

BYLAWS - SEA RIDGE PROPERTY OWNERS ASSOCIATION, INC. - PAGE 1

Article I: Name and Location

These Bylaws are for the Sea Ridge Property Owners Association, Inc., a North Carolina corporation, referred to hereafter as the "Association". The Association includes the property owners of Lots 1 through 40, Sea Ridge Subdivision, Duck, North Carolina (the "Sea Ridge Lots") as shown on that certain subdivision plat entitled "Sea Ridge", recorded in Map Book 9, page 47, Dare County Public Registry; and the property owners of Lots 1 through 4, Osprey Subdivision, Section 1, Duck, North Carolina, as shown on that certain plat recorded in Plat Cabinet A, slide 68, Dare County Public Registry.

Article II: Definitions

The definitions section contained in the Declaration of Covenants, Conditions, and Restrictions for the Subdivision, hereafter referred to as the "Declaration", shall apply with equal force and effect to these Bylaws.

Section 1. Purpose - The Association has all the powers set forth in the Articles of Incorporation and all other powers provided by Chapter 55A of the North Carolina General Statutes.

Section 2. Activities - The activities of the Association include but are not limited to: the holding of annual and other meetings; establishing a Board of Directors, Officers, and Committees; developing and approving budgets and membership assessments; hiring of contractors to carry out maintenance and other work on the common properties; and undertaking projects to better the subdivision.

Section 3. Membership - Each owner of one of the aforementioned lots in Sea Ridge and Osprey Section 1 will automatically be a member of the Association.

Section 4. Votes - Each member lot will carry one vote - provided they are in good standing. Co-owners of one lot must share that lot's one vote.

Section 5. Compliance - Members are expected to abide by the rules and regulations of the subdivision as outlined herein and in the Declaration.

Section 6. Good Standing - Requires that the member is current on payment of their assessments as outlined in Article IX.

Article III: Meetings of Members

Section 1. Annual Meetings - The Association will hold an annual membership meeting in the Duck, North Carolina area. While traditionally on the 1st Saturday after Thanksgiving, by majority vote, the Board may elect to change the timing, provided the membership is so advised in writing at least 60 days in advance of the meeting. Because the Association and the Osprey Association have so many mutual interests, including the Osprey and Sea Ridge Pool Joint Venture, it is key that the meetings of both Associations be held jointly.

Section 2. Special Meetings - By majority vote of the Board, a special membership meeting may be called, again with 60 days written notice to members. A special meeting may also be called by majority vote of the membership.

Section 3. Notice of Meetings - The Board will send the members a written reminder announcement of the annual meeting at least 30 days in advance. This announcement will advise of meeting time, and location, and provide a preliminary topic agenda. A proxy will be included as outlined below.

Section 4. Quorum - A quorum (majority) of members will be required for voting. This can include members present plus any not present who have provided their proxy to another member or the Board.

Section 5. Proxies - Will be solicited by the Board in advance of all meetings.

Article IV: Board of Directors

Section 1. Number of Directors and Qualification - The Association will have a three person Board of Directors, hereafter referred to as the "Board", comprised of Association members. While property ownership is the only required qualification for Board membership, other considerations for membership include: commitment to contribute time, previous business experience/skills, and ability to be in Duck for meetings, or to identify/work issues. Diversity of board membership is encouraged.

Section 2. Election of Board Members - At the annual meeting potential Board members may be nominated by Association members or Board members, or volunteer to be considered. Normally one new Board member will be elected by majority vote of the Association members each year.

Section 3. Term of Office - To maintain rotation on the board, normal term length will be three years. However, by majority Association membership vote, individual Board members or the entire board may be reelected with no limitation on the number of times a person may be reelected.

Section 4. Special Appointments - The President may appoint new Board members during the year if vacancies occur.

Section 5. Resignation and Removal - Resignations of Board membership should be provided to the Board in writing. A Board member may be removed by majority vote of the Association members.

Article V: Board Meetings

Section 1. Regular Meetings - The Board will regularly meet in advance of the annual association meeting, and again after the meeting.

Section 2. Special Meetings - May be called by any Board member with 30 days written notice.

Section 3. Quorum - Two of the three Board members will constitute a quorum. For Board action on major decisions, agreement of two of the Board members is required, but consensus of all three is encouraged.

Section 4. Action Without Meeting - Any decisions may be made with unanimous agreement of the members without a meeting. Decision must be in writing.

Article VI: Board Powers and Duties

The Board will provide overall management of the Association, subdivision roadways, and common properties, as outlined in this document and the Declaration. This will include electing officers from its membership, developing budgets and membership assessments, hiring of contractors to carry out maintenance and other work, and undertaking projects to better the subdivision.

Article VII: Board Officers and Duties

Section 1. Remuneration - Officers will not receive a stipend or be reimbursed for normal travel expenses. However, with agreement of the other officers, an officer may be reimbursed for significant out-of-pocket costs associated with Association work including phone, postage, and document preparation/duplication costs.

Section 2. Election of Officers - Officers will be elected by the Board annually following the Association meeting. By mutual agreement each Board member will generally assume one office. Selection of office should be influenced by experience on the Board, skills, and interest.

Sections 3. Term of Officers - Officers will automatically serve one year, but may serve longer.

Section 4. Special Appointments - The President may appoint officers during the year if vacancies occur.

Section 5. Resignation and Removal - Resignations of officer assignments should be provided to the board in writing. An officer may be removed by agreement of the remaining two officers.

Section 6. Multiple Offices - A Board member may hold multiple offices with the agreement of the other board members. Note that the President or Vice President cannot also be Secretary.

Section 7. Duties of the Officers - The primary duties of the Board officers are listed below. These assignments may be realigned by mutual agreement of the officers.

(A) President:

- (a) Establish Association policy and serve as primary contact for contractors and members.
- (b) Establish Standing Committees, appoint members to serve on them, and provide guidance to them.
- (c) Moderate Association and Board meetings.
- (d) Act as primary Association decision maker for day-to-day operation, in keeping with authority granted by these bylaws and the Declaration.

(B) Vice President:

- (a) Carry out the President's duties when required.
- (b) Prepare and maintain a list of key Association Project Focus Areas for the current and upcoming year.
- (c) Coordinate key projects at the request of the President.

(C) Secretary/Treasurer:

- (a) Prepare the Agenda for the Association Meeting and manage meeting logistics.
- (b) Prepare a proposed annual budget and resulting assessments.
- (c) Develop written Mid-Year and Year-End Board Reports to Owners.

Article VIII: Standing Committees

Section 1. Osprey and Sea Ridge Pool Committee - This committee is comprised of two pool members from the Osprey Association and two from the Sea Ridge Association. One Committee member will be appointed by each Association President each year to serve a two year term. Note that Pool membership is separate from Association membership and requires capital investment and annual dues payments by members as outlined in the Osprey and Sea Ridge Pool Joint Venture Agreement. The Pool Committee will establish pool policy, rules, budgets, and assessments, and guide and monitor the Pool Management Company and any other sub contractors as outlined in the Joint Venture Agreement.

Section 2. Architectural/Aesthetics Committee - This committee is comprised of members from both the Sea Ridge Association and Osprey Association, as appointed by the Presidents of each Association. This committee will assist the Associations, Boards, and Association architects in performing architectural reviews of new homes or modifications to existing homes, as well as monitor Declaration compliance and propose changes to the Declarations for action by the Associations.

Article IX: 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 on the property against which such assessments are made. All annual assessments shall be paid as designated by the Board of Directors. Any assessments not paid when due are considered delinquent. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of any assessment due. No owner may waive or otherwise escape liability for assessments by nonuse of the common properties or abandonment of his lot or dwelling unit.

Article X. Fiscal Management

Section 1. Fiscal Year - The Association will operate on a 12 month calendar year.

Section 2. Books and Accounts - Books and Accounts will be maintained by the Board or a Property Management Company in accordance with any applicable laws of the State of North Carolina and standard accounting practices.

Section 3. Audits - Annual audits of the books as maintained by the Property Management Company will be conducted by or for the Board. These may be carried out by qualified Board members, other qualified Association members, or an outside audit firm.

Section 4. Use of Contractors - The Board is authorized to hire contractors to carry out Association business including, maintaining records, maintenance, and other projects. These will include but are not limited to maintenance companies, pool management companies, etc. Specifically, this includes the use of a property management company to carry out the day-to-day work of the Association including collecting of assessments, securing of bids, engaging of subcontractors, payment of bills, maintaining Association books and accounts, etc. All contractors will work under the direction of the President, and not be placed in any policy making roles. Multiple bids will normally be sought for major work.

Section 5. Execution of Corporate Documents - Board Officers are authorized to execute Corporate documents consistent with the laws of the State of North Carolina.

Article XI: Amendments

These Bylaws may be amended by a vote of the majority of the Association members in good standing, present in person or in proxy, at any regular or special meeting called with due notice. A statement of any proposed amendments shall accompany the notice of any regular or special meeting at which such proposed amendment or amendments shall be voted on.

Article XII: Corporate Seal

The Association shall have a seal in a circular form having within its circumference the words: Sea Ridge Property Owners Association, Inc."

Article XIII: Robert's Rules of Order

The rules contained in the most recent edition of Robert's Rules of Order shall govern this Corporation in all meetings and in all cases to which they are applicable, so long as such rules are not inconsistent with these Bylaws or any special rules or order established by the Board.

Article XIV: Conflicts

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

Article XV: Approval

These original bylaws have been drafted by the Board of Directors of the Association. They will become effective once signed below by the Board President and Secretary.

Approved: John Wander 10/17/97
President - Sea Ridge POA Date

Approved: Rick Ferris 10/17/97
Vice President - Sea Ridge POA Date

Approved: Art Keyes 10/17/97
Secretary - Sea Ridge POA Date

blx 10/25/97
HGL