

**ATTACHMENT “A”**

**Proposed New Set of Bylaws for the Peninsula Owners Association, Inc.**

*(Will amend and restate existing Bylaws effective September 9, 2022)*

**EXHIBIT B**  
**BYLAWS OF THE PENINSULA OWNERS ASSOCIATION, INC.**  
**(Adopted Effective September 9, 2022)**

ARTICLE I  
NAME

**1.1. Name:** The name of this Corporation shall be THE PENINSULA OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association."

**1.2. Incorporation:** The Association is and shall be a Nonprofit Corporation existing under and by virtue of the "Nonprofit Corporation Act" of Chapter 55A, of the General Statutes of the State of North Carolina.

**1.3. Authority:** These Bylaws are adopted pursuant to North Carolina's Nonprofit Corporation Act.

**1.4. Definitions:** The definitions and terms set forth in the Declaration of Covenants, Conditions and Restrictions for the Peninsula, a Planned Unit Development, as amended, and as recorded with the Dare County Register of Deeds, shall be applicable to these Bylaws.

ARTICLE II  
PURPOSE AND OBJECTIVES

The purposes of the Association shall be as follows:

**2.1. Allowed Activities.** To engage in any lawful activity authorized for nonprofit corporations in the State of North Carolina, especially including, but not limited to, the ownership and administration of the properties and lands lying in the vicinity of "The Peninsula Subdivision" at Manteo, North Carolina, and the administration and enforcement of the Declaration of Covenants and Aesthetic Guidelines applicable to residential Homesites within The Peninsula.

**2.2 Prohibited Activities.**

2.2.1. No part of the property, assets or net income of the Association shall inure to the benefit of any director, officer, Owner or private person, except the Association shall be permitted when necessary to hire and pay personnel reasonable compensation in order to carry out its objectives.

2.2.2. The Association will make reasonable efforts to acquire and maintain an exempt status from federal income taxation and any similar State of North Carolina exemption.

ARTICLE III  
MAILING ADDRESS

The mailing address of the Association is P.O. Box 2434, Manteo, NC 27954. The address of the Association may change from time to time.

ARTICLE IV  
MEMBERSHIP

**4.1. Qualifications.** Membership in the Association shall be composed of Owners as defined and described in the Declaration. "Owner" shall have the same meaning as "Member" in these Bylaws.

**4.2 Maintenance of Ownership.** To maintain voting ownership in the Association, an Owner shall:

4.2.1 pay on or before the due date thereof all dues, assessments, fines and charges levied by the Association;

4.2.2 not violate any provision of the Declaration of Covenants or Aesthetic Guidelines;

4.2.3 not allow Owner's Homesite or Dwelling Unit to be in violation of the Declaration of Covenants or Aesthetic Guidelines.

ARTICLE V  
MEETING OF THE OWNERS

**5.1. Annual meeting of the Owners.** A minimum of one meeting per calendar year of the Owners of the Association shall be held at a place (or remotely by telephonic and electronic means) and time determined by the Board ("Annual Meeting").

5.1.1. The purpose of the Annual Meeting shall be the election of directors of the Board, the receiving of annual reports and Treasurer's reports, voting on an annual budget for the Association, and the transaction of such other business as shall be properly presented.

5.1.2. Notice of the Annual Meeting shall be mailed or sent electronically by the Secretary to all Owners no greater than thirty (30) days nor later than fifteen (15) days prior to the scheduled date, and shall include a meeting agenda, proposed annual budget, and any other documents that the Board wants Owners to consider in advance of the Annual Meeting.

**5.2. Regular Business Meetings of the Owners.**

5.2.1. Regular business meetings of the Owners may be established at the discretion of the Board of Directors (the "Board").

5.2.1.1. At such meeting any Owner may discuss any matter of relevance to the Association and make recommendations to the Board on those subjects for which the Board is responsible, but otherwise may make no motions nor vote on matters for which the Board is responsible.

**5.3. Special Meetings of the Owners.** Special meetings (Special Meetings) of the Owners may be called as allowed by Chapter 55A of the North Carolina General Statutes.

**5.4. Quorum.** A quorum at meetings of the Owners of the Association shall consist, including by proxy, of a majority of the Owners eligible to vote.

5.4.1. If a quorum is not then present at an Annual Meeting the meeting shall be adjourned until a day set by the Board which day shall be at least thirty (30) days subsequent, whereupon the Secretary shall provide written notice of said adjournment to all Owners.

5.4.2. A quorum at such an adjourned Annual Meeting shall consist of at least twenty-five (25) percent of the Owners eligible to vote in person or by proxy.

**5.5. Action.** At such Annual Meeting or Special Meeting an affirmative vote of the majority in attendance or by proxy, unless a higher requirement is established by statute, the Declaration, or specifically delineated herein, shall be required to transact any business that shall lawfully be brought before the Owners.

**5.6. Alternative Methods of Taking Action.** The Association may utilize any alternative methods of Owners taking action as permitted by the Nonprofit Corporation Act.

## ARTICLE VI BOARD OF DIRECTORS

**6.1. General Powers.** The Board of Directors shall exercise all of the powers of a non-profit corporation given it by statute or vested in the Association by these Bylaws, and the general business of and affairs of the Association shall be conducted by the Board of Directors. Specifically, but not by way of limitation, the Board has the authority to impose assessments, charges, fines and fees against the Owners and their Homesites or Dwelling Units, all as set out in the Declaration. Additionally, the Board shall be required to provide written electronic notice to all registered Owners as soon as practical before taking any action pursuant to North Carolina's Planned Community Act, Article 3-102(4), to institute, defend, or intervene in litigation or administrative proceedings on matters affecting the Association.

### **6.2. Number, Term and Qualifications.**

6.2.1 The number of directors of the Association shall be three (3) or five (5) in number, each of whom shall serve terms of three (3) years unless a lesser term is specified for one or more director roles as part of the election process. The Board shall make all reasonable efforts to seat five (5) directors through an Annual Meeting or Special Meeting, including conducting multiple rounds of votes if the initial director election process fails to fill all open director positions. If the Association is unsuccessful in filling five (5) director positions after three (3) rounds of calls for director nominations and subsequent votes by Owners, the Board shall operate with three (3) directors for the subsequent operating year if two (2) director vacancies remain and the Board shall appoint one (1) Owner as soon as practical to be a director if only one (1) director vacancy remains. The Board shall specify the term lengths for each director position to ensure that a minimum of two (2) director positions will not be subject to a vote at any Annual Meeting. In the event that a vacancy occurs on the Board of Directors outside of the Annual Meeting election process, the remaining members of the Board shall, at the next Board meeting, appoint an Owner to serve the unexpired portion of the term for which the vacancy exists, or in the event of two or more director vacancies, a special meeting of the Owners will be convened to select replacements for the remaining terms of the vacant positions.

6.2.3. Only Owners of the Association who are, and continue to be, in compliance with Article 4 shall be eligible to serve on the Board of Directors.

6.2.4. Only one Owner per Homesite or Dwelling Unit shall serve on the Board of Directors at the same time.

**6.3. Officers of the Board.** The Board of Directors shall elect from among its membership a President, Vice-President, and Secretary-Treasurer of the Association, which officers shall be elected at the first meeting of the Board immediately following the annual meeting. The Association may also, from time to time, separate the position of Secretary and Treasurer, provided that in doing so, each position will also be a director of the Association.

**6.4. Duties of the Officers of the Board.**

6.4.1. President of the Board. Subject to the direction of the Board, the President of the Board shall be the principal executive officer of the Association and shall in general supervise and control all the business and affairs of the Association, which can have a material impact on the Owners use and enjoyment of the Community. The President shall, when present, preside at all of the meetings of the Owners and of the Board.

6.4.1.1. The President may sign, with the Secretary or any other officer of the Association authorized by the Board, any deeds, mortgages, deeds of trust, bonds, contracts, notes or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or these Bylaws to some other officer or agent of the Association or shall be required by law to otherwise be signed or executed; and in general shall perform all duties as may be prescribed by the Board of Directors from time to time.

6.4.2. Vice President of the Board: In the absence of the President, or in the event of death or inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions of the President.

6.4.2.1. The Vice-President shall perform such other duties as from time to time as may be assigned by the President or by the Board of Directors.

6.4.3. Secretary of the Board: The Secretary shall:

6.4.3.1. Keep the minutes of the Owners meetings and of the Board of Directors meetings in one or more books provided for that purpose;

6.4.3.2. Give all required notices in accordance with the provisions of these Bylaws;

6.4.3.3. Keep, as custodian, the Corporate records and Corporate Seal;

6.4.3.4. Affix the Seal of the Association to all documents for which authorization has been given;

6.4.3.5. Keep a registry of the address and telephone number of each Owner; and

6.4.3.6. Perform all duties incident to the office of Secretary as set forth in these Bylaws or otherwise required by law or assigned by the Board of Directors from time to time.

6.4.4. Treasurer of the Board: The Treasurer shall:

6.4.4.1. If required by the Board of Directors, give a bond for the faithful discharge of duties in such sum and with such surety or sureties as the Board may require.

6.4.4.2. Have charge and custody of and be responsible for all funds and securities of the Association;

6.4.4.3. Receive and give receipts for moneys in the name of the Association and deposit such funds in depositories as the Board may determine;

6.4.4.4. If required by the Board, arrange for the Corporate books to be audited by a Certified Public Accountant at least once a year;

6.4.4.5. Prepare and present such reports as may be required by these Bylaws and applicable law; and

6.4.4.6. Perform all duties incident to the office of Treasurer as set forth in these Bylaws or otherwise required by law or assigned by the Board from time to time.

6.5. Meetings of the Board.

6.5.1. Regular Meetings of the Board: Regular meetings of the Board of Directors may be held, without notice, at such times and places, as the Board shall determine.

6.5.2. Special Meetings of the Board: Special Meetings of the Board of Directors may be called at the discretion of the President or by any two (2) other members of the Board of Directors.

6.6. Removal of Director. Article 8, Part 1 of the Nonprofit Corporation Act, as amended from time to time, shall govern the removal of Directors.

## ARTICLE VII CONFLICT OF INTEREST POLICY

7.1. Purpose. The purpose of the conflict of interest policy is to protect the Association's tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer or Director of the Association or might result in a possible excess of benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

## 7.2. Definitions.

7.2.1. Interested Person: Any Officer, Director, or member of a committee with delegated powers, who has a direct or indirect financial interest, as defined below, is an Interested Person.

7.2.2. Financial Interest: A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Association has a transaction or arrangement,
- b. A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Financial Interest is not necessarily a conflict of interest. Under Section 7.3.2, a person who has a Financial Interest may have a conflict of interest only if the Board or committee decides that a conflict of interest exists.

## 7.3. Procedures.

7.3.1. Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors and members of committees with delegated powers considering the proposed transaction or arrangement.

7.3.2. Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Board meeting or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Directors or committee members shall decide if a conflict of interest exists.

### 7.3.3. Procedures for Addressing the Conflict of Interest.

- a. An Interested Person may make a presentation at the Directors or committee meeting, but after that presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Board or committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under the circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors or committee members whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or agreement.

#### 7.3.4. Violations of the Conflicts of Interest Policy.

a. If the Board or committee has reasonable cause to believe a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the person's response and after making further investigations warranted by the circumstances, the Board or committee determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### 7.4. Records of Proceedings. The minutes of the Board and all committees with Member delegated powers shall contain:

7.4.1. The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

7.4.2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transactions or arrangement, and a record of any votes taken in connection with the proceedings.

#### 7.5. Compensation.

7.5.1. A person who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that person's compensation.

7.5.2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association for services, is precluded from voting on matters pertaining to that member's compensation.

7.5.3. Any Director or any committee member, whose jurisdiction includes compensation, directly or indirectly, from the Association, either individually or collectively, is prohibited from providing information to any committee regarding compensation.



7.6. Annual Statements. Each Director, officer, and members of a committee with delegated powers shall annually sign a statement with affirms such person:

7.6.1. Has received a copy of the conflicts of interest policy,

7.6.2. Has read and understands the policy,

7.6.3. Has agreed to comply with the policy, and

7.6.4. If applicable, understands in order to maintain its federal tax exemption the Association must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

7.7. Periodic Reviews. If applicable, to ensure the Association operates in a manner consistent with tax-exempt purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted by the Board. The periodic reviews shall, at a minimum, include the following subjects:

7.7.1. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

7.7.2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Association's written policies, are properly recorded, reflect reasonable investments or payments for goods and services, further the Association's tax-exempt purposes, and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

7.8. Use of Outside Experts. When conducting the periodic reviews as provided for Section 7.7, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

7.9. Nonprofit Corporation Act Provisions. The provisions of this Article VII shall be in addition to the Director conflict-of-interest requirements of Section 55A-8-31 of the Nonprofit Corporation Act, as amended from time to time.

## ARTICLE VIII AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted only as provided in Article 10, Chapter 55A of the North Carolina General Statutes.

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