

CAPE COLONY HOMEOWNERS ASSOCIATION

CAPE COLONY

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BY-LAWS

AMENDED AND RESTATED BYLAWS

OF

CAPE COLONY ASSOCIATION, INC.

ARTICLE I

PLAN OF COMMON PROPERTY CONTROL

Section 1. Lands Affected. All lands located in the Cape Colony subdivision including the property owned by Cape Colony Association, Inc. as recorded in the Chowan County, N.C. Registrar of Deeds.

Section 2. Name. These Amended and Restated Bylaws shall apply to the Cape Colony Property Owners Association known as Cape Colony Association, Inc.

Section 3. Applicability of Bylaws. All present and future owners, mortgagees, lessees, and occupants within Cape Colony, and their agents, servants, employees, and any other persons who may make use of the facilities of the Association in any manner, are subject to these Bylaws and to the Rules and Regulations adopted pursuant hereto, and to any amendments to these Bylaws upon the same being duly adopted.

The acceptance of a deed or conveyance to, or the entering into a lease to, or the act of occupancy of, any Lot or Parcel within the Property by any person shall conclusively establish the acceptance and ratification by such person of these Bylaws (and any Rules and Regulations adopted pursuant hereto), the Articles of Incorporation, and the Declaration of Covenants, Conditions, and Restrictions as they may be amended from time to time, and shall constitute and evidence an agreement by such persons to comply with those governing documents.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to CAPE COLONY ASSOCIATION, INC., its successors and assigns.

Section 2. "Board" shall mean Board of Directors of the Association.

Section 3. "Calendar Year" for annual assessments shall mean and refer to January 1st through December 31st of any calendar year.

Section 4. "Common Expenses" shall be those expenses of the Association which are necessary to perform the duties of the Association relative to the costs of administration, operation, care, upkeep, maintenance, repair and construction of the Common Areas, including without limitation, reserves for repair, reconstruction or replacement, as prescribed by these Bylaws.

Section 5. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area owned by the Association as of the effective date of these Amended and Restated Bylaws is described and shown on the Plats as follows:

Block 107 Boat Basin

Block 108 Clubhouse Area including parking lot

Block 108 Park and Swimming Area (including playground, bathhouses,

(fishing pier)

Block 110 Boat Ramp

All platted roads with the exception of those designated as NC State roads.

Section 6. "Declarant" shall mean and refer to CAPE COLONY ASSOCIATION, INC., its successors and assigns.

Section 7. "Declarations" shall mean and refer to both instruments entitled Amended and Restated Bylaws and Amended Declaration of Covenants, Conditions, and Restrictions recorded in the Chowan County Registrar of Deeds, as from time to time amended. These instruments are recorded in the following Books, Plats, and Pages:

Section Block/Lot Plat Recorded Deed Recorded

Designator Numbers Book/Page/Date Book/Page/Date

Section One, Lots 1 - 66 Plat Book 3, page 73 Book 19, page 319-320

Part One inclusive May 6, 1963 June 12, 1964

Surtside Section Block 100 - 107 Plat Book 4, page 36 Book 19, page 548-549

One inclusive October 12, 1964 October 12, 1964

Surtside Section Block 108, Lots 1 - 8 Plat Book 4, page 85 Book 19, page 548-549

One Lots 13 - 23 inclusive May 27, 1967 October 12, 1964

Surtside Section Block 109 Plat Book 7, page 34 Book 20, page 56-57

One Lots 1 - 24 inclusive July 27, 1973 November 12, 1964

Surtside Section Block 110 Plat Book 4, page 37 Book 20, page 56-57

One Lots 1 - 12 inclusive November 12, 1964 November 12, 1964

Surtside Section Block 220 - 224 Plat Book 4, page 53 Book 20, page 458-459

Two inclusive June 28, 1965 July 20, 1965

Surtside Section Block 301 Plat Book 5, page 12 Book 21, page 41-42

Three Lots 1 - 10 inclusive December 21, 1966 October 13, 1965

Surtside Section Block 301(10A) Plat Book 5, Page 54 Book 21, page 41-42

Three Lot 1A October 31, 1967 October 13, 1965

Surtside Section Block 302 Plat Book 4, page 95 Book 21, page 41-42

Three Lots 1 - 20 inclusive June 30, 1966 October 13, 1965

Surtside Section Block 303 Plat Book 5, page 17 Book 23, page 17-18

Three Lots 1 - 20 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 304 Plat Book 5, page 17 Book 23, page 17-18

Three Lots 1 - 37 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 305 Plat Book 4, page 95 Book 21, page 41-42

Three Lots 1 - 49 inclusive June 30, 1966 October 13, 1965

Surtside Section Block 306 Plat Book 5, page 12 – 13 Book 23, page 23-24
Three Lots 1 – 66 inclusive December 21, 1966 February 27, 1967

Plat Book 5, page 18

February 20, 1967

Surtside Section Block 307 Plat Book 5, page 13 Book 23, page 21-22
Three Lots 1 – 24 inclusive December 21, 1966 February 27, 1967

Surtside Section Block 308 Plat Book 5, page 13 Book 23, page 21-22

Three Lots 1 – 27 inclusive December 21, 1966 February 27, 1967

Surtside Section Block 309 Plat Book 5, page 13 Book 23, page 21-22

Three Lots 1 – 61 inclusive December 21, 1966 February 27, 1967

Surtside Section Block 310 Plat Book 5, page 17 – 18 Book 23, page 17-18; 23-24

Three Lots 1 – 76 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 311 Plat Book 5, page 17 - 18 Book 23, page 17-18; 23-24

Three Lots 1 – 87 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 312 Plat Book 5, page 18 Book 23, page 23-24

Three Lots 1 – 18 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 313 Plat Book 5, page 18 Book 23, page 23-24

Three Lots 1 – 24 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 314 Plat Book 5, page 18 Book 23, page 23-24

Three Lots 1 – 24 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 315 Plat Book 5, page 18 Book 23, page 23-24

Three Lots 8 – 40 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 316 Plat Book 5, pages 18 & 20 Book 23, page 17-18; 23-24

Three Lots 1 – 46 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 317 Plat Book 5, page 20 Book 23, page 19-20

Three Lots 1 – 38 inclusive February 20, 1967 February 27, 1967

Surtside Section Block 318 Plat Book 4, page 95 Book 21, page 41-42

Three Lots 2 – 42 inclusive June 30, 1966 October 13, 1965

Plat Book 5, page 13 Book 23, page 21-22

December 21, 1966 February 17, 1967

Plat Book 5, page 18-19 Book 23, page 23-24

February 20, 1967 February 27, 1967

Section 8. "Easements" will be as required by the County/Stateordinance(s) for the construction and perpetual maintenance of conduits, poles, wires, and fixtures for electricity, telephone service, water mains, sanitary and storm sewers, road drains, and other public and quasi-public utilities and to trim any trees which at any time may interfere or threaten to interfere with the maintenance of such lines, with right of ingress and egress from and across said premises to duly-authorized maintenance personnel. This easement shall also extend along any owner's side and rear property lines where fractional lots are owned. It shall not be considered a violation of the terms of this easement if wires or cables carried by pole lines pass over some portion of lots not within the easement, provided that such lines do not hinder the construction and maintenance of buildings situated on such lots.

Section 9. "Effective Date" of these Amended and Restated Bylaws shall mean the date on which the same are approved by resolution of the Board of Directors and/or confirming that approval by requisite vote of the membership has been obtained.

Section 10. "Lot" shall mean and refer to any plot of land shown upon any recorded Subdivision map of the Properties. It shall apply for assessments and voting rights.

Section 11. "Mobile Home/Manufactured Home" shall mean a dwelling that: (1) is not constructed in accordance with the requirements of the North Carolina Uniform Residential Building Code as amended; (2) is composed of two or more components, each of which was substantially assembled in a manufacturing plant and designed to be transported to the home site; and (3) meets or exceeds the construction standards of the U.S. Department of Housing and Urban Development (HUD sticker in window). Or: (1) is a manufactured home that does not meet the definitional criteria above but which, at a minimum, exceeds 32 feet in length and 8 feet in width.

Section 12. "Owner" or "Lot or Parcel Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot or Parcel which is part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 13. "Parcels" shall mean and refer to a number of lots, owned by the same person, persons or entity, adjacent to one another and within the same block; i.e., Lots 1, 2, 3, and 4 of Block 317. This shall apply for assessments only.

Section 14. "Properties" shall mean all of the lands and appurtenances, subjected to the Declaration, which lands are more fully described in Section 7 of this Article and all additional property thereto, as may be hereafter brought within the jurisdiction of the Association.

Section 15. "Residential Building" shall mean a permanent dwelling unit erected or placed on any Lot or Parcel and constructed of material of good grade, quality and appearance to include natural wood, stone, brick, concrete block, aluminum and/or vinyl siding. The term "Residential Building" shall include a modular home defined as follows: A dwelling unit constructed with one or more components which are prefabricated and hauled to the site that are capable of producing a dwelling which is indistinguishable from conventionally built homes (stick-built homes) and which meets the construction requirements of the North Carolina Uniform Residential Building Code as amended. A "mobile home" as defined herein may not be converted to a residential building by joining it to another mobile home or by an alteration or addition of any kind.

Section 16. "Rules and Regulations" shall mean those written actions of the Board, duly adopted, and amendments thereto, interpreting and applying the provisions of the Declaration and these Bylaws and establishing and prescribing the administration, management, use, operation, and maintenance of the Common Area and Buildings, including, but not limited to, the establishment and imposition of fines, fees, and penalties for violation of the Declaration, Bylaws, and/or Rules and Regulations.

ARTICLE III

NAME AND LOCATION OF CORPORATION

Section 1. The name of this Corporation is Cape Colony Association, Inc.

Section 2. The principal office of the Association is located at Cape Colony Clubhouse, 320 Seaview Drive, Chowan County, North Carolina, with a mailing address of Post Office Box 54, Edenonton, NC 27932.

Section 3. The registered office of the Association may, but need not be, identical with the principal office, but shall be located in North Carolina.

Section 4. The Association may have such other offices, either within or without the State of North Carolina, as the Board may from time to time determine or as the affairs of the Association may require.

ARTICLE IV

MEMBERSHIP

Section 1. Members. The authorized membership of the Association shall consist of the Owners, which have received conveyance of land by deed in the office of the Registrar of Deeds for Chowan County, of any Lot or Parcel in Cape Colony Association, Inc. and such additions thereto as may hereinafter be brought within the jurisdiction of the Association. Upon completion of the deed of record transfer, the new owner/owners shown on the deed of record automatically become members of Cape Colony Association, Inc.

Section 2. Member in Good Standing. A member in good standing shall mean a Lot or Parcel Owner who shall be current with regard to any and all annual and/or special assessments or dues, not in violation of the Declaration or these Bylaws, and as such shall be entitled to all of the rights and privileges afforded herein. All members shall be issued membership cards to evidence their being in good standing and shall present it upon request by any member of the Board or its duly appointed agent(s).

Section 3. Associate Member. Any individual renting property or housing in Cape Colony subdivision and persons residing with them qualify as Associate Members upon payment of required fees. Non-residents may, after being approved by the Board and paying the appropriate fees, become Associate Members.

ARTICLE V

MEETING OF MEMBERS

Section 1. Annual Meetings. An annual meeting of the Association shall be held for the purpose of electing board members and officers of the Board of Directors and for the transaction of such other business as may be properly brought before the membership. The annual meetings shall be held during the month of June of each year at a time designated by the Board.

Section 2. Substitute Annual Meetings. If an annual meeting is not held on the day designated in the Bylaws, a substitute annual meeting may be called in the same manner as a special meeting. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 3. Special Meetings. Special meetings of the Association may be called at any time by the President, a majority of the members of the Board of Directors, or by the President upon written demand of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the intended special meeting, pursuant to N.C. General Statutes. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

Section 4. Place of Meetings. All meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the membership, as may be designated by the Board.

Section 5. Notice of Meetings. Notice of the place, date, and time of each annual, regular, and special meeting of members shall be delivered personally or by mail to each member entitled to vote. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his/her address as it appears in the records of the Association, with postage thereon prepaid. If mailed, notice shall be given to each member no fewer than ten (10), or if mailed by other than first class, registered or certified mail, no fewer than thirty (30), nor more than sixty (60) days before the meeting.

Notice of an annual or regular meeting shall include a description of any matter or matters that shall be brought before the membership for their approval. Notice of a special meeting shall include a description of the matter or matters for which the meeting is called.

When a meeting is adjourned for thirty (30) days or more, notice of the reconvening 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 shall not be necessary to give notice of the reconvening of the adjourned meeting other than by an announcement at the meeting at which the adjournment is effective.

Section 6. Quorum. A quorum for any annual, substitute annual, or special meeting of the Association shall consist of those votes cast in person, by mail, or by proxy at any such meeting. A minimum of twenty (20) votes cast constitutes a quorum.

Section 7. Voting members, Proxies. There shall be one person with respect to each Lot, who shall be entitled to vote the voting interest of that Lot at any meetings of the Association, which person is herein referred to as the "voting member". The voting member

may be the owner of a Lot, or an owner designated by a majority of the several owners of a Lot, or maybe some other person designated by such Owner or Owners to act as proxy on his/her or their behalf and who need not be an Owner. Designation of a proxy shall be made in writing to the Secretary/Treasurer and shall be revocable at any time prior to the meeting by actual notice to the Secretary/Treasurer by the Owner or a majority of the Owners. Once a meeting has commenced, a Lot Owner may not revoke a proxy given except by written notice of revocation delivered to the person presiding over the meeting.

A proxy is void if not dated, and a proxy shall terminate at the time specified in the proxy.

Section 8. Voting rights, cumulative voting. The vote cast by, or on behalf of, the Owner or Owners of a Lot shall be that voting interest specified in Article III of the Declaration. In all elections for members and officers of the Board of Directors, no voting member shall be entitled to vote on a cumulative voting basis for a member or members to be elected, and the candidate or candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed elected.

Section 9. Waiver of notice. Any Lot Owner, at any time, may waive notice of any meeting of the Association in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Lot Owner at any meeting of the Association shall constitute a waiver of notice by him/her of the time and place thereof except where a Lot Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the voting members are present at any meeting of the Association, no notice shall be required, and any business may be transacted at any meeting.

Section 10. Informal action by Lot Owners. Any action which may be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by the number of voting members required for a quorum at a meeting (reference Article V, Section 6 of this document) and filed with the Secretary/Treasurer of the Association to be kept in the Association's minutes of meeting book.

ARTICLE VI

BOARD OF DIRECTORS

Section 1. General Powers. The Association shall be managed and governed by the Board of Directors of the Association or by such executive committee(s) as the Board may establish pursuant to these Bylaws. If any of the authority of the Board of Directors is vested in any committee, one member of each said committee shall be a Board member.

Section 2. Number and Qualification. The Board of Directors shall consist of nine (9) persons, three (3) of which are Officers (President, First Vice President, Second Vice President), six (6) that are Board members, and a Secretary/Treasurer. Each Officer and/or Board member shall serve a three (3) year term, beginning July 1 following the annual meeting, staggered such that one (1) new Officer and two (2) new Board members are elected each year. However, the Secretary/Treasurer may be a paid non-voting member. Members of the Board must be members in good standing. Exception: See Addendum 1.

Section 3. Election of Officers and Board Members. Written nominations for the Board of Directors and Officers shall be signed and delivered to the Secretary/Treasurer not later than forty-five (45) days prior to the annual meeting; the persons being nominated and shall be accorded the right to a write-in candidate for voting purposes in the election. (Floor nominations run the risk of being outweighed by any mail-in ballots.)

For each annual meeting, only one (1) Officer and two (2) Board members shall be elected for a three-year term to replace those members who have a present expiring term. An Officer and/or Board member may not be elected for more than two (2) consecutive terms. Any individual nominated but not receiving enough votes for election will, with their permission, be put on an alternate listing from which replacement Officers and Board members may be selected.

Voting shall be by written ballot in person, by proxy, or by mail ballot. All mail ballots must be received prior to the meeting. A voting quorum shall consist of those votes cast. The candidate or candidates receiving the highest number of votes with respect to the number of positions to be filled shall be deemed elected. Determination shall be by Ballot Committee, which shall be an ad hoc committee of the Board of Directors consisting of the Secretary/Treasurer and three (3) members in good standing of the Association appointed to the Ballot Committee by the Board, which members may, but need not be, members of the Board of Directors. It is specifically provided that no person appearing on a ballot shall serve on the Ballot Committee. Such determination shall be conclusive on all parties. The Secretary/Treasurer shall notify the membership of such voting results by mail, the same as a notice of meeting.

Section 4. Removal of Officers and/or Board Members. All Officers and members of the Board of Directors are expected to participate in meetings and to perform their responsibilities to the maximum extent possible. Absence from meetings may be excused upon notification to an Association Board member by telephone, mail or to the President of the Board of Directors. Notification should be made at least twenty-four (24) hours in advance of the scheduled meeting. Three (3) consecutive absences may be cause for removal at the discretion of the Board of Directors. Failure to maintain a "member in good standing" status is also cause for removal. Notification of removal shall be in writing, and the vacancy shall be filled as prescribed in Article VI, Section 5.

Section 5. Vacancies. Vacancies in the Board of Directors shall be filled by a vote of the majority of the remaining Board members and a person so elected shall be a Board member until his/her successor is elected at the termination of the filled term of office.

Section 6. Executive Committee. The Board of Directors may, by resolution adopted by a majority of the number of Board members fixed by these Bylaws, designate two (2) or more Board members to constitute an Executive Committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Association.

Section 7. Powers. The Board of Directors shall have the powers necessary for the administration of the affairs of the Association as specified by law, the Declaration or these Bylaws, and may do all such acts and things, except such acts as by law, by the Declaration, or by these Bylaws may not be delegated to the Board of Directors.

Section 8. Duties. It shall be the duty of the Board of Directors to:

(a) Attend and participate in all Association annual membership and Board of Director meetings.

(b) Exercise their powers in good faith and do and perform such other matters and things not expressly prohibited by law, the Declaration, or these Bylaws as are necessary and appropriate to the proper administration, operation, and maintenance of the Association.

(c) Adopt, amend, publish, and enforce reasonable Rules and Regulations that it deems advisable and necessary for the proper administration, operation, and beautification of the Property and for the health, comfort, safety, and general welfare of the Owners and occupants of the Property. Copies of the published Rules and Regulations and amendments thereto shall be given to all Owners and occupants and the Association and Property shall be administered, operated, and maintained in conformity with such Rules and Regulations.

(d) To enforce by legal means or proceedings the provisions of the Articles of Incorporation, the Bylaws, the Declaration, and the Rules and Regulations promulgated hereunder.

(e) Appoint such committees as are provided for in these Bylaws and the Declaration or as otherwise deemed appropriate by the Board, including but not limited to a Ballot Committee, Bylaws Committee, Budget Committee, and an Architectural Control Committee.

(f) Designate depositories for Association funds and the officers, agents, and/or employees having the authority to deposit and withdraw such funds; and, in its discretion, to require such officers, agents or employees to be bonded in such amounts as it deems necessary.

(g) Prepare an annual budget in which there shall be established the assessments of each Lot or Parcel Owner for the Common Expenses.

(h) Determine the Common Expenses arising from the costs of administration, operation care, upkeep, maintenance, repair and construction of the Common Areas, including without limitation, reserves for repair, reconstruction, or replacement.

(i) Fix and assess in the manner provided by law and in the Declaration, the proportionate part of the Common Expenses of each Lot or Parcel Owner within the Property.

(j) Collect and enforce the collection of Common Expenses in the manner provided by law and in the Declaration, including, but not limited to legal proceedings for the enforcement of liens and provide written evidence of payment upon request thereof.

(k) To establish fines and penalties for late payment of assessments and for violations of the Declaration, Bylaws, and the Rules and Regulations and to provide for the suspension of voting rights of any member, or its Lots or Parcels' occupants as well as the right to use any amenities or recreational facilities during any period in which such member shall be in default in the payment of any

assessment levied by the Association and to suspend such voting rights and other privileges for a period not to exceed sixty (60) days after notice and hearing for such infractions.

(l) Enter upon any Lot or Parcel and perform any repairs, maintenance, or construction for which the Association is responsible at reasonable times and hours and with as little inconvenience to the Lot or Parcel Owner as practicable. The Association shall repair any damages to the Lot or Parcel caused by such repair, maintenance or construction, and all costs incurred in performing these duties shall be a Common Expense of the Property, unless the Board shall determine that the repairs, maintenance or construction was necessitated by the negligence, misuse, unlawful act, or act in violation of the Declaration, these Bylaws or the Rules and Regulations of the Association by the Lot or Parcel Owner, its family members, guests, invitees, tenants or contract purchasers, in which event such costs may be assessed against the Lot or Parcel Owner, as by the Declaration prescribed.

(m) To impose reasonable charges for services specially provided to one or more Lot or Parcel Owners which charges or costs should not otherwise be a Common Expense.

(n) Pay all taxes, charges, and assessments, which are or may become liens against any part of the Common Area, and assess the same against the members and their respective Lot(s) or Parcel(s).

(o) Sign all mortgages, deeds of trust, agreements, contracts, deeds, and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such voucher for the payment of expenditures shall be signed by a minimum of two (2) persons so designated by the Board.

(p) Procure and maintain adequate insurance of such nature and in such amounts as is provided in the Declaration, and such other insurance as the Board may deem necessary or appropriate, including without limitation hazard insurance, liability insurance, and officers', and Board members' liability coverage.

(q) To review and to approve architectural changes, alterations, or modifications of Lot(s) or Parcel(s) and the improvements thereon, in accordance with the authority and guidelines provided in the Declaration.

(r) Administer, operate, maintain, and repair the Common Area consistent with the standards of maintenance provided further herein in Article IX.

(s) To cause additional improvements to be made to the Common Area.

(t) To grant easements, leases, licenses, and concessions through or over the Common Area.

(u) Employ, supervise and dismiss personnel, managers, or independent contractors necessary to the maintenance and operation of the Common Area.

(v) To institute, defend, or intervene on behalf of the Association in litigation or administrative procedures affecting the Property.

Section 9. Persons who may serve. Every elected Officer or member of the Board shall be a Lot or Parcel Owner in good standing unless the Owner is a corporation, partnership, trust, or other legal entity other than a natural person or persons, in which event any officer, government, agent or employee of such corporation, partner of such partnership, beneficiary or trustee of such trust, or manager of such other legal entity shall be eligible to serve as a member of the Board.

Section 10. Indemnification. The Association to the extent allowed pursuant to North Carolina General Statutes Chapter 55A, the North Carolina Non-Profit Corporations Act, shall indemnify officers and members of the Board of Directors together with employees of the Association.

ARTICLE VII

BOARD OF DIRECTORS' MEETINGS

Section 1. Regular meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board members, but at least one such meeting shall be held every two (2) months during the fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Board member personally or by mail, telephone or telegraph within ten (10) days of the date named for such meeting.

Section 2. Special meetings. Special meetings of the Board may be called by or at the request of the President or by written request of at least two-thirds (2/3) of the Board members. Notice of such meetings shall be given as stated above for regular meetings. In

emergency situations only, special meetings of the Board may be called verbally or by telephone without prior notice and the Board may act by written, telephone, or verbal ballot. Minutes summarizing the meeting shall be recorded.

Section 3. Quorum. A majority of the number of Board members fixed by these Bylaws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If, at any meeting of the Board of Directors, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At a subsequent meeting, any business, which might have been transacted at the meeting as originally called, may be transacted without further notice.

Section 4. Manner of acting. Except as otherwise provided in this section, the act of the majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board of Directors. A vote of a majority of the number of Board members fixed by the Bylaws shall be required to adopt a resolution. In emergency situations only, when a quorum is not present, the Board may act by written, telephone, or verbal ballot.

Section 5. Organization. Each meeting of the Board of Directors shall be presided over by the President and in the absence of the President, by the First Vice President, and in the absence of the First Vice President, by the Second Vice President or any person selected to preside by vote of the majority of Board members present. The Secretary/Treasurer, or in his/her absence, an Assistant Secretary, or in the absence of both the Secretary/Treasurer and the Assistant Secretary, any person designated by the presiding officer of the meeting shall act as Secretary/Treasurer of the meeting.

Section 6. Informal action of Board of Directors. Any action taken by a majority of the Board members without a meeting shall constitute Board action if written consent to the action in question is approved/signed by that majority and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

ARTICLE VIII

OFFICERS

Section 1. Designation. The principle officers of Cape Colony Association, Inc. shall be a President, one or more Vice Presidents, Secretary and Treasurer. The offices of the Secretary and Treasurer may be united into one position, and if deemed necessary by the Board of Directors, may be paid positions. The Board of Directors may employ elected Directors, Association members, or non-association members for these positions. In the event that Directors of the Association are employed for these positions, they may not vote on issues that pertain to their administration and employment. In the event that the Secretary and Treasurer are incorporated into one, a second Vice President may be elected. The Board of Directors may appoint any assistant officers and such other officers or committees as in their judgment may be necessary. They need not be elected Board members, but such officers shall be in an advisory capacity to the Board of Directors only and shall maintain no authority to commit the Association in any way.

Section 2. Election and term. The Officers of Cape Colony Association, Inc. shall be elected as specified in Article VI, Section 2 of these Bylaws. Each officer shall hold office for a period of three (3) years or until his/her death, resignation, retirement, removal, disqualification or his/her successor is elected, qualified, and installed.

Section 3. Removal. Upon an affirmative vote of the majority of the Board of Directors (this shall mean a majority of the actual number of Directors then constituting the Board of Directors, not just the majority present at a meeting), any Officer may be removed for cause and his/her successor elected at any regular meeting of the Board of Directors or any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the Chairman of the Board of Directors of Cape Colony Association, Inc. The President shall, when present, preside at all meetings of the Board and of the Association, and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed from time to time by the Board. The President shall prepare, execute (with the Secretary/Treasurer), certify, and record amendments to the Declaration on behalf of the Association. The President shall be an ex-officio member of all Executive Committees except a Ballot Committee.

Section 5. Vice President(s). The Vice President, and if there be more than one, the Vice Presidents shall, in the absence or disability of the President, have the powers and perform the duties of said office. In addition, each Vice President shall perform such other duties and have such other powers as shall be prescribed by the President or by the Board of Directors.

Section 6. Secretary/Treasurer. The Secretary/Treasurer shall keep accurate records of the acts and minutes of the proceedings of all meetings of the Association and the Board of Directors. He/she shall also have the responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts, disbursements, and books belonging to the Association,

and shall present an itemized record of receipts, disbursements, and bank balances at each regular meeting of the Board of Directors. The Secretary/Treasurer and the Budget Committee shall have the primary responsibility for composing the annual budget of the Association as a basis for the Board's levying the annual assessments. The Secretary/Treasurer shall give, or cause to be given, all notices required by law and these Bylaws, and he/she shall have general charge of the minute books and records of both the Association and of the Board of Directors. The Secretary/Treasurer shall sign such instruments as may require his/her signature, and, in general, shall perform all duties incident to the office of Secretary/Treasurer and such other duties as may be assigned to him/her from time to time by the President or by the Board of Directors.

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/Treasurer. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by the President.

ARTICLE IX

OPERATION OF THE ASSOCIATION

Section 1. Determination of common expenses and fixing of common expense. The Board of Directors, from time to time, and at least annually, shall prepare a budget for the Common Area, determine the amount of the "Common Expenses" (as defined herein) payable by the Lot or Parcel Owners to meet the expenses of the Common Area, and shall use such budget as a basis for levying the annual assessments against each lot or parcel as set forth in the Declaration. A part of the Common Expenses of the Common Area shall include, among other things, and without limitation, the administrative expenses of the Association, and maintenance, repair and replacement costs of all premiums for insurance obtained pursuant to the provisions of the Declaration or Bylaws. The budget of the Association, at the discretion of the Board, and as necessary, may include, without limitation, amounts for: funding deficits for any prior year; a reserve for working capital; a reserve for maintenance and replacement; and a general operating reserve.

Section 2. Payment of Common Expenses. All Lot or Parcel Owners shall be obligated to pay the Common Expenses, for each calendar year, assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article at such time or times as the Board shall determine, by way of the annual assessment levied by the Board. No Lot or Parcel Owner shall be liable for the payment of any part of the Common Expenses assessed against his Lot or Parcel subsequent to a consummated sale, transfer, or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Lot or Parcel. A purchaser(s) of a Lot or Parcel shall be jointly and severally liable with the seller for the payment of the Common Expenses assessed against such Lot or Parcel prior to the acquisition by the purchaser(s) of such Lot or Parcel, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser(s) therefor. Provided, that a first-lien mortgagee or other purchaser(s) of a Lot or Parcel at a foreclosure sale of such Lot or Parcel shall not be liable for, and such Lot and Parcel shall not be subject to, a lien for the payment of Common Expenses assessed prior to such foreclosure sale, and such unpaid Common Expenses shall be deemed to be the Common Expenses collectible from all of the Lot or Parcel Owners, including such purchaser(s), his/her successors, and assignees.

Section 3. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the development, improvement, maintenance, and operation of the Common Area (with the exception of the boat basin) and any and all such other properties as may be acquired by the Association dedicated for the use and enjoyment of the Lot or Parcel Owners within the Subdivision. The assessments shall be used to promote the health, safety, aesthetic integrity, recreation and welfare of the Lot Owners as reflected in the Common Expenses formulated by the Board of Directors in accordance with these Bylaws.

Section 4. Administration of Assessments. Assessments shall be determined, imposed, levied, and collected by the Association pursuant to the procedures prescribed in the Declaration, subject to the following provisions regarding the annual budget: The Board of Directors will devise and bring before the membership for their approval at the annual meeting a rate schedule of assessments to support the budget for the coming fiscal year. Before the Board of Directors can levy the annual assessment for the upcoming year, such assessment and supporting budget must be approved by majority vote of the members in attendance, in person, by mail, or proxy, at any annual meeting at which there is a quorum present.

Section 5. Statement of Common Expenses. The Board of Directors shall promptly provide any Lot or Parcel Owner, its grantee, or contract purchaser making written request therefor, a written statement of all unpaid Common Expenses or assessments due from such Lot or Parcel Owner.

Section 6. Maintenance and repair.

(a) Maintenance of Lots or Parcels. The Owner of said Lot or Parcel shall make all maintenance and repairs to any Lot or Parcel, ordinary or extraordinary (other than maintenance of and repairs to any portion thereof required to be maintained by the Association).

(b) Maintenance of Common Area. All maintenance, repairs, and replacements to the Common Area, whether located inside or outside of the Lots or Parcels (unless necessitated by the negligence, misuse or neglect of a Lot or Parcel Owner, his guests, lessees, employees, servants, or invitees, in which case such expense shall be charged to such Lot or Parcel Owner), shall be made by the Board and shall be charged to all Lot or Parcel Owners as a Common Expense of the Association.

Exceptions:

(1) Boat Basin - The boat basin will be operated as a self-supporting Common Area. Due to the limited number of slips, boat slip rental is based upon "first come, first serve" basis and all renters must be members/Associate members in good standing with the Association. It will be maintained with funds that are generated by boat slip rental(s) and any other funds assessed persons that are renting ship(s). No Common Area funds will be used to maintain the boat basin.

At the discretion of the Board of Directors, the boat basin will be managed/operated utilizing one of the following options:

• A Committee composed of members in good standing, who are renting slips, will be appointed by the Board and will be responsible for renting slips, collecting fees, maintenance and repair, and other problems as they occur. Said Committee will establish/publish rules and guidelines for operation of the boat basin. All financial functions will be coordinated with the Board and the Association's bank account will be used for all receipts/expenditures.

• The boat basin may be leased, for a nominal fee, to a member/member in good standing who is/are renting ship(s). The leasee(s) will be responsible for renting slips, collecting fees, maintenance and repair, and other problems that may exist. The leasee(s) will establish/publish rules and guidelines for operation of the boat basin. The leasee(s) will provide reports of financial status to the Board every ninety (90) days.

• A maintenance/upkeep contract may be entered into between the Board and a member/member in good standing who is/are renting slip(s). The contractee(s) will be responsible for renting slips, collecting fees, maintenance and repair, and other problems that may exist. The contractee(s) will establish a separate bank account and provide reports of financial status to the Board every ninety (90) days.

(2) Boat Ramp - The boat ramp will normally be operated as a Common Area supported by Common Expense monies. At the Board's discretion, the boat ramp may be operated as a self-supporting Common Area. If so deemed, it will be maintained by funds generated by assessing a user fee to be paid by those members/Associate members in good standing who wish to use the boat ramp. No Common Area funds would be used to maintain the boat ramp.

At the discretion of the Board of Directors, the boat ramp would be managed/operated utilizing one of the following options:

• A Committee composed of members in good standing will be appointed by the Board and will be responsible for collecting fees, maintenance and repair, and other problems as they occur. Said Committee will establish/publish rules and guidelines for operation of the boat ramp. All financial functions will be coordinated with the Board and the Association's bank account will be used for all receipts/expenditures.

• The boat ramp may be leased, for a nominal fee, to a member/member in good standing. The leasee(s) will be responsible for collecting fees, maintenance and repair, and other problems that may exist. The leasee(s) will establish a separate bank account and provide reports of financial status to the Board every ninety (90) days.

• A maintenance/upkeep contract may be entered into between the Board and a member/member in good standing. The contractee(s) will be responsible for collecting fees, maintenance and repair, and other problems that may exist. The contractee(s) will establish/publish rules and guidelines for operation of the boat ramp. The contractee(s) will establish a separate bank account and provide reports of financial status to the Board every ninety (90) days.

(3) Park - The park will normally be operated as a Common Area supported by Common Expense monies. At the Board's discretion, the park may be operated as a self-supporting Common Area. If so deemed, it will be maintained by funds generated by assessing a

user fee to be paid by those members/Associate members in good standing who wish to use the park. No Common Area funds will be used to maintain the park.

At the discretion of the Board of Directors, the park would be managed/operated utilizing one of the following options:

- A Committee composed of members in good standing will be appointed by the Board and will be responsible for collecting fees, maintenance and repair, and other problems as they occur. Said Committee will establish/publish rules and guidelines for operation of the park. All financial functions will be coordinated with the Board and the Association's bank account will be used for all receipts/expenses.
- The park may be leased, for a nominal fee, to a member/member in good standing. The leasee(s) will be responsible for collecting fees, maintenance and repair, and other problems that may exist. The leasee(s) will establish/publish rules and guidelines for operation of the park. The leasee(s) will establish a separate bank account and provide reports of financial status to the Board every ninety (90) days.
- A maintenance/keep contract may be entered into between the Board and a member/member in good standing. The contractee will be responsible for collecting fees, maintenance and repair, and other problems that may exist. The contractee(s) will establish/publish rules and guidelines for operation of the park. The contractee(s) will establish a separate bank account and provide reports of financial status to the Board every ninety (90) days.

- (s) will be responsible for collecting fees, maintenance and repair, and other problems that may exist. The contractee(s) will establish/publish rules and guidelines for operation of the park. The contractee(s) will establish a separate bank account and provide reports of financial status to the Board every ninety (90) days.
- (4) Clubhouse Area - The Clubhouse will be operated as a Common Area supported by Common Expense monies.
- (c) Standards of Maintenance. The Association shall carry out its duties to maintain the Common Area of the Association according to the following minimum standards:
 - (1) All buildings maintained by the Association as Common Area, including, but not limited to, the Clubhouse, comfort station, and maintenance building, shall be maintained in a functional and safe manner in accordance with all applicable health, sanitation, and other local ordinances.
 - (2) Boat ramps, bulkheads, and any piers maintained by the Association as Common Area shall be maintained in accordance with applicable Chowan County and federal regulations for such structures and facilities and shall be maintained so as not to be a navigational hazard for boats and free of personal hazards.
 - (3) Recreational areas maintained by the Association as Common Area, including, but not limited to parks and other areas that may be acquired for the use of the owners, shall be maintained in a condition appropriate for their intended use and in a safe and sanitary condition, free of personal hazards.
 - (4) Roads within the Property which are maintained by the Association as Common Area shall be maintained in accordance with the minimum standards for unimproved secondary roads as established by the North Carolina Department of Transportation.
 - (5) Parking lots shall be maintained in a serviceable, safe, and sanitary condition, free of personal hazards.

- (4) Clubhouse Area - The Clubhouse will be operated as a Common Area supported by Common Expense monies.
- (c) Standards of Maintenance. The Association shall carry out its duties to maintain the Common Area of the Association according to the following minimum standards:
 - (1) All buildings maintained by the Association as Common Area, including, but not limited to, the Clubhouse, comfort station, and maintenance building, shall be maintained in a functional and safe manner in accordance with all applicable health, sanitation, and other local ordinances.
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 - (5) Parking lots shall be maintained in a serviceable, safe, and sanitary condition, free of personal hazards.

Section 7. Use of Common Area. The Common Area shall be used only for the purposes for which they are intended in furnishing services and facilities for the enjoyment of the Lot or Parcel Owners.

Section 8. Utility charges. All charges for utilities used in connection with the maintenance and use of the Common Area shall be a Common Expense.

Section 9. Rule of Conduct. Rules and Regulations concerning the use of the Common Area may be promulgated and amended by the Board. Copies of such Rules and Regulations shall be furnished by the Board to each Lot Owner, and all amendments and new Rules and Regulations shall be furnished to Lot Owners prior to the time that that amendment or new rule or regulation becomes effective.

ARTICLE X

RECORDS AND AUDITS

The Board of Directors and/or the Secretary/Treasurer shall keep detailed records of actions of the Board, President and any committees, minutes of the meetings of the Board of Directors, minutes of meetings of the Association, minutes of meetings of the committees, and financial records and expenditures, which among other things, shall contain the amount of each assessment of the Common Expenses against each Lot or Parcel, the date when due, and amounts paid thereon, and the unpaid balance, and including

maintenance and repair expenses of the Common Areas and any other expenses incurred. The financial records and books of account shall be available for examination by any Lot or Owner or his/her duly authorized agent or attorney at convenient hours on working days by prior arrangement with the Board of Directors or its President.

The Board shall have the authority to order an outside audit of all receipts and expenditures of the Association and Property. If so ordered, the Board shall render such audit to all Lot Owners on or before the nineteenth (9th) day following the close of each fiscal year, covering the preceding year. All books and records shall be kept in accordance with good and accepted accounting practices. A copy of the audit, if ordered by the Board, shall be furnished to all mortgagees of Lots or Parcels who have requested the same.

ARTICLE XI

FINANCES

Section 1. The revenue of Cape Colony Association, Inc. shall be derived from the annual property assessments and from such other sources as may be determined by the property owners or Board of Directors.

Section 2. Items purchased by Cape Colony Association are for the sole use of the Association and are not to be loaded to any other group or individual(s).

ARTICLE XI

PARLIAMENTARY AUTHORITY

Cape Colony Association, Inc. shall be governed by ROBERT'S RULES OF ORDER, NEW REVISED.

ARTICLE XII

AMENDMENT OF BYLAWS

Section 1. Amendment. These Bylaws may be amended by majority vote of members, voting in person, by absentee ballot, or by proxy at any regular or special meeting duly called with notice. However, Article II (Definitions; Article V, Section 1 (Annual Meetings); Article VII (Board of Directors Meetings); Article IX, Section 2 (Payment of Common Expenses) and Section 6, (c) (Standards of Maintenance) may also be amended/changed by the Board of Directors without prior membership approval. A statement of any proposed amendment, which has been considered and recommended by the Bylaws Committee and approved by the Board of Directors, shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon. Section 2. Effectiveness. Such amendment shall be executed in the name of the Association by the President of Cape Colony Association, Inc. and attested by the Secretary/Treasurer and shall be recorded in the office of the Registrar of Deeds of Chowan County. No such amendment shall be effective until duly recorded as aforesaid.

ARTICLE XIII

DISSOLUTION

Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation in accordance with the provisions of North Carolina General Statutes Chapter 55A, the North Carolina Non-Profit Corporations Act.

APPENDUM #1 TO

CAPE COLONY ASSOCIATION, INC.

AMENDED AND RESTATED BYLAWS

ELECTION OF OFFICERS/DIRECTORS:

Per this revision of the Cape Colony Association's Bylaws, Officers as well as Directors are to be elected by the membership at the Annual Membership Meeting for three (3) year terms.



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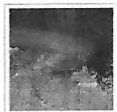
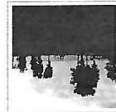
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