

**BY-LAWS**  
**OF**  
**HATTERAS BY THE SEA HOMEOWNERS ASSOCIATION**

**ARTICLE I**  
**NAME AND LOCATION**

The name of the corporation is the Hatteras by the Sea Homeowners Association, hereinafter to as the "Association". The principal office of the corporation shall be located at 57378 Lighthouse Road - West, Dare County, NC 27943, but meetings of Members and directors may be held at such places within the State of North Carolina, County of Dare, as may be designated by the Board of Directors.

**ARTICLE II**

Section 1.     **"Association"** shall mean and refer to the Hatteras by the Sea Homeowners Association, its successors and assigns. The Association may also be known as "Hatteras by the Sea Property Owners Association."

Section 2.     **"Properties"** shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, as it may be amended from time to time.

Section 3.     **"Common Area"** shall mean all real property including improvements thereto owned by the Association for the common use and enjoyment of the Owners.

Section 4.     **"Lot"** shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated or undedicated streets.

Section 5. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Hatteras by the Sea Associates, a North Carolina limited partnership, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Dare County, North Carolina.

Section 8. "Member" shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the Declaration and in Article III, Section 1 of these By-Laws.

### **ARTICLE III**

#### **MEMBERSHIP AND PROPERTY RIGHTS**

Section 1. Membership. Every Owner of a Lot which is subject to assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot subject to assessment. The voting rights of the Members shall be as provided by the Declaration.

Section 2. Property Rights. Each Member shall be entitled to the use and enjoyment of the facilities as provided in the Declaration. Any Member may delegate his or her rights of enjoyment of the Common Area and facilities to the members of his or her family, his or her tenants, or contract purchasers who reside on the property.

## ARTICLE IV

### MEETING OF MEMBERS

Section 1.     Annual Meetings. The annual meeting of the Members shall be held on a Saturday during the months of February, March or April, as determined by the Board.

Section 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 one-fourth (1/4) of all the votes of the Members.

Section 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 30 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. Waiver by a Member in writing of the notice required herein, signed by him or her before or after such meeting, shall be equivalent to the giving of such notice.

Section 4.     Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one third of the votes of Members 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.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and may be held by any other Member. Proxies shall be filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot.

## ARTICLE V

### BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of seven (7) Directors, who need not be Members of the Association.

Section 2. Term of Office. At the spring, 2004 meeting of Members, the Members shall elect seven (7) directors. The term of office of the directors receiving the two highest plurality of votes shall be established at three (3) years, the term of office of the two (2) directors receiving the next two highest plurality of votes shall be established at two (2) years, and the term of office of the other three (3) directors shall be established at one (1) year. Ties shall be broken by a drawing of lots. Thereafter, directors shall be elected at each annual meeting of Members to replace those directors whose terms are expiring, and the term of office of the directors so elected at the annual meeting of the Members each year shall be for three (3) years, expiring at the third annual meeting following his or her election, and thereafter until his or her successor is duly elected and qualified.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association present in person or by proxy at a meeting of Members at which there is a quorum. In the event of removal of a director, his or her successor shall be elected by the Members at that same meeting, and shall serve for the unexpired term of his or her predecessor. In the event of death or resignation of a director, his or

her successor shall be elected by the Members at the next annual or special meeting and shall serve for the unexpired term of his or her predecessor.

Section 4.     Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his or her duties.

Section 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 VI

### NOMINATION AND ELECTION OF DIRECTORS

Section 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 of Members. The Nominating Committee shall consist of a Chairperson, 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 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 nominations may be made from among Members or non-members.

Section 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 Declaration.

The person(s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## ARTICLE VII

### MEETINGS OF DIRECTORS

Section 1.     Regular Meetings. Regular meetings of the Board of Directors shall be held at such periodic intervals as may be established by the Board of Directors from time to time, without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2.     Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any three (3) directors, after not less than two (2) days' notice to each director, which notice may be sent by priority mail, fax or e-mail or, if the notice is given at least seven (7) days in advance, by regular mail.

Section 3.     Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business, present either in person, via conference call or as otherwise permitted by law. 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 VIII

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1.     Powers. The Board of Directors, which shall oversee the business of the Association, shall have 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;

