

**BYLAWS
OF
SOUTH HARBOUR STATION UOA, INC.**

**A Corporation not for profit under the
laws of the State of North Carolina**

Article I

GENERAL INFORMATION

1. Name and purpose. The name of the Corporation shall be **SOUTH HARBOUR STATION UOA, INC.**, and the purpose of said Association shall be the management of an owner's association for **SOUTH HARBOUR STATION CONDOMINIUM, A Condominium Development**, including, but not limited to, the ownership of and management of the use of the Common Areas, the maintenance of the Common Areas, including but not limited to open space, driveways, parking areas, lighting, and landscaping, and the setting of assessments for the upkeep of same. Further, the Association shall have the right, and the obligation if required by Point Associates, LLC, to join and become a dues-paying member of the South Harbour Master POA, Inc., as is described and defined in the Master Declaration of Covenants, Conditions, and Restrictions for South Harbour Village, and all amendments thereto and ratifications thereof, which Master Declaration is recorded in Book 2104 at Page 574 of the Brunswick County, North Carolina, Registry. It is understood and agreed that by instrument recorded in Book 2409 at Page 500 in the said Brunswick County Registry, the Association did confirm, ratify, and adopt the said Master Declaration, and is therefore bound by the terms of said Declaration and, further, ha become a dues-paying member of the said South Harbour Master POA, Inc.

2. Applicability. The provisions of these By-Laws are binding on all owners of condominium units in SOUTH HARBOUR STATION CONDOMINIUM, A Condominium Development, their tenants, guests, invitees, agents, employees, grantees, successors and assigns.

3. Definitions. The definitions of the terms used herein shall be the same as the definitions set out in the Declaration of Condominium to which these Bylaws are or may be attached, and the Master Declaration above noted.

4. Conflict with Articles of Incorporation. Should there

be determined to be any conflict between the terms of these Bylaws and the Articles of Incorporation of the Corporation, the terms and conditions of the said ARTICLES OF INCORPORATION shall control and take precedence in any such conflict.

Article II

OFFICES

Section 1. PRINCIPAL OFFICE: The principal office of the Corporation shall be located in Brunswick County at 5001 O'Quinn Blvd., Unit J, Southport, N.C. 28461.

Section 2. REGISTERED OFFICE: The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office. The registered office shall be located in Brunswick County, North Carolina, at 5001 O'Quinn Blvd., Unit J, Southport, N.C. 28461.

Article III

BOARD OF DIRECTORS

Section 1. GENERAL POWERS: The business and affairs of the Corporation shall be managed by the Board of Directors.

Section 2. NUMBER, TERM AND QUALIFICATION: Except for the initial Board of Directors, which shall consist of up to three (3) Directors (each serving a three year term), the affairs of the Association shall be managed by a Board of up to five (5) Directors. Also with the exception of the initial Board of Directors who do not have to be unit owners, all future Directors shall each be unit owners within the development. Other than for the initial Board, succeeding Boards shall be elected as follows: The members shall elect five (5) Directors for staggered terms of office. By way of illustration, at the first Annual Meeting after Declarant's right to appoint a majority of the Board of Directors expires, the Members shall elect three (3) Directors to serve a two (2) year term and two (2) Directors to serve a one (1) year term. Thereafter, all members of the Board of Directors shall be elected for two (2) year terms.

Section 3. ELECTION OF DIRECTORS: Except as provided in Section 2 of Article III above, the Directors shall be elected at the annual meeting of the Association. Those persons who receive the highest number of votes shall be deemed to have been elected. In the event any vacancy shall occur because of death,

resignation, incapacity to act, or removal of a Director, the members shall, within a reasonable time, fill the vacancy.

Section 4. REMOVAL: Except for the initial Board, Directors may be removed from office with or without cause by a majority of the members of the Association. If any Directors are so removed, new Directors may be elected at the same meeting.

Section 5. VACANCIES: A vacancy occurring in the Board of Directors shall be filled by a vote of the majority of the members of the Association, even though less than a quorum. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

Section 6. COMPENSATION: Members of the Board of Directors may not be compensated for their services in fulfilling their duties to the corporation.

Section 7. INDEMNIFICATION OF DIRECTORS AND OFFICERS: Each present and former Director and officer of the Corporation shall be indemnified by the Corporation against expenses reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit or proceeding to which he or she may be made a party by reason of his or her being or having been an officer or Director of the Corporation (whether or not he or she continues in that capacity at the time of incurring such expenses), except in disputes between himself or herself and the Corporation; and in those events, he or she shall be entitled to indemnification should a court of competent jurisdiction find the Corporation to be at fault. The foregoing right of indemnification shall inure to the benefit of the legal representatives of any such person, and shall not be exclusive of other rights to which any Director or officer may be entitled as a matter of law.

Article IV

MEETINGS OF THE DIRECTORS

Section 1. REGULAR MEETINGS: The first regular meetings of each newly elected Board of Directors shall be held immediately after adjournment of the meeting at which they were elected provided a quorum is present. Subsequent regular meetings of the Board of Directors will be held at such time and place as may be fixed from time to time by resolution of the Board of Directors.

Section 2. SPECIAL MEETINGS: Special meetings of the Directors may be called at any time by the President, on or at such other place, as shall be designated in the notice of the

meeting agreed upon by a majority of the Directors entitled to
vote thereat.

Section 3. NOTICE OF MEETINGS: Written or printed notice stating the time and place of the meeting shall be delivered not less than five (5) or more than fifty (50) days before the date thereof, either personally or by mail, by or at the direction of each President, Secretary or other person calling the meeting, to each member of record entitled to vote at such meeting. In case of an annual or substitute meeting, the notice of meeting need not specifically state the business to be transacted. In case of a special meeting, the notice of meeting shall not necessarily state the purpose or purposes for which the meeting is called. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 4. QUORUM: A majority of the duly elected or appointed and qualified Directors of the Association shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. A majority of the Directors present at any meeting, whether or not a quorum is present, may adjourn the meeting from time to time without notice, other than announcement at the meeting, until a quorum shall attend.

Section 5. MANNER OF ACTING: Except as otherwise provided in this Section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. INFORMAL ACTION BY DIRECTORS: Action taken by a majority of the Directors without meeting is nevertheless Board action if written consent to the action in question is signed by all the Directors, and filed with the Minutes of the proceedings of the Board, whether done before or after the action is so taken.

Section 7. REPRESENTATIVE TO MASTER ASSOCIATION: At such time as the Association is allowed to join the Master

Association, one member of the Board shall be designated by the Chairman to represent the corporation at all meetings of the Master Association.

Article V

OFFICERS

Section 1. NUMBER: The Association shall have a President, Vice President, Secretary, Assistant Secretaries, and Treasurer, all of whom may be elected annually by the Board of Directors from the membership. Any two or more offices may be held by the same person, except the office of President and Secretary. However, no officer may act in more than one capacity where the action of two (2) or more offices is required.

Section 2. ELECTION AND TERM: The officers of the Corporation shall be elected by the Board of Directors. Such elections may be held at any regular or special meeting of the membership. Each officer shall hold office for one (1) year, or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified, unless otherwise specified by the members. The members may fill any vacancy in any office occurring for whatever reason.

Section 3. REMOVAL: Any officer or agent elected or appointed by the members may be removed by the members with or without cause, except that in the case of the Chairman, he/she shall not be removed by less than a three-fourths (3/4) majority vote of the members.

Section 4. PRESIDENT: The President shall be the Chief Executive Officer of the Corporation and shall preside at all meetings of the members and the Board of Directors. Subject to the direction and control of the Board of Directors, he/she shall have general charge and authority over the business of the Corporation. He/she shall make reports of the business of the Corporation for the preceding fiscal year to the Directors at each annual meeting. He/she shall sign with any other proper officer any deeds, mortgages, bonds, contracts, or other instrument which may be lawfully executed on behalf of the Corporation, except where the signing and execution thereof shall be delegated by the Board of Directors to some other office or agent. In general, he/she shall perform all

duties as may be prescribed by the Board of Directors from time to time, including the appointment of various committees from the membership in order to carry out the business of the Corporation as approved by the Board of Directors.

Section 5. VICE-PRESIDENT: The Vice-President shall perform the duties of the President in his/her absence or during his/her inability to act. The Vice-President shall have such other duties and powers as may be assigned to or vested in him/her by the Board of Directors.

Section 6.1 SECRETARY: The Secretary shall keep accurate records of the acts and proceedings of all meetings of shareholders and Directors. He/she shall give all notices required by law and by these Bylaws. He/she shall have general charge of all corporate books and records and of the corporate seal, and he/she shall affix the corporate seal to any lawfully executed instrument for which a corporate seal is required. He/she shall then sign such instruments as may require his/her signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him/her from time to time by the President, or by the Board of Directors.

Section 6.2. ASSISTANT SECRETARIES: Any duly elected Assistant Secretary shall fulfill the duties of the Secretary in his or her absence.

Section 7. TREASURER: The Treasurer shall have custody of all funds and securities belonging to the Corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors. The Board of Directors may appoint a custodian or a depository for any such funds and securities and may designate those persons upon whose signature or authority such funds and securities may be disbursed or transferred. He/she shall keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose; and he/she shall cause a true statement of its assets and liabilities as of the close of each fiscal year within four (4) months after the end of such fiscal year. The Treasurer shall, in general, perform all duties incident to this office and such other duties as may be assigned to him/her from time to time by the President or the Board of Directors.

Section 8. EXECUTION OF DOCUMENTS: The following officers are hereby authorized, empowered and directed to prepare, execute, certify and record amendments to the Declaration above noted on behalf of the corporation:

Execution of documents by the President or Vice President.

Attestation of documents by the Secretary or Assistant Secretary.

Article VI

MEMBERS

Section 1. This Corporation shall be a nonprofit Corporation organized and existing under all Laws of the State of North Carolina, being governed by a Board of Directors as set forth in Article III of these Bylaws.

Section 2.1 Any person owning a condominium unit shall be a member of the Association. However, such ownership does not entitle such person to be a member of any Master Association now formed. As above stated, a member of the Board of Directors shall represent the Association at meetings of the Master Association, the Association being the member of the Master Association.

SECTION 2.2 The Corporation ("Association") shall have two classes of voting memberships:

A. Class "A". Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in the Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

B. Class "B". The Class B member shall be the Declarant and shall be entitled to three (3) votes for each unit constructed. The Class B membership shall automatically terminate upon the happening of either of the two following events, whichever occurs earliest:

Section 8. EXECUTION OF DOCUMENTS: The following officers are hereby authorized, empowered and directed to prepare, execute, certify and record amendments to the Declaration above noted on behalf of the corporation:

Execution of documents by the President or Vice President.

Attestation of documents by the Secretary or Assistant Secretary.

Article VI

MEMBERS

Section 1. This Corporation shall be a nonprofit Corporation organized and existing under all Laws of the State of North Carolina, being governed by a Board of Directors as set forth in Article III of these Bylaws.

Section 2.1 Any person owning a condominium unit shall be a member of the Association. However, such ownership does not entitle such person to be a member of any Master Association now formed. As above stated, a member of the Board of Directors shall represent the Association at meetings of the Master Association, the Association being the member of the Master Association.

SECTION 2.2 The Corporation ("Association") shall have two classes of voting memberships:

A. Class "A". Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in the Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

B. Class "B". The Class B member shall be the Declarant and shall be entitled to three (3) votes for each unit constructed. The Class B membership shall automatically terminate upon the happening of either of the two following events, whichever occurs earliest:

- (a) Upon the closing of the initial sale of 40 units in the condominium development, or
- (b) Three years after the Declarant ceases to offer units for sale in the ordinary course of business.

Section 3. ANNUAL MEETING: There shall be an annual meeting of the members of this Corporation to hear the annual report of the Corporation and to transact other business in accordance with the decision of the Board of Directors. Unless otherwise determined by the Board of Directors, the annual meeting of members shall be held in the month of November at a time and place designated by the Chairman of the Corporation. Notice of the annual meeting shall be given to all members of the Board of Directors and members of the Corporation. The notice required by this Section shall, in all respects, comply with the notice required by Article IV, Section 4 of these Bylaws for notice to members of the Board of Directors in case of a special meeting of said Board.

Article VII

CONTRACTS, LOANS, DEPOSITS, AND MISCELLANEOUS PROVISIONS

Section 1. CONTRACTS: The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. LOANS: No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the members. Such authorization may be general or confined to specific instances.

Section 3. CHECKS AND DRAFTS: All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. DEPOSITS: All funds of the Corporation not otherwise employed shall be deposited from time to time to

the credit of the Corporation in such depositories as the Board of Directors shall direct.

Section 5. FISCAL YEAR: Unless otherwise ordered by the Board of Directors, the fiscal year of the Corporation shall be from January 1 through December 31 of each calendar year.

Section 6. AMENDMENTS: Except as otherwise provided herein, these Bylaws may be amended or repealed and new Bylaws may be adopted by the affirmative vote of three-fifths (3/5) of the votes cast pursuant to Article VI of the Articles of Incorporation.

Section 7. SEAL: The corporate seal of the Corporation shall consist of two concentric circles between which is the name of the Corporation and in the center of which is inscribed "Seal."

Article VIII

PROHIBITED ACTIVITIES

Other provisions of these Bylaws notwithstanding, the Corporation shall not engage in any act of self-dealing as defined in Section 4941, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal excise law; nor retain any excessive business holdings as defined in Section 4943 Subdivision (c) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; nor make any investment in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws; nor make any taxable expenditures as defined in Section 4945, Subdivision (d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent federal tax laws. The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954, or the corresponding provisions of any subsequent federal tax laws.

Article IX

OTHER MATTERS PERTAINING TO NONPROFIT STATUS

Section 1. EARNINGS: No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, Directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of the purposes set forth in the Articles hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of a candidate for public office.

Section 2. EXEMPT FUNDS: Notwithstanding any other provisions of these Articles, this Corporation shall not carry on any other activities not permitted to be carried on by (a) Corporation exempt from federal income tax under any section of the Internal Revenue Code of 1954, or the corresponding provisions of any future United States Internal Revenue Law, or, (b) Corporation, contributions to which are deductible under Section 170(a)(2) of the Internal Revenue Code of 1954, or any other corresponding provisions of any future United States Internal Revenue law.

Section 3. DISSOLUTION: Upon the dissolution of the Corporation, the Board of Directors shall, after paying and making provision for payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes, or a successor Association, or any other organization as shall at the time qualify as an exempt organization or organizations under Section 501 or any other section of the Internal Revenue Code of 1954 (or corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such asset not so disposed of shall be disposed of by the Superior Court of the County in which the principal office of the Corporation is then located exclusively for such purposes or to such organization or organizations, as said Court shall

determine, which are organized and operated exclusively for such purposes.

IN TESTIMONY WHEREOF, the foregoing were adopted as the Bylaws of **SOUTH HARBOUR STATION UOA, INC.** by the Members of the Executive Board of the Corporation on the 4th day of January, 2007.

ALTON Y. LENNON (SEAL)
Executive Board Member

EDWIN L. BURNETT, III (SEAL)
Executive Board Member

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