hour of the meeting, and, in case of a special meeting, the exact purpose of the meeting, including the text of any proposals to be voted on at such special meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 3.5 Quorum. Except as otherwise provided in the Articles of Incorporation, the Declaration (including, specifically, Section 5 of Article IV thereof) of

theses Bylaws, the presence at a meeting of Members or their proxies entitled to cast fifty percent (50%) of the votes appurtenant to each Class of Lots (Class A and Class B) shall constitute a quorum for any action. If, however, a quorum is not present or represented at any meeting, the Members of their proxies present and entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

**Section 3.6 Proxies** At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association or other person designated at the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot or upon receipt by the Association of written notice of the death or incapacity of the Member who executed the proxy. Any proxy shall be invalid after expiration of eleven (11) months from the date it is executed.

**Section 3.7 Informal Action by Members** Any action may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the minute book of the Association.

## **ARTICLE IV**

### **BOARD OF DIRECTORS**

**Section 4.1 General Powers.** The business and affairs of the Association shall be managed by a Board of Directors.

**Section 4.2 Number Term and Qualification.** The number of directors of the Association shall be increased to five (5), at the first annual meeting. The Members shall elect one director to serve for a term of one year, two directors to serve for a term of two years, and two directors to serve for a term of three years.

At each annual meeting thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) is (are) expiring, to serve for a term of three years (except in the case of the initial election of a director, in which case the term of that director may be shortened to provide for the staggering set forth in this Section, or in the case of the filling of vacancy, in which case the director elected to fill the vacancy shall be elected for the unexpired term of the director whose vacancy is being filled).

The term of office of the directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly-created directorship, the terms of not less than one (1) nor more than three (3) directors shall expire at each annual meeting. Each director shall hold office until his death, resignation, retirement, removal,

disqualification, or his successor is elected and qualified. Directors need not be members of the Association.

The Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of directors of the Association, provided, however, that the number of directors may not be increased to more than seven (7) nor decreased to less than three (3), respectively, without amendment of these Bylaws.

**Section 4.3**   **Nomination.**   Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each 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 no less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

**Section 4.4**   **Election.**   Except as provided in Section 6 of this Article, the directors shall be elected at the annual meeting of the Members by secret written ballot. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these Bylaws. The person(s) receiving the highest number of votes shall be elected. Cumulative and fractional voting is not permitted.

**Section 4.5**   **Removal.**   Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association.

**Section 4.6**   **Vacancies.**   A vacancy occurring in the Board of Directors may be filled by the selection by the remaining directors of a successor, who shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to be filled by the directors.

**Section 4.7**   **Compensation.**   No director shall receive compensation for any service he may render to the Association in the capacity of director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

## ARTICLE V

### MEETINGS OF DIRECTORS

**Section 5.1 Regular Meetings.** Regular meetings of the Board of Directors shall be held at least annually, without notice, and at such place and hour as may be fixed from time to time by resolution of the Board. Should the date of such meeting fall on a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

**Section 5.2 Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two directors, after not less than three (3) days notice to each director.

**Section 5.3 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 the majority of the directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board.

**Section 5.4 Informal Action by Directors.** Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

**Section 5.5 Chairman.** A Chairman of the Board of Directors shall be elected by the directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the President, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

## ARTICLE VI

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

**Section 6.1 Powers.** The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of the Members and their guests thereon and establishing penalties for infractions thereof, and adopt and publish rules and regulations interpreting the restriction and covenants applicable to the Properties;

(b) suspend a Member's voting right during any period in which he shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after such notice and hearing as the Board, in its sole

discretion, shall establish, for a period not to exceed 60 days, for infraction of the published rules and regulations of the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(d) 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 without good cause;

(e) employ a manager and such other employees and independent contractors as it deems necessary and prescribe their duties, and contract with a management company to manage the operation of the Association. Any contract entered into with a management company must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days notice and any management contract made with the Declarant shall be for a period not to exceed three (3) years;

(f) employ attorneys, accountants and other persons or firms to represent the Association when deemed necessary;

(g) grant easements for the installation and maintenance of any sewage, utility or drainage facilities upon, over, under and across the property owned by the Association without the assent of the Members when such easements are necessary for the convenient use and enjoyment of the Properties;

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient.

Section 6.2    Duties. It shall be the duty of the Board of Directors 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 at any special meeting when such statement is requested in writing at least five (5) working days before such meeting by Members entitled to at least one-fourth (1/4) of the votes appurtenant to the Class A Lots;

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment twenty-five (25) days before January 1 of each year;

(2) send written notice of such assessment to every Owner subject thereto at least fifteen (15) days before January 1 of each year; and

(3) as to any Lot for which an assessment is not paid within thirty (30) days after it becomes due, bring an action at law against the Owner personally obligated to pay the assessment and/or foreclose the lien against such Lot;

(d) issue, or cause an appropriate officer of the Association to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be established by the Board of Directors for the issuance of such certificate. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment;

(e) procure and maintain adequate liability insurance covering the Association in an amount not less than \$1,000,000.00 and adequate hazard insurance on the real and personal property owned by the Association, if any;

(f) procure and maintain directors' and officers' liability insurance;

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

(h) if it deems necessary or if directed by the Members to do so, establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the improvements constructed on the Common Area or for which the Association is otherwise responsible;

(i) provide such notices to and obtain such consents from the owners and holders of first deeds of trust on Lots within the Properties as is required by the Declaration or these Bylaws;

(j) pay all ad valorem taxes and public assessments levied against the real and personal property owned in fee by the Association;

(k) hold annual and special meetings and elections for the Board of Directors; and

(l) prepare annual budgets and financial statements for the Association and make same available for inspection by the Members at all reasonable times.

## ARTICLE VII

### OFFICERS AND THEIR DUTIES

Section 7.1 Enumeration of Offices. The Officers of the Association shall be a President, who shall at all times be a member of the Board of Directors, a Vice President, a Secretary, a Treasurer, and such other officers as the Board may from time to time by resolution appoint.

Section 7.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 7.3 Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, be removed, or be otherwise disqualified to serve.

Section 7.4 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.

Section 7.5 Resignation and Removal. Any officers may be removed from office with or without cause, by the Board. Any officer may resign at any time by giving written notice to the 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 otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.6 Vacancies. A vacancy in any office may be filled by the Board. The person appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7.7. 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 other offices, except in the case of special offices created pursuant to Section 7.4 of this Article.

Section 7.8. Duties. The duties of the officers are as follows:

(a) President. The President shall: preside at all meetings of the Board of Directors and of the Members; see that orders and resolutions of the Board are carried out; sign all leases, promissory notes, mortgages, deeds and other written instruments; and, in the absence of the Treasurer, sign all checks.



(b) **Vice President.** The Vice President shall act in the place and stead 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) **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 corporate seal of the Association and affix it on all papers requiring a seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association and their addresses; and perform such other duties as required by the Board.

(d) **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all funds of the Association and disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; issue, or cause to be issued, all requested certificates setting forth whether the assessments applicable to a specific Lot have been paid; cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members; and, if directed by resolution of the Board of Directors, sign all checks of the Association.

## **ARTICLE VIII** **COMMITTEES**

**Section 8.1 Covenants Committee.** The Executive Board may establish a Covenants Committee, and if so, shall establish such committee pursuant to Section 8.4 below.

**Section 8.2 Nominations Committee.** The Executive Board may establish a Nominations Committee as set forth in Section 4.3 (a) of these Bylaws.

**Section 8.3 Architectural Control Committee.** The Executive Board may establish an Architectural Control Committee, and if so, shall establish such committee pursuant to Section 8.4 below. If established, the Architectural Control Committee shall perform such duties and responsibilities as are set forth in the Declaration regarding architectural control. If no Architectural Control Committee is established by the Executive Board, the Executive Board shall have all of the duties and responsibilities regarding architectural control set forth in the Declaration.

**Section 8.4 Committees of the Board.** The Executive Board, by resolution of a majority of the number of directors in office, may designate two or more directors to constitute an Executive Committee and such other committees as the Board shall deem advisable, each of which, to the extent authorized by the North Carolina Nonprofit Corporation Act and provided in such resolution, shall have and may exercise all of the authority of the Executive Board in the management of the Association. Each committee

member serves at the pleasure of the Executive Board. The provisions of these Bylaws governing meetings, action without meeting, notice and waiver of notice, and quorum and voting requirements of the Executive Board apply to any committees of the Executive Board established pursuant to this Section. The designation of any committee of the Executive Board and the delegation thereto of the Board's authority shall not operate to relieve the Executive Board, or any member thereof, of any responsibility imposed upon him or her by law.

**Section 8.5 Other Committees.** Other committees not having and exercising the authority of the Executive Board in the management of the Association may be designated by resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Such committee shall have such duties and responsibilities as may be set forth in the resolution designating the committee.

## **ARTICLE IX**

### **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 his agent. The Declaration, the Articles of Incorporation, and the 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 X**

### **ASSESSMENTS**

As more fully provided in Article V of the Declaration, each Member is obligated to pay to the Association Regular Assessments, Sewer Assessments and Special Assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments that are not paid when due shall be delinquent. Any assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors shall from time to time establish, and if not paid within thirty (30) days after the due date, shall bear interest from the due date at the rate of twelve (12%) percent per annum or the highest rate allowed by law, whichever is less. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorney's fees of any such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse or by abandonment of his lot.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.1. Corporate Seal.** The Association shall have a seal in a circular form having within its circumference the words: QUEENS HARBOR HOA, INC.; and such seal, as impressed in, the margin hereof, is hereby adopted as the corporate seal of the Association.

(SEAL)

These By-Laws may be amended or repealed and new bylaws adopted at any regular or special meeting of the Members, by the affirmative vote of two-thirds of the votes cast at such meeting, subject to normal quorum requirements.

No bylaw adopted or amended by the Members shall be amended or repealed by the Board of Directors, except to such extent that such bylaws expressly authorizes its amendment or repeal by the Board of Directors.

**Section 11.3 Conflicts.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

### Section 11.4 Indemnification

(a) Any person who at any time is serving or has served as a director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan, shall be indemnified by the Association to the fullest extent permitted by law, including specifically the indemnification provided by the provision of the North Carolina Nonprofit Corporation Act, including but not limited to indemnification against (i) reasonable expenses, including attorneys' fees actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (ii) reasonable payments made by him in satisfaction of any judgment, money decree, fine penalty or settlement for which he may become liable in any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by the provisions of this Section 11.4(a), including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for

indemnity acted and of the reasonable amount of indemnity due him and if required, giving notice to, and obtaining approval by, the Members of the Association.

Any person who at any time serves or has served in any of the aforesaid capacities for, on behalf of, or at the request of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided under this Section 11.4(a). Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of the Bylaw.

If the North Carolina Nonprofit Corporation Act is subsequently amended to eliminate or further limit the personal liability of directors or to authorize corporate action to eliminate or further limit such liability, then the liability of the directors of this Association shall, without any further action of the Board of Directors or the Members of the Association, be eliminated or limited to the fullest extent permitted by the North Carolina Nonprofit Corporation Act as amended.

(b) The Association shall have the power to purchase and maintain insurance on behalf of any person who is serving or has served as a director, officer, employee or agent of the Association, or who is serving or has served in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprise or, at the request of the Association, as a trustee or administrator under any employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would otherwise have the power to indemnify him against such liability.

(c) In addition to the indemnification authorized under the provision of Section 11.4(a) and 11.4(b) of the Article XI and under the provision of the North Carolina Nonprofit Corporation Act, the Association, acting pursuant to a resolution adopted by its Board of Directors, may by contract agree to indemnify any person who at any time is serving or has served as a director, officer, employee or agent of the Association, or in any such capacity at the request of the Association in any other corporation, partnership, joint venture, trust or other enterprises or, at the request of the Association, as a trustee or administrator under any employee benefit plan, against liability and reasonable litigation expenses, including attorneys' fees, arising out of his status as such or his activities in any of the foregoing capacities before or after the date on which the contract is executed; PROVIDED, HOWEVER that the Association may not agree under any such contract to indemnify any such person against any liability or litigation expense he may incur in relation to matters as to which he shall have been adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason or willful misconduct in the performance of duty.


(d) Any repeal or modification of the foregoing provisions of this Section 4 shall not affect any rights or obligations then existing with respect to any state of facts then or therefore or thereafter brought based in whole or in part on any such state of facts.

(e) This Section is intended to provide indemnification solely for actions taken by a person in his/her capacity as an officer or director of the Association. Nothing herein shall be deemed to provide indemnification to any person for liability that may result from that person's ownership of property within the Properties.

Section 11.5 Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31<sup>st</sup> day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 11.6 Gender. Any use of the masculine gender in these Bylaws shall be construed to include the feminine gender. Any use of the singular shall be construed, as appropriate, to include the plural.

IN WITNESS WHEREOF, we, being all of the Directors of Queens Harbor HOA, Inc., hereunto set our hands this 1<sup>st</sup> day of April, 2011.

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_