

BY-LAWS  
OF  
THE QUAY OWNERS ASSOCIATION, INC.  
A Non-Profit Corporation

1. IDENTITY. These are the By-laws of The Quay Owners Association, Inc., hereinafter called the Association, a non-profit corporation organized under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State on the 5th day of October, 1983. The Association has been organized for the purpose of administering a condominium pursuant to Chapter 47A, North Carolina General Statutes, which are herein called the Unit Ownership Act, which condominium is identified by the name of The Quay Condominium and is located at Mile Post 14, U.S. Highway 158 Business, East/side, Nags Head, North Carolina 27959.

The office of the Association shall be at Mile Post 14, U.S. Highway 158 Business, East/side, Nags Head, North Carolina 27959. The registered office of the corporation shall be at Mile Post 14, U.S. Highway 158 Business, East/side, Nags Head, North Carolina 27959, or such other place within the State of North Carolina, as may from time to time be fixed and determined by the Board of Directors.

The seal of the corporation shall bear the name of the corporation, the words "North Carolina," and the words "Non-Profit Corporation".

2. MEMBERS MEETING.

A. The annual members meeting shall be held at the time and place selected by the Board of Directors and provided that each unit owner is given 30 days advance notice of said meeting. Said meeting will be for the purpose of electing directors and transacting any other business authorized to be transacted by the members.

B. Special members meeting shall be held whenever called by the President or Vice President, or a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast fifty-one (51%) percent of the votes of the entire membership.

C. Notice of all members meetings, stating the time and place and the object for which the meeting is called, shall be given by the President or Vice President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten days nor more than sixty days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meetings may be waived before or after meetings.

D. A quorum at members meetings shall consist of persons entitled to cast a majority of the votes of the entire membership in person or by proxy. If any meeting of the members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting for at least twelve days; and an adequate notice of the new date shall be given as described in Paragraph C of this section. Business of the meeting shall require an affirmative vote of 2/3 of the votes present in person or by proxy.

E. In any meeting of the members the owner of each apartment is entitled to cast one vote.

If an apartment is owned by one person, his right to vote shall be established by the record title to his apartment. If an apartment is owned by more than one person, the person entitled to cast the vote for the apartment shall be designated by a certificate signed by all of the record owners of the apartment and filed with the Secretary of the Association. If an apartment is owned by a corporation, the person designated to cast the vote for the apartment shall be designated by certificate of appointment signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. Such certificate shall be valid until revoked, or superseded by a subsequent certificate, or until a change in the ownership of the apartment concerned. A certificate designating the person entitled to cast a vote of an apartment may be revoked by any owner thereof.

F. Votes may be cast by person or by proxy. Proxies may be made by any person entitled to vote. They shall be valid for only the particular meeting designated and must be filed with the Secretary before the appointed time of the meeting.

G. The order of business at the annual members meeting and as far as practicable at all other members meetings shall be: the President Presiding and;

- (1) Election of the Board of Directors
- (2) Approval of the annual budget
- (3) Report of Officers and Committees
- (4) Such other business as the Board shall place on the agenda for the meeting

H. Until the Developer of the condominium, herein call Developer, has completed and sold all but one of the apartments of the condominium or until March 31, 1984, or until the Developer elects to terminate his control of the condominium, whichever first shall occur, there shall be not meeting of members of the Association unless a meeting is called by the Board of Directors. This shall apply to Phase I of the Condominium only.

### 3. DIRECTORS.

A. The affairs of the Association shall be managed by a Board of not more than nine Directors, the exact number to be determined at the time of the election, by the members at the first meeting of the Association after completion of the project. If Phase II is not activated then such election shall be held on or before March 31, 1984.

B. Election of Directors shall be conducted at the annual members meeting. A nominating committee of three members shall be appointed by the Board of Directors not less than 30 days prior to the annual members meeting. The committee shall nominate one person for each Director serving. Additional nominating for Directorship and Directors may be made from the floor. The election shall be by ballot (unless dispensed with by unanimous consent), and by plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting. Subject to the provisions of Article VII of the Articles of Incorporation.

C. Except as to vacancies provided by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining Directors.

D. Any Director may be removed by concurrence of two-thirds of the vote of the entire membership attending in person or by proxy at a special meeting of the members called for that purpose. A vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

E. Until the Developer has completed and sold all but one of the apartments of the condominium or until March 31, 1984, or until the Developer elects to terminate its control of the condominium, whichever shall first occur, the first Directors of the Association named in the Charter shall serve, and in the event of vacancies, the remaining Directors shall fill the vacancies and if there are no remaining Directors, the vacancies shall be filled by the Developer.

F. The term of each Director's service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected or until he is removed in the manner elsewhere provided.

### 4. DIRECTORS MEETINGS.

A. The organizational meeting of a newly-elected Board of Directors shall be held within ten days of its election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary providing a quorum shall be present, at the meeting at which said Board shall have been elected.

B. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph at least three days prior to the day named for such meeting. Meetings shall be at least quarterly.

C. Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of one-third of the Directors. Notice of the meeting shall be given personally or by mail, telephone or telegraph at least three days prior to the day named for such meeting, which notice shall state the time, place and purpose of the meeting.

D. 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, by signature to the minutes of such meeting.

F. A quorum at Directors meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number of Directors is required by the Declaration of Condominium, herein called the Declaration, the Articles of Incorporation, or these By-Laws. If at any meeting of the Board of Directors less than a quorum is present, the majority of those present may adjourn the meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

G. The order of business at Directors' meetings shall be

- (1) Election of Officers after the annual meeting
- (2) Such other business as may properly come before the Board of Directors for the benefit and consideration of the members and the administration of the condominium

#### 5. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

A. All of the powers and duties of the Association existing under the Unit Ownership Act, the Declaration, the Articles of Incorporation, and these By-Laws shall be exercised exclusively by the Board of Directors, its agents, contractors, or employees, subject only to approval by apartment owners when such is specifically required. Compensation of employees of the Association shall be fixed by the Directors. A Director may be an employee of the Association, and a contract for management of the condominium may be entered into with a Director.

B. Other powers and duties to be executed by the Board of Directors shall include but shall not be limited to the following, as provided in the Declaration:

- (1) Operation, care, upkeep and maintenance of the common elements;
- (2) Determination of the amounts required for operation, maintenance and other affairs of the condominium;
- (3) Collection of the common charges from the Unit owners;
- (4) Employment and dismissal of the personnel, as necessary for the efficient maintenance and operation of the condominium;
- (5) Adoption and amendment of rules and regulations covering the details of the operation and use of the condominium property and use of parking spaces;
- (6) Opening of bank accounts on behalf of the condominium and designating the signatories required therefor;
- (7) Obtaining insurance for the condominium property, including the apartment units pursuant to the Declaration of Condominium; and
- (8) Making repairs, additions and improvements to, or alterations of, the condominium property, and repairs to and restoration of the property in accordance with the other provisions of these By-Laws and the Declaration of Condominium, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

C. Limitation Upon the Power of the Board of Directors - Any member of the Association, aggrieved by an action of the Board of Directors affecting all members of the Association such as the adoption of a budget may upon the joinder of at least 25% of the membership of the Association notify the President of the Association to call a special meeting for reconsideration of such Board action. Due notice of such meeting shall be given all members at least 20 days in advance of such meeting and the Board's action may be nullified by an affirmative vote at such meeting of 75% of all members of the Association.

## 6. OFFICERS.

A. The executive office of the Association shall be a President, who shall be a director, a Vice President, who shall be a Director, a Treasurer, a Secretary, and an Assistant Secretary, all of whom shall be elected annually by the Board of Directors and who may be removed by vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary or Assistant Secretary. The Board of Directors may from time to time elect other officers to exercise such powers and duties as the Board shall find to be required to manage the affairs of the Association. Compensation of officers shall be fixed by the Board of Directors.

B. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of an association, including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

C. The Vice President shall in the absence or disability of the President exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

D. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law or as instructed by President or Vice President. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the Directors or the President. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

E. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices and shall perform all other duties incident to the office of Treasurer.

F. Terms of Office - Officers shall be elected annually at the first Board of Directors meeting following the annual meeting. Directors may be elected annually or may be elected to staggered terms established by a vote at an annual meeting of 66% of all votes cast.

7. ACCOUNTING. The funds and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

A. "Current Expenses"; which shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements, or to operations.

B. "Reserve for Deferred Maintenance", which shall include funds for maintenance items which occur less frequently than annually.

C. "Reserve for Replacement", which shall include funds for repair or replacement required because of damage, depreciation, or obsolescence.

D. "Additional Improvements", which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which will be part of the common elements.

E. "Common Profits", of the property if any and shares in the event of termination shall be in accord with percentage of ownership in the common areas.

8. BUDGET. The Board of Directors shall adopt a budget for each calendar year which shall include the estimated funds required to defray common expenses and to provide funds for the account listed in Section 7 of these By-Laws.

Until the developer has completed and sold all but one of the apartments of the condominium, or until March 31, 1984, or until the Developer elects to terminate its control of the condominium, whichever shall first occur, the Board of Directors may omit from the budget all allowances for contingencies and reserves. Copies of the budget shall be transmitted to the members not more than 50 days or less than 20 days prior to the annual meeting for consideration of the budget, and then if the budget is subsequently amended, a copy of the amended budget shall be furnished each member.

All references to the Developer in the establishment of the Owners Association before March 31, 1984, refers to Phase I in all cases. The turnover for Phase II will be provided in the amended Declaration.

9. ASSESSMENTS.

A. Assessments against the apartment owners for their share of the items of the budget shall be made at the annual meeting. Such assessments shall be due in twelve equal installments beginning on the first day of June of the year for which assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefore may be amended at any time by the Board of Directors, the unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be paid over the remaining months in the year.

B. If an apartment owner shall be in default in the payment of any installment upon an assessment, the Board of Directors may institute collection of the same according to the Declaration of Condominium.

C. Assessments for common expenses or emergencies which cannot be paid from the annual assessment shall be made by the Board of Directors. After notice of such assessment, the assessment shall become effective, and it shall be due after 30 days notice thereof in such manner as the Board of Directors may determine.

D. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the moneys of the Association shall be deposited. Withdrawal of moneys from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

E. An audit of the accounts of the Association shall be made annually by a certified public accountant, and upon request, a copy of the report shall be furnished to each member not later than 90 days after the end of the fiscal year for which the report is made.

F. Fidelity bonds may be required by the Board of Directors from all persons handling or responsible for Association funds in such amount as shall be determined by the Board. The premiums on such bonds shall be paid by the Association.

10. PARLIAMENTARY RULES. Roberts' Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Declaration, the Articles of Incorporation, or these By-Laws.

11. AMENDMENTS. These By-Laws may be amended in the following manner:

A. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.


B. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meetings considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere

provided, such approvals must be by at least 66% of the entire membership of the Board of Directors and by not less than 66% of the votes of the entire membership of the Association; or by at least 66% of the votes of the entire membership of the Association. Until the first election of Directors, all Directors must approve any amendment.

C. No amendment shall discriminate against any apartment owner or against any apartment or class or group of apartments unless the apartment owners so affected shall consent. No amendment shall change any apartment nor the share in the common elements appurtenant to it, nor increase the owner's share of the common expenses, no change the voting rights of members, unless the record owners of all apartment units and all record owners of liens thereon shall join in the execution of the amendment. All unit owners shall be bound to abide by any amendment so adopted.

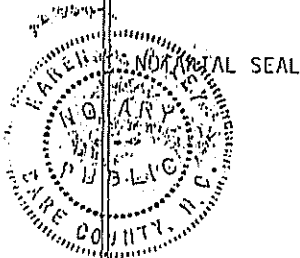
D. A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Public Records of Dare County, North Carolina.

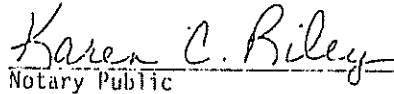
The foregoing were adopted as the By-Laws of The Quay Owners Association, Inc., a non-profit corporation, organized and existing under the laws of the State of North Carolina, at the first meeting of the Board of Directors on the 10th day of October, 1983.

  
Secretary

NORTH CAROLINA  
DARE COUNTY

C. Howard Cliborne personally appeared before me this 10th day of October, 1983, and stated that this is a true copy of the By-Laws of the Quay Owners Association, Inc, as adopted by the initial Board of Directors.



  
Notary Public

My commission expires: 10-26-86

Definitions -- The terms used herein and in the By-laws of the Association attached as Exhibit "V" shall have the meanings stated in the Unit Ownership Act, North Carolina General Statute 47A, except as modified or extended, and when it is plainly evident from the context that a different meaning is intended:

- A. "Apartment building" means one of a group of single freestanding structures [each of which contains six "units" or "condominium units" as those terms are defined by N.C.G.S. 47A-3(12)] comprising a part of the "property" as that term is defined by N.C.G.S. 47A-3(10).
- B. "Apartment unit" means "unit" or "condominium unit" as defined by N.C.G.S. 47A-3(12), and includes the parking area underneath each unit as shown on the Plans and Specifications.
- C. "Apartment unit owner" means a person, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns an apartment within any apartment building.
- D. "Condominium elements" means "common areas and facilities" as defined by N.C.G.S. 47A-3(2).
- F. "Limited common elements" means "limited common areas and facilities" as defined by N.C.G.S. 47A-3(7).
- G. "Association" means The Quay Owners Association, Inc., a non-profit corporation composed of all the apartment unit owners to act as the "association of unit owners" as that term is defined by N.C.G.S. 47A-3(1).
- H. "By-laws" means the by-laws now or hereafter adopted or amended for The Quay Association, Inc.
- I. "Article" means the Articles of Incorporation of The Quay Owners Association, Inc., a non-profit organization existing under the laws of the State of North Carolina, as said articles may be amended from time to time.
- J. "Declarant" shall mean Seawatch Ltd, or any successor in interest by merger or by expressed assignment of the rights of the Declarant hereunder by instrument executed by the Declarant, and recorded in the office of the Register of Deeds of Dare County, North Carolina.
- K. "Declaration ". The word "Declaration" as used in the documents shall mean that Declaration of Unit Ownership which may be hereinafter referred to as Declaration, Declaration of Unit Ownership, or Declaration of Condominium.
- L. "Management Agreement" shall mean that agreement between the Association, acting by and through its Board of Directors, or by and through its members, and any person, firm or corporation providing for the maintenance of the properties of the condominium.
- M. "Occupant" shall mean any person or persons in possession of a unit.
- N. "Original Deed" shall mean the deed the Declarant first records after the date hereof which conveys a unit conveyed by the Declarant, excluding, however, any deed which conveys the entire interest in the condominium then held by the Declarant, which expressly recites that it is not an original deed within the meaning of this Declaration, and that it is intended to substitute the grantee as Declarant hereunder, and which includes an expressed assignment of the rights of the Declarant under this Declaration.
- O. "Owner" shall mean and include the grantee or grantees named in each original deed to a unit or the successive owner of such unit so conveyed by Declarant, or the Declarant with respect to any unit not conveyed.

- P. "Person" shall mean any individual person, corporation, partnership, association, trust, or any other legal entity or any combination thereof.
- Q. "Purchaser" shall mean any individual person, corporation, partnership, or other legal entity, including his or its heirs, assigns, or successors, who purchase a unit from the Declarant.
- R. "Rental of a Unit Owner's Property". If a unit owner's property is foreclosed by reason of failure to pay assessments, the unit owner may be required to pay a reasonable rental fee for the unit for such time as he may desire to use the same subject to such other regulations as may be provided in the By-Laws of the Association.
- S. "Plans and Specifications" are those engineering drawings prepared by Best & Associates, A.I.A. filed in Unit Ownership Book 2, Pages 164-175.
- T. "Developer" is SeaWatch, LTD, a North Carolina Partnership.