

2015 REVISED BYLAWS
HARBOR RIDGE HOMEOWNER'S ASSOCIATION, INC
PO Box 101
Rutherford College, NC 28671

Article I -- Name

The name of the corporation is Harbor Ridge Homeowners Association. The mailing address will be: P.O. Box 101, Rutherford College, NC 28671.

Article II -- Definitions

Section 1. Association

Association shall mean and refer to Harbor Ridge Homeowners Association, a not for profit North Carolina corporation, its successors and assigns.

Section 2. Common Property

Common Property shall mean and refer to all property owned by the Association for the common use and enjoyment of all members. Common Property includes without limitation all existing and future roads and right-of-ways and all greenways, median strips, cul-de-sac centers, planting areas, and recreational areas, and facilities, open space, walking trails, easements, boat ramps, community boat slips, and community piers that are developed on the Common Property.

Section 3. Declaration

Declaration shall mean and refer to any Declaration of Covenants, Conditions and Restrictions applicable to the properties recorded at the office of the Register of deeds of Burke County, North Carolina.

Section 4. Board of Directors

Board of Directors shall mean and refer to the five members of the association who have volunteered to serve and who have been elected or appointed as Directors.

Section 5. Dwelling Unit

Dwelling Unit shall mean and refer to the completed single family home located upon a Lot.

Section 6. Lot

Lot shall mean and refer to any improved or unimproved building lot shown upon any recorded subdivision plat of this Subdivision.

Section 7. Lot Owner

Lot Owner or Owner shall mean and refer to the record owner whether one or more persons or entities, of a fee simple title to any lot which is part of any of the property made subject to this Declaration, but excluding those having such interest merely as security for the performance of an obligation, provided however, the declaration shall not be deemed an Owner.

Section 8. Member

A Member shall mean and refer to those persons or entities entitled to membership with voting rights as provided in the declaration of Covenants, Conditions and Restrictions.

Section 9. Property

Property shall mean and refer to that certain property shown on plat(s) recorded in Plat Books in the Office of the Register of Deeds for Burke County, North Carolina. The terms Property, Subdivision, and Harbor Ridge are interchangeable.

Article III – Members & Meetings of Members

Section 1. Membership

Each owner of a numbered subdivision lot shall be a member of the Association. The membership of the Association shall consist of all of the owners of such numbered lots. Each owner shall be entitled to one vote for each lot (hereinafter referred to as the "Lot") owned by him/her, but there shall be only one vote allowed per Lot. There shall be one person with respect to each Lot who shall be entitled to vote at any meeting of the Association. Such person shall be known as the "voting member" and will be listed as such on the Voting List (see below). The voting member shall be selected by agreement of the owners of the Lot, or by the Association if no agreement is reached among the owners of the individual Lot.

Membership in the Association may be transferred only as an incident to the transfer of title to a Lot as in the manner provided for by the Covenants and these Bylaws. Upon the recordation of a deed of conveyance to the said Lot, or upon the passing of legal ownership if transfer of ownership is accomplished other than by deed of conveyance Membership in the Association passes from the previous owners to the new owners of the Lot.

The Association shall maintain a Members List which records the names of all members of the Association, showing place of residence and original date of Membership. The Association shall also maintain a Voting List which specifies the name and address of the individual with voting rights for each numbered subdivision lot.

Section 2. Proxy Votes

Any Member, or Member designee, entitled to vote may vote by proxy provided that the instrument authorizing such proxy to act shall have been executed in writing by the Member, the Member's designee or a duly authorized attorney. No proxy shall be valid after expiration of eleven (11) months from the date of its execution. Each instrument designating a proxy shall be exhibited to the Secretary of the meeting and shall be filed with the records of the Association.

Section 3. Absentee Ballot Votes

Any Member, or Member designee, entitled to vote may vote by absentee ballot provided that the instrument authorizing such shall have been executed in writing by the Member, the Member's designee, or a duly authorized attorney. No absentee ballot shall be valid after the time of said meeting when that ballot would be counted. Each instrument designating an absentee ballot shall be exhibited to the Secretary of the meeting and shall be filed with the records of the Association.

Section 4. Property Rights

Members are eligible to be elected to membership on the Board of Directors and serve as members of committees established by the Association. Members shall receive information generated and distributed by the Association and its committees and shall be given the opportunity to participate in activities and programs to further the purposes of the Association.

Section 5. Annual Meetings

Regular Annual meetings shall be held in March of each calendar year. The time and place shall be determined by the Board of Directors.

Section 6. Special Meetings

A special meeting of the Members may be called at any time by the President, or by a majority of the Board of Directors, or upon written petition of at least 10% of all Members, and shall be held at such place as is designated by the President or a majority of the Board of Directors, and as stated in a written notice.

Section 7. Notice of Meetings

No meeting shall be called unless the Secretary of the Association shall have mailed to or served upon all of the Members written notice of the said meeting at least ten (10) and no more than sixty (60) days prior to the date of the meeting (as per State Statute 47F-3-108). All notices shall be mailed to or served at the address of each Member as it appears on the books of the Association, or sent by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the lot owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the bylaws, any budget changes, and any proposal to remove a director or officer.

Section 8. Quorum

The presence at the meeting of the Members or of proxies entitled to cast ten percent (10%) of the votes shall constitute a quorum for any action. If however, such quorum shall not be present or represented at the meeting, (as per State Statute 47F-3-109) the Members entitled to vote thereat shall have power to adjourn the meeting without notice other than announcement at the meeting. The quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy.

Section 9. Suspension of Voting Rights.

The vote of any Member who is shown on the books or records of the Association to be more than sixty (60) days delinquent in any payment due the Association shall not be an eligible vote and shall not be counted for purposes of deciding any question so long as such delinquency is not cured, nor shall such member be eligible to be elected to the Board of Directors.

Article IV – Directors & Officers

Section 1. Number

The Board of Directors of Harbor Ridge shall be made up of five (5) members of the association. The Board, once elected, will appoint a President, Vice President, Treasurer and a Secretary within itself. These offices will be held for the length of the term of office unless the Board votes, by majority, to change these positions during the term.

Section 2. Term of Office

Beginning with the 2017 election, the Board of Directors will be elected for two (2) year terms of office in the general election. There shall be no term limits on how many successive terms a board member may serve.

Section 3. Eligibility

In order to be eligible to run for office, be nominated, or be elected, a member must be a property owner in good standing having no outstanding debts or restrictions having been placed upon him. Only one member from each household may be a member of the Board of Directors at any given time.

Section 4. Removal

Any director may be removed from the board, with cause, by a two-thirds vote of the Board of Directors or the Members of the association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

Section 5. Compensation

No member of the Board of Directors shall receive compensation for any service he or she may render to the Association. However, any Director, Officer or committee member may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

Section 6. Nominations

Nominations for the Board of Directors to be elected at the Annual Meeting shall be made by a nominating committee consisting of three property owners of which at least one shall be a member of the Board of Directors and shall serve as chairman. At the monthly meeting of the Board in November of each year, the Board shall appoint the Nominating Committee. The Nominating Committee shall have the duty to nominate candidates for membership to the Board of Directors and to review all nominations submitted to the committee. The Nominating Committee shall advertise to the membership in general that members may nominate themselves or other members in good standing.

The Nominating Committee shall notify the Secretary of the Board, in writing, at least sixty (60) days before the date of the Annual Meeting of the names and qualifications of members of the Association to be considered as candidates. The Secretary shall in turn mail, or have mailed, a copy of the list of candidates and their qualifications to each of the members of the association along with notice of the time and date of the Annual Meeting and a copy of the Board approved budget.

Section 7. Elections

Beginning with elections in 2016, the election of members to the Board of Directors will be held annually. For the 2016 election only, winners will be determined by top vote getters grouped in two classes, incumbents and challengers. The top incumbent vote getter shall serve a term of three years, the next highest incumbent vote getter will serve a term of two years, and the remaining incumbent will serve a term of one year. The two highest vote getters from the challengers list will serve terms of 2 years and one year respectively. The top vote getters in the challenger group will only be elected if their total votes exceed the number 4 and 5 incumbents vote totals. The result of this one time election will be to stagger the terms of the elected board members. In subsequent annual elections, the highest vote getters (regardless of being an incumbent or challenger) will be elected to the board and fill whatever vacant positions are up for election in that year. This system will ensure the full board is never up for election at the same time and preserve the continuity of programs so as not disrupt the business of administering the community.

Section 8. Regular Meetings

Regular meetings of the Board of Directors shall take place monthly at a meeting place determined by the Board. At regular intervals, the Board of Directors shall provide lot owners an opportunity to attend a portion of the Board Meeting to speak to the Board about their issues or concerns. The Board may place reasonable time restrictions on persons who speak. Board

meetings shall be conducted in accordance with the most recent edition of Roberts' Rules of Order Newly Revised.

Section 9. Special Meetings

Special meetings as deemed necessary to properly address all Association matters may be called at the request of the president of the Association or by any two (2) directors after not less than three (3) business days' notice to each Director.

Section 10. Quorum

A majority of the number of Board members shall constitute a quorum for the transaction of business by the Board. Every act or decision made by the majority of the Board of Directors present, at a duly held meeting, shall be regarded as an act of the Board.

Article V – Powers and Duties of the Board of Directors

Section 1. Powers

The Board of Directors of Harbor Ridge must perform all duties and responsibilities as spelled out in the Declaration of Covenants and Conditions and Restrictions of Harbor Ridge. The Board shall always act in the best interest of the community and place that interest over their own. The Board may, by a majority vote, choose to delegate certain tasks to a management agent or others as it deems necessary.

The Board may act in all instances on behalf of the Association. It shall have power to:

- (a) Adopt and publish rules and regulations governing the use of the Common Property, and the personal conduct of the Members and their guest thereon.
- (b) Suspend the voting rights and any other rights of a Member during any period in which such member shall be in default of the payment of any assessment, due, or charge levied by the Association. Such rights may also be suspended after notice and hearing for infraction of published rules and regulation.
- (c) 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 meetings of the Board of Directors.
- (d) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.
- (e) Employ attorneys to represent the Association when deemed necessary.
- (f) Appoint and remove agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem necessary.
- (g) Impose special assessments and/or fines as determined to be necessary.

Section 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 any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members.
- (b) Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed.
- (c) The Board of Directors may not act unilaterally on behalf of the Association to amend the Declaration, to terminate the Planned Community, or to elect members to the Board of Directors or determine the qualifications, powers and duties, or terms of office of Board members. The Board of Directors may unilaterally fill vacancies in its membership for the unexpired portion of any term.

- (d) Within thirty (30) days after the adoption of any proposed budget for the Association, the Board shall provide to all Lot owners the summary of the budget and notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Lot owners to consider ratification of the budget, such meeting to be held not less than ten (10) days nor more than sixty (60) days after mailing of the summary notice (as per state statute 47F-3-108). There shall be no requirement that a quorum be present at the meeting. By law, the budget is ratified unless a majority (51% of the total members of the Association) objects; the budget will be adopted at the Annual Meeting. The purpose of the Ratification Vote at the Annual meeting is to give Members the opportunity to vote up or down. If members agree with the budget as stated, they do not have to vote at all. If they wish to vote down by a majority of Members (51% of the total membership, not just those present at the meeting) then the Board will have to revise it and present it at another meeting. Until such time, the budget last ratified by the Lot owners shall be continued.
- (e) Fix the amount of the annual assessment against each lot at least sixty (60) days before January 31st of each year.
- (f) Send written notice of the amount of the annual assessment to every owner subject thereto at least thirty (30) days before the dues payable date of January 31st of each year.
- (g) Impose reasonable charges for late payments as allowed by state law, suspend privileges or services provided by the association during any period that assessments or other amounts due and owing to the association remain unpaid for a period of 30 days or longer.
- (h) Procure and maintain adequate liability insurance covering the Association, its members of the Board of Directors, officers, directors, and agents, and to procure and maintain adequate hazard insurance on any real and personal property owned by the Association.
- (i) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.
- (j) Cause all Common property to be maintained.
- (k) Cause additional improvements to be made as part of the common elements.

Article VI -- Officers and their Duties

The Board shall always act in the best interest of the community and place that interest over their own. The Board may, by a majority vote, choose to delegate certain tasks to a management agent or others as it deems necessary.

Section 1. Officers

President – The President shall preside at all meetings of the Board of directors, shall see that orders and resolutions of the Board are carried out, shall sign all leases, promissory notes, mortgages, deeds and other written instruments, and, in the absence of the Treasurer, shall sign all checks.

Vice-President – The Vice-President shall act in the place 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.

Secretary – The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, serve notice of meetings of the Board and of the Members, keep appropriate current records showing Members of the Association and their addresses, and perform such other duties as required by the Board.

Treasurer -- The Treasurer shall receive and deposit in appropriate bank accounts and all funds of the Association and shall disburse such funds as directed by resolution of the

Board of Directors, shall sign all checks of the Association, shall keep proper books of account, and shall prepare an annual budget and a statement of income and expenses to be presented to the membership at its regular annual meeting.

Article VII -- Committees

The Board of Directors of the Association will appoint an Architectural Review Committee (ARC) to review and enforce all new construction applications and procedures as published and report to the Board of Directors as needed or at each Board of Directors meeting. The Architectural Review Committee (ARC) will be appointed on a yearly basis by the Board of Directors and will be comprised of at least three members and as many as seven members as determined by the Board of Directors. All unresolved construction violation matters will be referred to the Board for a 'Board Hearing' and appropriate disciplinary action if deemed necessary. Any disputes within the ARC on plan approval or any other matter will be referred to the Board of Directors for resolution. In the event a property owner is in disagreement with a decision made by the ARC, that property owner may request a 'Board Hearing' to appeal any decision made by the ARC. The Board shall appoint a Nominating Committee, as provided by these By-Laws and other committees as needed and deemed appropriate.

Article VIII -- Books & Records

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member or his authorized agent with just cause and by appointment. The Declaration of Covenants, Conditions and Restrictions, and By-Laws of the Association shall be maintained and copies shall be available for inspection on the Association web site and may be purchased at reasonable cost.

Article IX – Assessments

As more fully provided in the Declaration of Covenants, Conditions and Restrictions, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. 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 be subject to a twenty five (\$25.00) dollar late fee and bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, or one and one half (1 ½%) percent monthly. The Association may bring an action against the property owner wherein late penalties, interest costs, and reasonable attorney's fees (of any such action) shall be added to the amount of the assessments. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property or abandonment of his lot.

Article X -- Amendments of the Declaration

Section 1. Affirmative Vote

The Declaration of Covenants, Conditions and Restrictions may be amended only by affirmative vote or written agreement signed by Lot Owners of Lots to which at least sixty seven percent (67%) of the votes in the Association are allocated.

Section 2. Challenge

No action to challenge the validity of an amendment adopted pursuant to this section may be brought more than one year after the amendment is recorded.

Section 3. Recording

Every amendment to the Declaration shall be recorded in the Burke County Registry and is effective only upon recordation.

Article XI -- Amendments of the Bylaws

Section 1.

The Bylaws may be amended or repealed and new Bylaws may be adopted at a regular or special meeting by a vote of a majority (fifty one percent / 51%) of a quorum of Members in attendance present at a meeting duly called for such purpose, in person or by proxy vote or absentee ballot..

Article XII -- General and Miscellaneous Provisions

Section 1. Conflicts

In case of any conflict between the Covenants, Conditions and Restrictions and these Bylaws, the Covenants, Conditions and Restrictions shall control.

Section 2. Fiscal Year

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

Section 3. Rentals

Nothing contained within these Bylaws or the rules established hereunder shall prohibit rental by the owner of a residential dwelling constructed on any Lot. However, it is understood that in order to maintain the value of the Lots conveyed, and to preserve the enjoyment of the property for owners and renters alike, certain guidelines can be established by the Association for the handling of renters, and for the protection of the Association and its members. These rental guidelines shall be included within the rules of the Association, and shall have the same force and effect as other rules. The owner of every unit utilized for rental purposes shall give written notice to the Association of the name and address of the renters of such unit. The owner of any Lot shall be responsible for the conduct for all guests and renters.

Section 4. Indemnification

Any person who at any time serves or has served as a director, officer, employee or agent of the Association, or in such capacity at the request of the Association for any other association, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorney fees, actually and necessarily incurred by him in connection with any threatened or pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty, or settlement for which he may become liable in any such action, suit or proceeding.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by these Bylaws,

including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval of, the members of the Association.

Section 5. Violations

In the event of a violation (other than the nonpayment of an assessment) by a Lot owner of any of the provisions of the Covenants, these Bylaws or any other rules of the Association, the Association, by direction of its Board of Directors, may notify the Lot owner of such by written notice, sent registered or certified mail, return receipt requested, and if such violation shall continue for a period of ten (10) days from the date of such notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional and inexcusable and material breach of the Covenants, the Bylaws, or the rules of the Association, as the case may be, and the Association may then, at its option, have the following elections: (1) an action at law to recover for damages on behalf of the Association or on behalf of the other Lot owners/ (2) an action in equity to enforce performance on the part of the Lot owner; or (3) an action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief. Failure on the part of the Association to maintain such an action at law or in equity within 45 days from date of a written request, signed by a Lot owner, sent to the Board of Directors, shall authorize any Lot owner to bring an action in equity or suit at law on account of the violation, in the manner provided for by North Carolina law. Any violations which are deemed by the Board of Directors to be a hazard to public health or safety may be corrected immediately as an emergency matter.