



BY-LAWS OF THE HARBOR ISLAND OWNERS ASSOCIATION

ARTICLE I – NAME AND OBJECT OF ASSOCIATION

Section 1 – Name

The Association shall be known as the Harbor Island Owners Association, hereinafter called the Association, and it shall be incorporated as a South Carolina not-for-profit corporation.

Section 2 – Objects

Purpose and object of the Association shall be for the maintenance, upkeep and operation of the Common Areas of Harbor Island and of other property of the Association so as to furnish and provide for its members facilities for recreational and social purposes and to provide those services and amenities which will contribute to the general well-being of the community and of the members. The Association shall further seek to promote cooperation and a community spirit among its members. No part of the net earnings of the Association shall inure to the benefit of any of its members and the purpose of the Association shall not be for profit. No objectionable or illegal activities shall be conducted upon any property or facilities owned or controlled by the Association.

ARTICLE II – DEFINITIONS

Section 1 – Definitions

The terms, definitions and provisions of the Declaration of Covenants and Restrictions for Harbor Island Subdivision and Provisions of Harbor Island Owners Association, Inc., dated August 28, 1980 and recorded in the office of the Clerk of Court for Beaufort County, South Carolina, are hereby adopted and incorporated as a part of these by-laws.

ARTICLE III – MEMBERSHIP

Section 1 – Applicability

Every person or entity who is an owner of a lot or dwelling unit located within that development known as 'Harbor Island On The Ocean' shall be a member of the Association.

Section 2 - Non-Assignability of Membership

Membership and the rights and privileges of a member shall not be assignable to any person who resides outside of 'Harbor Island On The Ocean'. A person's membership shall terminate when he no longer owns a lot or dwelling unit within 'Harbor Island On The Ocean'.

Section 3 - Death of a Member

Upon the death of any member his/her membership shall automatically pass to such person who shall inherit the property which entitled the deceased member to membership.

Section 4 - Honorary Members

The Board of Directors of the duly organized meeting may elect honorary members by a unanimous vote of the members present. Honorary members shall be exempt from any payment of any fees and shall be entitled to the privileges of regular members except the right to vote or hold office.

Section 5 - Voting Rights

Members shall be entitled to one vote for each lot or dwelling unit owned. When more than one person holds an interest in a lot or dwelling unit, all such persons shall be members and the vote of such unit shall be exercised as they shall determine among themselves and notify the Secretary of the Association. If the co-owners disagree as to the vote, the vote shall be divided equally among them.

ARTICLE IV – MEMBERSHIP FEES AND DUES

Section 1 - Deleted

Section 2 - Regular Membership Fee

The regular annual membership fee for each lot or dwelling unit shall be determined by the Board of Directors. Provided, however, that the Board of Directors may increase such regular annual membership fee by an amount not more than ten

percent (10%) above that for the preceding year; and provided further that such regular annual membership fee may be increased by more than ten percent (10%) above the preceding year by a vote of two-thirds of the membership at a meeting duly called for that purpose.

Section 3 - Special Membership Fees

In addition to the regular annual membership fees, the Association shall levy special membership fees for the purpose of defraying the costs of any unexpected repair or replacement of a capital improvement upon the Common Areas or for any construction or addition to the Common Areas, such special membership fee to be levied only upon the assent of two-thirds (2/3) of the members voting in person or by proxy at a duly called meeting of the members of the Association.

Section 4 - Deleted

Section 5 - User Fees

The Board of Directors may set such schedule of fees or charges for the use of recreational facilities as may be appropriate to cover the direct expense of the maintenance and operation of such facilities.

Section 6 - Delinquent Fees and Dues

The Board of Directors shall have the power to assess a penalty upon any member whose dues are more than thirty (30) days past due. Should any member be more than thirty (30) days past due in payment of his/her dues he/she shall be suspended from all privileges of membership. All membership fees, charges and costs shall be a lien on the real property against which the membership fee is made, and the Board of Directors shall, through judicial action, seek to recover all unpaid dues and fees.

Section 7 - Fiscal Year

The annual membership fees or assessments are due and payable on a fiscal year basis as determined by the Board except that the fiscal year cannot be changed two (2) years in a row and must be by IRS approval. The Board will determine the membership fee forty-five (45) days in advance of the end of each fiscal year and will mail notice thereof to each member within five (5) days of such determination.

ARTICLE V - GOVERNMENT

Section 1 - Board of Directors

The general management of the affairs of the Association shall be vested in the Board of Directors. The Board of Directors shall consist of seven (7) persons, with each serving a term of two (2) years. These terms shall be staggered so that at one annual meeting three (3) Directors shall be elected and at the next annual meeting four (4) Directors shall be elected and so on. Voting for Directors at the annual meeting shall be non-cumulative.

Section 2 - Officers

The officers of the Association shall consist of a President, Vice-President, Secretary and Treasurer, elected by the Board of Directors from among its members for one (1) year terms.

Section 3 - Vacancies

If a vacancy occurs among the officers or in the Board of Directors, the vacancy shall be filled for the unexpired term by the Board of Directors.

ARTICLE VI – DUTIES AND POWERS OF BOARD OF DIRECTORS AND OFFICERS

Section 1 - Management of Association

The Board of Directors shall have general charge and management of the affairs, funds and property of the Association. The Board shall have full power and it shall be the Board's duty to carry out the purposes of the Association according to its Articles of Incorporation and By-Laws; to determine whether the conduct of any member is detrimental to the welfare of the Association; and to fix the penalty for such misconduct when a violation of the By-Laws, Rules, or the Declaration of Covenants.

Section 2 - Rule Making

The Board of Directors may make rules for the conduct of the members and the use of the Association's property and amenities.

Section 3 - Appointment of Committees

The Board of Directors may appoint such committees as it deems necessary; it may vote expenditures of monies as it deems necessary or advisable; and it may contract for and take other action on behalf of the Association.

Section 4 - President

The President shall preside at all meetings of the Association and of the Board of Directors and shall appoint such committees as he/she or the Association shall consider expedient or necessary. He/she shall perform such other duties as customarily pertained to the office of President, or as he/she may be directed by resolution of the Board of Directors. He/she shall, along with the treasurer, be authorized to sign all checks and such other instruments as the Board of Directors may direct.

Section 5 - Vice-President

In the absence of the President, the Vice-President shall perform his/her duties. In addition, he/she shall perform such duties as may be assigned him/her by the Board of Directors.

Section 6 - Secretary

The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall mail out all notices for meetings for the Association or the Board of Directors. He/she shall have custody of all books, records and papers except those in the possession of the Treasurer.

Section 7 - Treasurer

The Treasurer shall have charge of all receipts and monies of the Association, deposit them in the name of the Association in the bank approved by the Board of Directors, and disburse funds ordered or authorized by the Board of Directors. He/she shall keep regular accounts of his receipts and disbursements, submit his/her records when requested, and give an itemized statement at regular meetings of the Association. He/she shall have custody of all funds, securities, fiscal papers, and other tangible assets of the corporation. He/she shall prepare such tax reports as local, state and federal agencies may require. He/she shall have power to sign checks on behalf of the Association.

Section 8 – Compensation and Reimbursement

Neither the Officers, Directors nor members serving on committees shall receive any salary or compensation for services rendered to the Association. They may be reimbursed for reasonable out-of- pocket expenditures made on behalf of the Association and approved by the Board of Directors in advance.

Section 9 - Execution of Instruments

The President and the Secretary shall on being so directed by the Board sign all deeds, mortgages, leases, contracts, or other instruments in writing.

Section 10 - Term of Office

The term of Office of the Board members and the Officers will be during the fiscal year as determined herein.

ARTICLE VII – MEETINGS

Section 1 - Annual Meetings of Members

The annual meeting of members shall be held on the first Saturday during the month of November between 9:00 A.M. and 5:00 P.M. (as shall be determined by the Board) with fifteen (15) day's notice being given to all members.

Section 2 - Special Meetings of Members

Special meetings of members of the Association may be called by the President at any time on his/her own initiative or by the President or Secretary upon request of ten (10) members to such officer made in writing. Notice of such special meetings shall be mailed to each member at least five (5) days prior to the meeting and at such special meetings there shall only be considered such business as is specified in the Notice of Meeting.

Section 3 - Meetings of Directors

The Board of Directors shall meet immediately following the annual meeting of the membership. Special meetings of the Board of Directors may be called by the President by giving five (5) days' notice, either written or verbal, to each Director.

Section 4 - Quorums and Votes at Meetings

- a) Special Meetings: The presence of sixty-seven percent (67%) of all members of the Association is required to constitute a quorum of the membership for any of the following purposes:
 - i. Merger with another Association - See Declaration Article II Section 2 (b) and (c).
 - ii. Conveyance of Common Area - See Declaration Article IV Section 3 (d).

- iii. Increase in Annual Assessment more than ten percent (10%) - See Declaration Article V Section 3.
- iv. To establish Special Assessments - See Declaration Article V Section 4.
- v. To Terminate the Declaration - See Declaration Article IX Section 1.

Additionally, the presence of seventy-five percent (75%) of all members of the Association is required to constitute a quorum to amend the Declaration (see Declaration Article IX, Section 1). A vote to approve any motion for the above purposes is determined by the Declaration of By-Laws. A written proxy may be given by any member for the purpose of establishing a meeting quorum or for the purpose of any vote. A proxy given for a vote will be included in establishing a quorum.

- b) **Regular Meetings:** The presence of twenty percent (20%) of all members of the Association is required for any meeting for any purpose other than those stated in Article VII, 4(a) above to constitute a quorum. A vote of a majority of those present at the meeting will approve any motion. If the required quorum to hold a meeting is not present, another meeting may be called subject to the same notice requirement and a quorum will be present to hold a meeting upon the presence of ten percent (10%) of the members. A written proxy may be given by any member for the purpose of establishing a meeting quorum or for the purpose of any vote. A proxy given for a vote will be included in establishing a quorum.

Section 5 - Voting by Proxy

At any regular or special meetings of the Association voting may be either in person or by written proxy signed by the member.

Section 6 - Special Notice and Quorum

The special quorum requirements and the giving of special notice for meetings at which special membership fees are proposed to be levied or at which annual membership fees are to be increased beyond ten percent (10%), shall be complied with as required by Article V, Section 5 of the Declaration of Covenants and Restrictions for Harbor Island Subdivision.

ARTICLE VIII – AMENDMENTS

Section 1 – Amendments

Amendments to these By-Laws shall be adopted by two-thirds (2/3) affirmative vote of the members present at a duly held meeting; provided, however, that the text of such proposed amendments has been mailed to the members with the stated call for the meeting ten (10) days prior to the meeting.

ARTICLE IX – DISPOSITION OF ASSETS

Section 1 – Disposition of Assets

In the case of dissolution all assets of the Association shall be transferred and conveyed to another eleemosynary or non-profit corporation which is exempt from South Carolina income tax, such transferee to be selected by the Board of Directors at the time of dissolution. This Article of the By-Laws is irrevocable and not subject to change or amendment.

Adopted this 5th day of September 1980

AMENDMENT/REVISION HISTORY:

1. Any mention(s) of the 'Harbor Island Development Company', including voting rights, original membership fees, etc. have been deleted, since this firm is no longer in existence and the voting privileges have long ago expired.
2. **FIRST AMENDMENT: NOVEMBER 1, 1986:**
 - a. Quorums and votes at meetings
 - b. Changed to fiscal year: changed terms of office to agree with fiscal year, changed fees from calendar to fiscal year
 - c. Changed date of annual meeting to first Saturday in November
3. **FEBRUARY 2022:**

Document revised to correct spelling and formatting errors. No content changes made.