BYLAWS

OF

STILLWATER HARBOUR PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE 1
NAME AND LOCATION

The name of the corporation is Stillwater Harbour Property Owners' Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located in the County of Craven, State of North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, County of Craven, as may be designated by the Board of Directors.

ARTICLE 2
DEFINITIONS

2.1 **"Articles"** shall mean and refer to the Articles of Incorporation of Stillwater Harbour Property Owners' Association, Inc., said Articles being of record in the Office of the Secretary of State of North Carolina.

2.2 **"Association"** shall mean and refer to Stillwater Harbour Property Owners' Association, Inc., its successors and assigns.

2.3 **"Common Area"** shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

2.4 **"Declarant"** shall mean and refer to Stillwater Investment Group, LLC, its successors and assigns, a North Carolina limited liability company.

2.5 **"Declaration"** shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties, dated September 14, 2010, and recorded in the Office of the Register of Deeds of Craven County, North Carolina, in Book 2941, at Page 510.

2.6 **"Lot"** shall mean and refer to any numbered lot shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Prepared By
Sumrell, Sugg, Carmichael, Hicks and Hart, P.A.
Attorneys at Law
416 Pollock Street
New Bern, North Carolina 28560

2.7 **"Member"** shall mean and refer to those persons entitled to membership as provided in the Declaration and the Articles of Incorporation of the Association.

2.8 **"Owner"** shall mean and refer to the record owner, whether one or more persons or entitles, of the fee simple title to any Lot which is a part of the Properties, including contract sellers but excluding those having such interest merely as security for the performance of an obligation.

2.9 **"Properties"** shall mean and refer to that certain real property described in the Declaration and such additions thereto as may hereinafter be brought within the jurisdiction of the Association.

ARTICLE 3
MEETINGS OF MEMBERS

3.1 **Annual Meetings.** The first annual meeting of the members shall be held the first Friday in May following the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the first Monday in May of each year thereafter, at the hour of 7:00 P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. Change Date & Time Article 3 page 9 State laws

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 the members who are entitled to vote ten percent (10%) of all of the votes of the Association.

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 ten (10) days but not more than sixty (60) 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.

3.4 **Quorum.** The presence at the meeting of members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes of the Association shall constitute a Quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such Quorum shall not be present or represented at any meeting, the members 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 as aforesaid shall be present or be represented. Every act or decision done or made by a majority of the members present at a duly held meeting at which a quorum is present shall be regarded as the act of the membership.

3.5 **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 at least twenty-four (24) hours before the appointed time for the meeting. Every proxy shall be irrevocable and shall automatically cease upon conveyance by the member of the lot corresponding to his proxy.

3.6 **Consideration of Annual Budget.** At least before the annual meeting of the members, the Board of Directors shall adopt a proposed budget and shall provide to all the Owners a copy of the budget or a summary of the budget and a notice with the notice of the annual meeting of the members that the ratification of the budget will be considered during said meeting, including a statement that the budget may be ratified without a quorum. The annual meeting of the members shall be held not less than 10 or more than 60 days after mailing of the copy or summary of the budget and notice. The budget is deemed ratified at such meeting unless at that meeting 67% of all the Owners in the Association reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

ARTICLE 4
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

4.1 **Number.** The affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association.

4.2 **Term of Office.** The term of office for each director, shall be one (1) year. Directors shall be elected at the annual meeting of the members, except as may be otherwise provided for in the Articles.

4.3 **Removal.** Except a director appointed by Declarant pursuant to Article 6 of the Articles of Incorporation, any director may be removed, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by a majority vote of the members of the Association and shall serve for the unexpired term of his predecessor.

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

4.5 **Action Taken Without A Meeting.** The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE 5
NOMINATION AND ELECTION OF DIRECTORS

5.1 **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. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) 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 not less than the number of vacancies that are to be filled. Such nomination may be made from among members or non-members.

5.2 **Election.** Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles. The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

ARTICLE 6
MEETINGS OF DIRECTORS

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

6.2 **Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) directors, after not less than three (3) days notice to each director.

6.3 **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 a 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.

ARTICLE 7
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 **Powers.** The Board of Directors shall have the power to:

A. adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof; and

B. suspend the voting rights, and right to the use of any recreational facilities or common areas, 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 hearings, as provided in the Declaration, for the infraction of published rules and regulations; and

C. exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration; and

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; and

E. employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties; and

7.2 **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 by twenty percent (20%) of the members of the Association; and

B. supervise all officers, agents and employees of the Association, and to see that their duties are properly performed; and

C. as more fully provided in the Declaration and Articles of Incorporation, to:

1. fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; and

2. send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

3. bring an action at law against the Owner of property for which any assessment is not paid within thirty (30) days after the due date.

D. issue, or cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made at the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment; and

E. procure and maintain adequate liability and hazard insurance on property owned by the Association; and

F. cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

G. cause the Common Area to be maintained.

ARTICLE 8
OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers. The officers of the Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, who need not be but may be members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

8.2 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.

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

8.4 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.

8.5 Resignation and Removal. Any officer may be removed from the 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 any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.6 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.

8.7 Multiple Officers. 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 officers created pursuant to Section 4 of this Article.

8.8 Duties. The duties of the officers are as follows:

A. **President.** The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes.

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 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, and shall perform such other duties as required by the Board. The Board may also appoint an Assistant Secretary in its sole discretion.

D. **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; keep proper 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 represented to the membership at its regular meeting, and deliver a copy of each to the members. The Board may also appoint an Assistant Treasurer in its sole discretion.

ARTICLE 9
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. The Declaration, the Articles of Incorporation and the By-Laws 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 10
ASSESSMENTS

Each member shall pay to the Association, annual and special assessments as determined by the Board of Directors. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of the delinquency at the legal rate of interest, and the Association may bring an action at law against the Owner personally obligated to pay the same, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such

assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE 11
SEAL

The Association shall have a seal in circular form having within its circumference the words: STILLWATER HARBOUR PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE 12
AMENDMENTS

12.1 These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

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

ARTICLE 13
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFIED TO BE A TRUE AND ACCURATE COPY.

BY: Lisa D. Bayliss
LISA D. BAYLISS, Secretary

Date: September 15, 2010

S:\SERVER01\LSS\LSSDOCS\00005259 000 DOC