

BYLAWS

OF

THE HOLDEN BEACH PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

Offices

Section 1. Principal Office. The principal office of the Holden Beach Property Owners Association, Inc., hereinafter referred to as "Corporation", shall be located in Holden Beach, North Carolina at a location as may be specified from time to time by the Board of Directors, hereinafter referred to as "Board."

Section 2. Registered Office. The registered office of the Corporation, which by law is required to be maintained within the State of North Carolina, shall be located in Holden Beach, North Carolina at such place as may be specified from time to time by the Board.

ARTICLE II

Membership and Dues

Section 1. Membership. The Corporation shall have two classes of members which shall be:

a) Regular Member; to include any person, couple, partnership, corporation or other legal entity, holding real property within the Town of Holden Beach in fee simple ownership. If a partnership, corporation or other legal entity, the name of the person designated to vote in the name thereof shall be designated in writing annually when the dues are paid. No person may represent more than one legal entity for purposes of voting.

b) Honorary Member; any person, who for meritorious reason is so recognized and approved by a majority of the members present in an official meeting. An honorary member may not vote.

Membership, for purposes of voting, is restricted to one person per household, partnership, corporation or other legal entity, irrespective of the number of lots or houses owned collectively. Membership shall be automatic upon payment of dues and assessments and shall be for the period for which dues are paid.

Section 2. Dues. The annual dues shall be as determined by the Board and shall be due and payable in September 1 for the year next following. Dues not paid by Jan 1 shall result in cancellation of membership.

ARTICLE III

Meetings

Section 1. Regular Meetings. There shall be four regular meetings of the members held each year, as follows:

- a) On Saturday next before Labor Day,
- b) On the Saturday next after Thanksgiving Day,
- c) On Saturday next before Easter Sunday,
- d) On Saturday next before Memorial Day.

The meeting on Saturday next before Labor Day shall be termed the Annual Meeting, and shall be for the election of directors, and approval of the salary of the Executive Secretary. If the Annual Meeting shall not be held on the day designated above, a substitute annual meeting may be called in the manner provided herein for the call of special meetings, and shall be treated for all purposes as the Annual Meeting. Except as herein noted, all meetings shall be held for the transaction of such business as may be brought before it.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President, or by any three members of the Board, or by any member pursuant to the written request of not less than one-tenth of the members entitled to vote at the meeting.

Section 3. Time and Place of Meetings. All meetings of members shall be held at 10:00 AM at the Commission Room in Town Hall, 110 Rothschild Street, Holden Beach, N.C., except that a meeting may be held at such other place, within or outside the State of North Carolina, as may be designated in a duly executed waiver of notice of such meeting or as may be otherwise approved by the Board.

Section 4. Notice of Meetings. The designation of the day, time and place of the four regular meetings as herein above specified, shall constitute due notice of these meetings and no special notice of such meetings shall be required. Notice of special meetings shall be in writing and shall be delivered by hand or mailed to the home address of record for each member entitled to vote at such meeting not less than ten nor more than thirty days prior to the date of the meeting. A statement of the business to be transacted at any regular meeting need not be set forth in advance, except if any matter, other than the election of directors, requires the vote of the members pursuant to the provisions of the NC Non-Profit Corporation Act, then a statement thereof shall be set forth in a notice delivered as required for special meetings. The nature of the business to be considered at special meetings shall be set forth in the notice thereof.

Section 5. Quorum. Except as otherwise provided by statute, or by the Charter of the Corporation, or by these Bylaws, the presence in person of twenty-five members, including directors, at all regular meetings shall constitute a quorum for the transaction of any business brought properly before the meeting even though such business had not

previously been set forth in a notice of the meeting or otherwise publicized. In the absence of a quorum, a majority of the members present and eligible to vote may recess the meeting to a time certain, at which time, if a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. If no quorum is present, a majority of the members present and eligible to vote may adjourn the meeting. There shall be no minimum number of members required to be present for the transaction of business at special meetings for which prior notice is provided the members pursuant to Section 4 above.

Section 6. Voting. On every issue submitted to a vote of the membership, the vote of each eligible voting member shall be given equal weight. All questions, except as otherwise provided by statute, or by the Charter of the Corporation, or by these Bylaws, shall be determined by a majority of the votes so cast. In case of a tie vote, the presiding officer shall vote to break the tie. The presiding officer shall not vote otherwise. Voting on all matters, except for the election of directors, shall be by show of hands unless otherwise directed by the Board or requested by a majority of the members present eligible to vote. Voting for directors shall be by secret written ballot.

ARTICLE IV

Board of Directors

Section 1. General Powers. The property, affairs and business of the Corporation shall be handled by the Board.

Section 2. Number, Term of Office, Qualifications. There shall be twelve directors. Four directors shall be elected each year by the members at the Annual Meeting for a term of three years, said term to expire on the date of the Annual Meeting. Directors need not be residents of North Carolina but must be members in good standing of the Corporation.

Section 3. Vacancies. Any vacancy on the Board other than those resulting from completion of terms of office, shall be filled by appointment of a person approved by a majority vote of the remaining directors and the person so appointed shall serve out the unexpired period of the term.

Section 4. Removal of Directors. Any individual director may be removed from office with or without cause by a vote of the members of the Corporation. Any director missing a total of three or more regular or special meetings in one year, not excused, shall automatically be removed from office.

Section 5. Resignations. Any director may resign at any time by giving written notice to the President or to the Secretary of the Corporation. Such resignation shall be effective at the time specified therein, or upon acceptance by the Board, or if there be no time specified, then upon its receipt.

Section 6. Compensation. No part of the income of the Corporation shall be paid to any officer, director or member of the Corporation, or to any other private individual

or party, except as provided in Article VI, Section 8, or unless otherwise specifically approved in advance by the Board.

ARTICLE V

Meetings of Directors

Section 1. Regular Meetings. The Board shall hold regular meetings preceding the regular meetings of the members as set forth in Article III, Section 1. The Annual Meeting of the Board shall be held immediately following the Annual Meeting and if not then held shall be held within a reasonable time thereafter.

Section 2. Special Meetings. Special meetings of the Board may be called by or at the request of the President, the Secretary, or any two directors.

Section 3. Time and Place of Meetings. Regular meetings of the Board shall be held at 9:00 AM in the Commission Room at Town Hall or at such other time or place as may be designated by the President or otherwise agreed upon by a majority of the directors.

Section 4. Notice of Meetings. Regular meetings of the Board may be held without notice. Special meetings shall be called on not less than twenty four hours prior notice. Notice of a special meeting need not state the purpose thereof. Notice shall be directed to each director at the director's residence or normal place of business by mail, cable, or telephone or may be delivered personally, provided that such notice may reasonably be expected to be received at least twenty four hours prior to the time of the meeting. The presence of a director at a meeting shall constitute a waiver of notice of that meeting except only when such director attends the meeting solely for the purpose of objecting to the transaction of any business thereat on the ground that the meeting has not been called lawfully and does not otherwise participate in such meeting.

Section 5. Quorum and Manner of Acting. Seven directors shall constitute a quorum for the transaction of any business at any meeting of the Board. Except as otherwise expressly provided for in this Section, all action shall be decided by majority vote of the directors present. An approving vote of at least seven directors shall be required to adopt, amend or repeal a by-law or to dissolve the Corporation without member consent pursuant to the provisions of the North Carolina Non-Profit Corporation Act.

ARTICLE VI

Officers

Section 1. Number of Officers. The officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as may be appointed in accordance with the provisions of Sections 3 and 8 of this Article. Any two or more offices may be held by one person, except the office of President; but no officer

shall sign or execute any document in more than one capacity, except as otherwise provided for in Section 8 of this Article.

Section 2. Election, Term of Office, Qualifications. Each officer, except such officers as may be appointed in accordance with the provisions of Section 3 of this Article, shall be chosen by majority vote of the directors present at the Annual Meeting of the Board and shall serve until the next succeeding Annual Meeting unless removed by the Board.

Section 3. Subordinate Officers and Agents. The Board may from time to time appoint other officers or agents, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may determine. The Board may delegate to any officer or agent the power to appoint any subordinate officer or agent and to prescribe his or her authority and duties.

Section 4. President. The President shall be the chief executive officer of the Corporation and, subject to the instructions of the Board, shall have general charge of the business, affairs and property of the Corporation, and control over its officers, agents and employees. The President shall preside at all meetings of the members and of the Board at which present. The President shall do and perform such other duties as may be assigned to him by the Board.

Section 5. Vice President. At the request of the President, or if the President is absent or disabled, the Vice President shall perform all the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties and have such other authority as may be assigned by the Board.

Section 6. Secretary. The Secretary shall keep the minutes of the meetings of members and of the Board, and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. He shall be custodian of the records, books, reports, statements, certificates and other documents of the Corporation and of the seal of the Corporation, and see that the seal is affixed to all documents requiring such seal. In general, the Secretary shall perform all duties and possess all authority incident to the office of Secretary, and shall perform such other duties and have such other authority as may be assigned by the Board.

Section 7. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the Corporation. The Treasurer shall keep full and accurate records of the finances of the Corporation in books especially provided for that purpose, and shall cause a true statement of its assets and liabilities, as of the close of each fiscal year, and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, including particulars as to convertible securities then outstanding, to be made and filed at the registered or principal office of the Corporation within four months after the end of the fiscal year. The statement so filed shall be kept available for inspection by any member for a period of ten years and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any member upon his

request for the same. The Treasurer shall in general perform all duties and have such authority incident to the office of Treasurer and shall perform such other duties and have such authority as may be assigned or granted by the Board. The Treasurer may be required to give a bond for the faithful performance of his or her duties in such form and amount as the Board may determine, the cost of which may be paid by the Corporation with approval of the Board.

Section 8. Executive Secretary. An Executive Secretary may be appointed by the Board. The duties and authority of the Executive Secretary shall include and be the same as those described in Sections 6 and 7 above for the Secretary and the Treasurer and shall have authority to sign and execute all documents requiring action by the Secretary or the Treasurer. The Executive Secretary shall receive a monthly salary as approved by the members at the Annual Meeting.

Section 9. Duties of Officers May Be Delegated. In the absence of any officer of the Corporation or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being provided at least seven directors concur therein.

Section 10. Resignations. Any officer may resign by giving written notice to the Board or to the President or Secretary, or if appointed by an officer or agent in accordance with Section 3 of this Article, by giving written notice to said officer or agent. Any such resignation shall be effective in like manner as set forth in Section 5 of Article IV or upon acceptance by the officer or agent appointing the person so resigning.

Section 11. Removal. The officers designated in Section 1 of this Article may be removed for cause by an affirmative vote of at least seven directors at a special meeting of the Board called for that purpose. Those appointed in accordance with Section 3 of this Article may be removed by a majority vote of the Directors present at any meeting, or by any officer or agent upon whom such power of removal has been conferred by the Board. The removal of any person from office shall be without prejudice to the contract rights, if any, of the person so removed.

Section 12. Vacancies. Replacement officers or agents to fill vacancies due to resignation, removal or death of the incumbent shall be appointed by a majority vote of a quorum of the Board or by any officer or agent to which the Board has conferred the power of appointment, as appropriate. Replacement appointments shall be for the unexpired term of the office.

ARTICLE VII

Contracts, Loans, Deposits, Checks, Drafts, Etc.

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents to enter into any contract or to

execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances. No contract involving the expenditure of funds in excess of five hundred dollars may be authorized without a vote of the members.

Section 2. Loans. There shall be no loan of the funds of the Corporation to any person or legal entity except as may be approved by the members.

Section 3. Deposits. All funds of the Corporation shall be deposited to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or officers, agent or agents of the Corporation to whom such power may be given by the Board.

Section 4. Checks, Drafts, Etc. All notes, drafts, acceptances, checks and endorsements or other evidences of indebtedness shall be signed by the Secretary or the Treasurer, or in such other manner as the Board may determine. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositories will be made by the President or Treasurer or by any officer or agent who may be so designated by resolution of the Board in such manner as such resolution may provide.

ARTICLE VIII

General Provisions

Section 1. Corporate Seal. The corporate seal shall be approved by the Board.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

Section 3. Waiver of Notice. Whenever any notice is required to be given to any member or director under the provisions of the North Carolina Non-Profit Corporation Act or under the provisions of the charter or by-laws of the Corporation, 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 4. Dissolution of the Corporation. In accordance with established laws of North Carolina, the Corporation may be dissolved by a vote of a majority of the Board provided first, that all active members are polled on the question of dissolution setting forth the reasons therefor and second, that a majority of the active members polled declare in the affirmative that the Corporation be dissolved. If the members declare that the Corporation not be dissolved, a special meeting of the members shall be called within sixty days to elect a new Board of Directors and to take such other actions as may be pertinent. In event of voted dissolution and after all debts and obligations of the Corporation have been satisfied and the books of the Corporation audited, the remaining assets of the Corporation, including cash on hand, bank deposits, office equipment and other physical assets, shall be donated without recourse to the Town of Holden Beach for its unrestricted use or to any non-profit corporation or charity as approved by the Board of Directors.

Section 5. Amendments. Except as otherwise herein provided, these Bylaws may be amended or repealed and new Bylaws may be adopted by a majority vote of the directors then holding office at any regular or special meeting of the Board. The Board shall not have power to adopt or amend a bylaw: (1) Requiring the determination of a quorum other than as provided in Article III, Section 5 of these Bylaws or a system of voting other than as provided in Article III, Section 6; (2) Providing for the management of the Corporation other than by the Board; (3) Increasing or decreasing the number of directors; or (4) Classifying and staggering the election of directors. The members may make, alter, amend and repeal these Bylaws at any Annual Meeting or at any regular meeting or special meeting called for such purpose and bylaws adopted by the Board may be altered or repealed by the members. No bylaw adopted or amended by the members shall be altered or repealed by the Board.

Approved April 2, 1988.

Amended May 25, 2002 Article VIII, Section 2.