

BYLAWS OF
OLD NAGS HEAD COVE ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION OF CORPORATION

The name of this corporation is Old Nags Head Cove Association, Inc. The principal office of the Association shall be located in the Old Nags Head Cove Clubhouse, Old Nags Head Cove, Nags Head, Dare County, State of North Carolina. The Corporation may have such other offices within Old Nags Head Cove, Nags Head, Dare County, State of North Carolina, the Board of Directors may designate.

ARTICLE II

Section 1. ADMISSION TO MEMBERSHIP

Every party or person, their heirs, legal representatives, successors or assigns, who shall become the owner of any lot in Old Nags Head Cove and has complied with ARTICLE II, Section 6, shall be afforded the privilege of voting membership in the Old Nags Head Cove Association, Inc. The membership shall consist exclusively of owners of property in the community.

There shall be one voting member for each "lot" regardless of the number of persons who may have ownership interest in said lot. The voting member, in such cases, shall be that member designated in writing to the Association.

Section 2. ASSOCIATE MEMBERS

Persons in the "Roanoke Sound Shores" desirous of membership, or persons who rent on an annual basis from an Association member are eligible for membership. Associate members will pay dues as established by the Board of Directors. They shall have no voting privileges.

Section 3. PRIVILEGES OF MEMBERS

Members and their spouse and their children or legal wards having the same principal residence as the member shall have the license to use the common areas and facilities subject to the provisions of the Declaration of Restrictive Covenants and subject to such other rules, conditions, and fees as may be established from time to time by the Board of Directors.

Section 4. GUESTS

A guest is an individual present on common property at the invitations of a member and is subject to the Rules and Regulations of the Association.

Section 5. LESSEES

Lessees of homes owned by members with the right to use common properties will be offered the use of those same common properties subject to the provisions of Rules and Regulations, terms, conditions and fees as set by the Board of Directors.

Section 6. SUSPENSION OF PRIVILEGES OF MEMBERSHIP

The Board of Directors may suspend the privileges of membership for:

- (a) Any period that the association membership dues are unpaid.
- (b) Any infraction of the published Rules and Regulations, Restrictions and Covenants or laws of incorporation and the Nags Head Town ordinances or Declared Emergency order (such as natural disaster, public health or safety related order).
- (c) Any continuance of violation following written notice given by the Board of Directors to the member in violation.

Privileges may be reinstated by the Board of Directors when the payment of dues or fines has occurred or when any violation has been corrected.

ARTICLE III

Section 1. DISTRIBUTION OF ASSETS AFTER TERMINATION

No member of this Association shall have, as an individual, any interest or title to the assets of the Association. And, such assets shall be devoted exclusively to the purposes of the Association

Section 2. DISSOLUTION

In the event of dissolution or other termination of this Association, all of its assets shall be distributed in accordance with ARTICLE IX of its Corporate Charter pursuant to a plan of distribution which shall be adopted by the members of the Association and which shall be in accord with the appropriate revenue provisions of the Internal Revenue Service and the Department of Revenue of the State of North Carolina, such plan being selected and approved by the Board of Directors.

Section 3. ASSESSMENTS

Property owners, present and future, shall pay their fair share of the County and City taxes on the common properties, utility charges to operate the common properties, upkeep and maintenance on the common properties and administrative overhead of these collections and business concerning these properties, plus the cost of the insurance required to protect Old Nags Head Cove Association. This assessment shall be due on or before May 1st of the year for which the assessment is 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 assessment and payment thereon shall be due on or before May 1 until changed by amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefor may be amended at any time by the Board of Directors, if the accounts of the amended budget do not exceed the limitations thereon for that year. Any account which does exceed such limitations shall be subject to the approval of the membership of the Association heretofore required. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be due upon the date of the assessment if made on or before May 1.

Section 4. ASSESSMENTS FOR EMERGENCIES

Assessments for common expenses of emergencies which cannot be paid from the annual assessments for common expenses shall be made only after notice of the need therefor to the lot owners. After such notice and upon approval in writing by persons entitled to cast more than one-third of the votes of the lot owners, the assessment shall become effective, and it shall be due after thirty (30) days' notice thereof in such manner as the Board of Directors of the Association may require.

ARTICLE IV

CORPORATE SEAL

The Board of Directors shall provide a suitable corporate seal containing the name of the corporation, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by the Treasurer or an Assistant Secretary or Assistant Treasurer or the corporate attorney.

ARTICLE V

MEETINGS OF MEMBERS

Section 1. PLACE OF MEETINGS

Meetings of the membership shall be held at the principal office or place of business of the Corporation or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. ANNUAL MEMBERS' MEETINGS

The annual members' meeting shall be held at of office of the Association on a Saturday in May and at an hour designed by the Board of Directors each year for the purpose of electing directors and of transacting any other business authorized to be transacted by the members. Meeting may be rescheduled do to federal, state, county, or town stay at home orders in conjunction with a Declared Emergency (such as a natural disaster, health or safety order).

Section 3. SPECIAL MEETINGS

Special meetings shall be held whenever called by the President or Vice-President or by 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 one-tenth of the votes of the entire membership.

Section 4. MEMBERS' MEETINGS

Notice of all members meetings stating the time and place and the objects 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 (including address for contact by electronic means if owner has provided such) as it appears on the books of the Association and shall be mailed not less than ten (10) nor more than fifty 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 meeting may be waived before or after meetings.

Section 5. QUORUM

A quorum at either a special meeting or the Annual Meeting shall be the members entitled to cast at least ten percent (10%) of the votes at such meeting in person or by proxy. The vote of a majority of those present in person or by proxy and entitled to vote at any meeting at which a quorum is present shall be necessary for the adoption of any matter to be voted upon by the members, unless a greater proportion is required by law.

Section 6. ADJOURNED MEETINGS

If any meeting of 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 from time to time until a quorum is present.

Section 7. PROXIES

In all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary.

Section 8. VOTING

In the event that any lot is owned by more than one person, the owners of such lots shall execute and deliver to the Secretary of the Association a certificate duly executed by all of such owners designating the person who shall be authorized to cast the vote allocated to the owners of said lot or to signify approval or disapproval of any matter on behalf of the lot owners. Said certificate shall be valid until revoked by a subsequent certificate. Unless and until said certificate is filed with the Secretary of the Association, the vote of such owners shall not be considered for the purpose of determining a quorum or for any other purpose.

The requirements of this Section shall not apply if there are no more than two owners and said owners are husband and wife.

Section 9. ORDER OF BUSINESS

The order of business at the annual members' meetings, and, as far as practical at all other members meetings, shall be:

- (a) Calling of the roll and certifying of proxies.
- (b) Proof of notice of meeting or waiver of notice and reading of pertinent communications.
- (c) Reading and disposal of any unapproved minutes.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

- (i) Questions and/or discussion from floor.
- (j) Adjournment.

Section 10. INFORMAL ACTION BY MEMBERS

Unless otherwise provided by law, any action required to be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All the powers and duties of the Association existing under these Bylaws shall be exercised exclusively by the Board of Directors, its agents' contractors or employees, subject only to approval by property owners when such is specifically required. Such powers and duties of the Directors shall include but shall not be limited to the following, subject, however, to the provisions of these Bylaws, Restrictions and Covenants and the Articles of Incorporation.

- (a) To collect assessments from members to defray the costs and expenses of the Association.
- (b) To use the proceeds of assessments in the exercise of its powers and duties.
- (c) The maintenance, repair, replacement and operation of the common property.
- (d) The purchase of insurance upon the Association property and insurance for the protection of the Association and its members and liability for Board members.
- (e) The reconstruction of improvements after casualty and the further improvement of the property.
- (f) To make and amend reasonable regulations and to levy use fees respecting the use of the property of the Association.
- (g) To enforce by legal means the provisions of the Bylaws and the regulations for the use of property of the Association.
- (h) To employ personnel to perform the services required for proper operation of the Association property, executing contracts as necessary. All written

contracts shall be signed by the contractor, the President, and the Secretary of the Board of Directors.

- (i) To approve or disapprove of the transfer, mortgage or ownership of the property of the Association upon approval of two-thirds of the Board of Directors,
- (j) provided that written notice of the same has been mailed to each member at his last known address at least twenty (20) days prior to the date of such
- (k) closing, provided the decision conforms with Article III, Section 2 of these Bylaws.
- (l) Directors will serve without remuneration for their services.

Section 1. NUMBER, TENURE AND QUALIFICATIONS

- (a) In order to qualify as a Director, the party must comply with Article II, Section 1 of these Bylaws.
- (b) The number of directors of this corporation shall be a minimum of six and a maximum of nine. Initially, three of whom shall be elected for a term of one year, three for a term of two years and three for a term of three years. From the initial election the rollover system will apply so that the initial members elected for a one-year term will be replaced in the second year by a member who will serve three years. Each year three will be members who have served their initial term and will always be replaced by a member willing to serve a three year term. (Revised May 29, 1999 Annual Meeting)
- (c) No director will serve more than a partial term vacancy plus two consecutive full terms.

Section 2. DESIGNATION OF DIRECTORS

The designation of directors shall be in the following manner:

- (a) The directors shall be elected by ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast at the Annual Meeting of the members of the Association. Each person shall be entitled to vote for as many nominees as there are vacancies to be filled.
- (b) Except as to vacancies provided by removal of directors by members, Vacancies on the Board of Directors occurring between annual meetings of members shall be filled by the remaining board.

- (c) Any director may be removed by concurrence of two-thirds of the members of the Association present at a special meeting of the members called for that purpose. The vacancy on the Board of Directors so created shall be filled by the members of the Association at the same meeting.

Section 3. PARTICIPATION

- (a) Any member of the Board of Directors, or Board Committees, may participate in a meeting of the Board, Executive Committee or standing committee by means of a conference telephone or any other electronic communications equipment by means of which all persons participating in the meeting can hear one another. Participation in a meeting in this manner constitutes presence in person at the meeting.
- (b) Attendance is a prerequisite to continued membership on the Board. All members are required to attend no less than fifty percent (50%) of the meetings of the Board of Directors during the association year. Failure by a Director to maintain the required attendance shall constitute automatic resignation from the Board as of August 31st of the year in which the Director fails to maintain the required attendance. (Goal is 100% attendance)

Section 4. VACANCIES

If any vacancy exists on the Board, such vacancy shall be filled by the remaining directors even though those remaining directors might be less than a quorum. Any person so named a director shall serve until the next annual election, at which time a director will be elected to serve the unexpired portion of the term.

Section 5. ORGANIZATION MEETING

The organization meeting of a newly elected Board of Directors shall be held within fourteen (14) days of their 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 organization meeting shall be necessary.

Section 6. REGULAR MEETINGS

- (a) The regular meetings of the Board of Directors will be open meetings and notice of the meeting will be posted on the bulletin board in the clubhouse and the association website no less than seven (7) days prior to the meeting. Notice of the regular meeting will be given to each director personally or by telephone, email, or regular mail no less than seven (7) days prior to the meeting.

- (b) There shall be time allotted on the agenda of the regular meeting for a discussion period. Members must submit in writing to the Board of Directors the purpose of their business and amount of time needed (not to exceed 15 minutes) at least three (3) days before the meeting.

Section 7. NOTICE

Notice of any special meeting shall be given at least three days previously thereto by written notice delivered personally or mailed to each director at his business/home address or by electronic communication. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon to be paid. If notice be given by electronic communication and is opened such notice shall be deemed to be delivered. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 8. WAIVER OF NOTICE

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.

Section 9. ACTION WITHOUT MEETING (UNANIMOUS CONSENT)

Unless prohibited by law, any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if authorized in writing and signed by all of the directors who would be entitled to vote upon said action at a meeting, and filed with the Secretary of the Association.

Section 10. QUORUM

A majority of the directors shall constitute a quorum to transact business of a Board, and the act of the majority of the directors present at any meeting shall be deemed to be the act of the Board.

Section 11. RESIGNATIONS

Any director may resign at any time by giving written notice to the President or the Secretary of the Association. Such resignation shall take effect at the time specified therein, or if no time is specified therein, at such time as the resignation is received by the President or Secretary of the Association.

Section 12. PRESUMPTION OF ASSENT

A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof.

Section 13. ADJOURNED MEETINGS

If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. PRESIDING OFFICER

The presiding officer of the directors meeting shall be the President; and in their absence the Vice-President. In the absence of the President and Vice-President, the directors present shall designate one of their number to preside.

ARTICLE VII

THE OFFICERS

Section 1. OFFICERS

The officers of the Association shall be the President, one or more Vice-Presidents, the Secretary, the Treasurer and such other officers and assistant officers as the Board may from time to time elect. Any member of the Association in good standing may hold office. Officers shall serve at the will of the Board. Any two or more offices may be held by the same person, except the office of President and Secretary. If more than one Vice-President shall be elected, there shall be a designation as the First Vice-President and Second Vice-President insofar as authority to act in the absence of the President.

Section 2. ELECTION AND TERM OF OFFICE

The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Directors at their first meeting held after each Annual Meeting of the membership. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until their successor shall have been duly elected and shall have qualified or until their death or until they shall resign.

Section 3. PRESIDENT

The President shall have all of the powers and duties which are usually vested in the office of President of an association, including but not limited to the power to appoint chairs from among the members from time to time, as they may in their discretion determine appropriate, to assist in the conduct of the affairs of the Association; i.e., nominating, audit, budget and architectural review.

Section 4. VICE-PRESIDENT

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

Section 5. SECRETARY

The Secretary shall (a) keep the minutes of the members' and of the Board of Directors meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of the Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a registry of the post office address of each member which shall be furnished to the Secretary by each member; (e) have general charge of the membership books of the corporation; and (f) in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to them by the President or by the Board of Directors. An Assistant Secretary shall perform the duties of the Secretary which the Secretary is absent.

Section 6. TREASURER

The Treasurer shall (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be directed by the Board of Directors; (c) in general perform all the duties incident to the office of the Treasurer, and such other duties as from time to time may be assigned to them by the President or by the Board of Directors and (d) shall provide all necessary materials for the audit and budget committees. An Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent.

Section 7. OLD NAGS HEAD COVE RECORDS

All records pertinent to the operation of the corporation are to be kept secure in the principal office of the ONHC Association, Inc. with appropriate electronic backup.

Section 8. REMOVAL

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 9. VACANCIES

A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

ARTICLE VIII

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

Any person who is involved without his consent in any legal action due to the fact that he is or was a director, officer, or employee of the Association shall be indemnified by the Association against all expenses reasonably incurred by him in connection with or resulting from such legal action. Such expenses shall also include amounts paid by him with the consent of the Association acting through its Board of Directors in reasonable settlement of such actions except for those matters as to which it shall be determined that such person was derelict in the performance of his duties to the Association. This right of indemnification shall apply to matters arising both before and after the time of adoption of these Bylaws and shall not exclude any other legal right of indemnification to which such person may be entitled.

ARTICLE IX

MISCELLANEOUS

Section 1. CONFLICT

These Bylaws are subordinate and subject to all provisions of the Declaration of Protective Covenants and Agreements as recorded in Book 176, Page 385, Dare County Registry; the Articles of Incorporation; and the General Statutes of North Carolina. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration, said Articles of Association

or said Statutes. Every provision of these Bylaws shall be construed, if possible, so as not to conflict with said Declaration or the Articles of Incorporation.

Section 2. SEVERABILITY

In the event that any provision or provisions of these Bylaws shall be determined to be invalid, void, or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 3. WAIVER

No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 4. WAIVER OF NOTICE

Whenever any notice is required to be given to any Association member or Director by law, by the charter or by these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 5. CAPTIONS

The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

ARTICLE X

This corporation is organized on a non-profit basis for the use and benefit of its members and consequently will not have profits from which to pay dividends. After all expenses of the corporation have been paid, the net earnings of the corporation shall be accumulated in a surplus fund for the purpose of replacing, enlarging, or extending the common properties and for such other purposes as the Board of Directors may determine to be for the best interest of the corporation.

ARTICLE XI

**OBLIGATION TO COMPLY WITH RULES, BYLAWS, RESTRICTIVE COVENANTS
AND CORPORATION CHARTER**

Section 1.

Each member and associate member of the Association and others shall abide by the provisions of these Bylaws as well as any regulation adopted by the Board of Directors of the Association pursuant to these Bylaws. Failure to do so shall justify the Board in imposing sanctions upon such member or associate member as in herein provided, and if necessary, to take legal action against the violator.

Section 2.

The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board of Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall only be checks signed by such persons as are authorized by the Board. The Board of Directors at its organizational meeting following the Annual Meeting of ONHCA will adopt a signatory resolution designating the officers and agent authorized to sign contracts, invoices, commitments, and checks authorized by the Board. The signatory resolution will state which items, and amounts above which multiple signatures are required.

ARTICLE XII

These Bylaws may be amended by a majority vote of the Board of Directors and shall be effective from and after their presentation at an annual or special meeting of the Association providing that the call for said meeting contains the full proposed amendment. The Board's authority to amend the Bylaws in accordance with this procedure is subject to the provision contained in the Charter of the Association which provides that no such amendment, decision or alteration shall be made which is contra to the Declaration of Restrictive covenants and agreements hereinbefore referred to.

Revised: _____

Certified Correct:

_____ ; Secretary

_____ ; President

