

# BY-LAWS OF THE MELROSE PROPERTY OWNERS ASSOCIATION, INC.

## ARTICLE I NAME AND LOCATION

Section 1.1. The name of the corporation is THE MELROSE PROPERTY OWNERS ASSOCIATION, INC. (hereinafter referred to as the "Association"). The office of the corporation shall be located at Melrose, Daufuskie Island, Beaufort County, South Carolina, but meetings of Members and directors may be held at such places within the State of South Carolina as may be designated by the Board of Directors.

## ARTICLE II DEFINITIONS

Section 2.1. "**Association**" shall mean and refer to The Melrose Property Owners Association, Inc. its successors and assigns.

Section 2.2. "**Declaration**" shall mean and refer to the Declaration of Covenants and Restrictions of The Melrose Group Limited Partnership dated January 9, 1987 and recorded in the Office of the Register of Mesne Conveyance for Beaufort County, South Carolina, in Deed Book 470 at Page 1399.

Section 2.3. "**Owner**" shall mean and refer to the Owner as shown in the real estate records in the Office of the Register of Mesne Conveyance for Beaufort County, South Carolina, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot or Dwelling, both as described in the Declaration, who is also described as an "Owner" in the said Declaration. In the event that there is recorded in the office of the Register of Mesne Conveyance for Beaufort County, South Carolina, a long-term contract of sale covering any lot or parcel of land within the Properties, the Owner of such lot or parcel of land shall be the purchaser under said contract and not the fee simple title holder. A long term contract of sale shall be one where the purchaser is required to make payments of the property for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to the property until such payments are made although the purchaser is given the use of said property.

Section 2.4. "**Member**" shall mean and refer to all those Owners who are members of the Association as provided in Article IV of these By-Laws.

## ARTICLE III PURPOSE

Section 3.1. The basic purpose of the Association shall be to promote the common good and general welfare of owners of property in Melrose and to represent the said property owners in all matters in pursuit of these objectives.

Section 3.2. **Mergers and Consolidations.** Subject to the provisions of the recorded covenants and restrictions applicable to Melrose, and to the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the vote at a duly called meeting of the Association, written notice of which shall be mailed to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

## ARTICLE IV MEMBERSHIP

Section 4.1. **Membership.** Under the terms of the Declaration, every Owner shall be deemed to have membership and be a member of the Association. Membership is appurtenant to and may not be separated from ownership of any Lot or Dwelling, and ownership of a Lot or Dwelling shall be the sole qualification for membership. In event that title to a Lot or Dwelling is transferred or otherwise conveyed, the membership in the Association appurtenant thereto shall automatically pass to the transferee. No Owner, whether one or more persons, shall have more than one membership per Lot or Dwelling. When more than one person holds an interest in any Lot or Dwelling, the vote for such Lot or Dwelling shall be exercised as the Owners of such Lot or Dwelling shall determine.

ARTICLE V  
**MEETING OF MEMBERS**

Section 5.1. **Annual Meetings.** An Annual Meeting of the membership shall be held in March or April on a date selected by the Board of Directors. At these meetings the results of balloting for the election of Directors and any other voting by mail shall be announced. There shall also be conducted such other business as may be appropriate, i.e. financial reports, committee reports, etc. Notice of the Annual Meeting shall be mailed to all Members at least thirty (30) days prior to the meeting.

Section 5.2. **Special Meetings.** Special Meetings of the membership may be called by the Board of Directors, or shall be called by the Secretary on the petition of fifty (50) Members of the Association stating the items of business which such Members desire to submit for the consideration of the membership.

Section 5.3. **Notice of Annual Meeting.** At least thirty (30) days before the date set for the Annual Meeting of the membership the Secretary of the Association shall mail to each Member: (1) A report of the significant business conducted by the Board of Directors during the preceding year; (2) A balance sheet for the Association as of the preceding December 31 and an income and expense statement for the preceding year; (3) Where appropriate, a proposed budget for the Association of income and expense for the current year; (4) Notice with respect to the Annual Meeting of the membership; (5) Such further notices as may then be appropriate; and (6) A proxy for such actions to be taken at the meeting.

Section 5.4. **Notice of Special Meeting.** The Secretary shall mail written notice to the membership of a Special Meeting at least fifteen (15) days in advance of such meeting and the Board shall not defer the holding of a special meeting petitioned by the membership for more than forty-five (45) days after the petition is received by the Secretary. Notice of a meeting shall contain the time and place of the meeting and an agenda of the business to be submitted to the membership, and proxies and ballots as may be required.

Section 5.5. **Quorum.** The presence at the Meeting in person or by proxy of Members holding over fifty percent (50%) of the total votes entitled to be cast at the Meeting shall constitute a quorum for any action.. In the event the required quorum is not forthcoming, a second meeting may be called to be held on a date selected by the Board of Directors subject to the giving of proper notice and the quorum requirement for the second meeting shall be the presence in person or by proxy of Members holding over one third (33 1/3%) of the total vote of the Membership entitled to be cast at the Meeting. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called in the same manner as the second meeting subject to the giving of proper notice and there shall be no quorum requirement for the third meeting. For the purpose of this section, "proper notice" shall be deemed to be given when notice of such meeting is given each Member not less than fifteen (15) days prior to the date of the meeting at which any proposed action is to be considered. Evidence of such notice having been given may consist of an Affidavit of Mailing evidencing that the requisite notice was mailed at least fifteen (15) days prior to said meeting.

Section 5.6. **Proxy.** At all meetings of Members, each Member of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing. Any proxy so executed shall not be valid for a term greater than eleven (11) months from its date of execution. A proxy shall not be required for any action which is subject to a Referendum, as provided in the Declaration, in which case the votes of all the Members polled shall be made by specially provided ballots mailed to the Association.

Section 5.7. **Membership Voting.** In accordance with the Declaration, each qualified Member present in person or by written proxy at the time of the particular vote at the meeting shall be entitled to cast one vote on any submittal to the membership for each Lot or Dwelling owned; provided that no vote shall be entitled to be cast with respect to a Lot or Dwelling to which any Assessment as described in the Declaration is then overdue.

Voting for the Board of Directors shall be by written ballot.

In the event of a tie vote material to the election for any directorship, election shall be decided by the Directors whose terms have not expired plus those elected in the current balloting.

ARTICLE VI  
**BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE**

Section 6.1. **Qualifications.** The affairs of this Association shall be governed by a Board of Directors, who must be Members of the Association.

Section 6.2. **Number and Terms of Office of Directors.** The Board of Directors of the Association shall consist of nine (9) members elected by the Members. The Board of Directors shall be divided into three classes of equal or as nearly equal size as possible serving staggered three year terms, with one class being elected at each annual meeting to serve until the third annual meeting following the annual meeting at which such class was elected. If the number of

Directors is changed, any increase or decrease shall be apportioned among the three classes so as to maintain the number of Directors in each class as nearly equal as possible, except that in no case shall a decrease in the number of directors shorten the term of any incumbent Director.

Section 6.3. **Vacancy.** In filling any term, which shall occur at any time, the Board of Directors by a majority vote shall elect a new Member who shall serve for the remaining portion of the term of the vacating Member. Nothing herein shall require the Board to fill any vacancy or renew any appointment.

Section 6.4. **Absences from Meetings.** The absence of a Board Member from three (3) successive regularly scheduled Board meetings, unless there are extenuating circumstances, will cause the term of membership of a Board Member to automatically expire.

Section 6.5. **Resignation.** Any Director may resign at any time by giving written notice to the President or to the Secretary of the Association. Such resignation which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in it.

Section 6.6. **Removal.** Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 6.7. **Compensation.** No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties. Amounts in excess of Two Hundred Fifty and No/100 Dollars (\$250) must have prior approval of the President for all expenditures made by persons other than the President, and by the Vice-President for expenditures made by the President.

Section 6.8. **Action Taken Without a Meeting.** The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6.9. **Giving Notice.** Any notice required by statute or by these By-Laws to be given to the Directors, or to any officer of the Association, shall be deemed to be sufficient to be given by depositing the same in a post office box, in a sealed, post-paid and addressed envelope to such Member or officer at his last known address. Such notice shall be deemed to have been given at the date of such mailing.

## ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

### Section 7.1. **Nomination.**

- (A) Nomination for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman who shall be a Member of the Board of Directors, and two (2) or more Members of the Association. The Nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made only from among Members.
- (B) Any Member may submit the name of a candidate if (a) that name is supported by a petition bearing the names of at least twenty (20) Members, (b) petitioner establishes that his/her candidate is ready, willing and able to serve, and (c) the proposed name reaches the Nominating Committee by December 31 to be included on the ballot.

Section 7.2. **Election.** Election to the Board of Directors shall be by written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Section 5.7.. The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

ARTICLE VIII  
**MEETINGS OF DIRECTORS**

Section 8.1. **Regular Meetings.** Regular meetings of the Board of Directors shall be held at least semi-annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 8.2. **Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.

Section 8.3. **Quorum.** A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 8.4. **Place of Meetings.** Meetings of the Board of Directors shall be held on Daufuskie Island, South Carolina, whenever practical. However, this provision is in no way intended to invalidate in any way whatsoever meetings held somewhere other than Daufuskie Island, South Carolina, so long as such meetings are proper in all other respects.

ARTICLE IX  
**POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 9.1. **Powers.** The Board of Directors shall have the power to:

1. Adopt and publish rules and regulations governing the use of any property owned by the Association, if any;
2. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration.
3. Declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from regular meetings of the Board of Directors in violation of the provisions of these By-Laws.
4. Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties, and
5. Secure Officers and Directors Liability Insurance covering the Officers, Directors, all persons serving on committee of the Association, and Association representatives appointed to the Melrose Architectural Review Board at the expense of the Association.

Section 9.2. **Duties.** It shall be the duty of the Board of Directors to:

1. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any duly called special meeting;
2. Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.;
3. Procure and maintain adequate liability and hazard insurance on property owned by the Association whenever practical to do so;
4. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
5. Cause any Properties owned by the Association to be maintained; and
6. Review and amend, if appropriate, and adopt the proposed annual budget as prepared by the Treasurer.

ARTICLE X  
**OFFICERS AND THEIR DUTIES**

Section 10.1. **Enumeration of Officers.** There officers of the Association shall be a president, one (1) or more vice presidents, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create, all of whom shall be Members of the Board of Directors.

Section 10.2. **Election of Officers.** The election of officers shall take place at a meeting of the Board of Directors immediately following the annual meeting.

Section 10.3. **Term.** The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 10.4. **Special Appointments.** The Board may elect such other officer as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 10.5. **Resignation and Removal.** Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10.6. **Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 10.7. **Multiple Offices.** The offices of secretary and treasurer maybe held by the same person. No person shall simultaneously hold more than one of the other offices except in the case of special offices created pursuant to Section 10.4 hereof.

Section 10.8. **Duties.** The duties of the officers are as set forth in Article XI hereof.

## ARTICLE X DUTIES OF OFFICERS

Section 11.1. **President.** The President shall be the chief executive officer of the Association, and in the recess of the Board of Directors shall have the general executive control and management of its business and affairs, subject, however, to the right of the Board of Directors to delegate any specific power except such as may be by statute exclusively conferred upon the President, to any other officer or officers of the Association.. He shall preside at all meetings of the Board of Directors and shall be a member, except as the Board shall deem otherwise, of all standing and ad hoc committees. He shall recommend to the Board of Directors the individuals for appointment to all committees, temporary or permanent. He shall see that all books, reports and certificates as required by law are properly kept and filed. The President shall act as the duly authorized representative of the Board of Directors in all matters in which the Board has not formally designated some other person for that specific purpose.

Section 11.2. **Vice President.** The Vice President shall preside at meetings of the Board of Directors of the Association in the absence of the President. The Vice President must be an individual who is already a Member of the Board of Directors. In case the office of the President shall become vacant by death, resignation, otherwise, or in the case of the absence of the President, or his inability to discharge the duties of his office, such duties shall, for the time being, devolve upon the /Vice President. The Vice President shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors.

In the event that the Board shall elect more than one Vice President, the Board shall designate one such Vice President as the "First Vice President". This officer shall perform the duties of the President in the President's absence, as provided above. If more than one Vice President is elected, the Board shall define by resolution the responsibilities delegated to each such office.

Section 11.3. **Treasurer.** The Treasurer shall have custody and keep account of all money, funds and property of the Association and he shall render such accounts and present such statement to the Directors and the President as may be required of him. He shall cause to be deposited all funds of the Association which may come into his hands in such bank or banks as the Board of Directors may designate. He shall keep his bank accounts in the name of the Association and shall exhibit his books and accounts at all reasonable times to any Director of the Association upon application at the office of the Association during business hours., He shall pay out money as the Association may require upon the order of the properly constituted officer or officers of the Association taking proper vouchers therefore; provided, however, that the Board of Directors shall have the power by resolution to delegate any of the duties of the Treasurer to other officers, and to provide by what officers, if any, all bills, notes, checks, vouchers, order or other instruments, shall be countersigned. He shall perform, in addition to other duties, as may be delegated to him by the Board of Directors.

Section 11.4. **Secretary.** The Secretary, or his designee, shall keep the minutes of all the meetings of the Board of Directors; he shall attend to the giving and receiving of all notices of the Association; and, as required or appropriate, he shall counter sign with the President or Vice President in the name of the Association all contracts authorized by the Board of Directors; all of which , shall at all reasonable times, be open to the examination of any Director upon application at the office of the Secretary; and in addition such other duties as may be delegated to him by the Board of Directors.

## ARTICLE XII COMMITTEES

Section 12.1. **Committees.** The Board may provide for such standing and ad hoc committees as it may deem to be necessary from time to time to carry on the activities of the Association.

### Section 12.2. **Operation of Committees.**

- (A) All Members of the various committees shall serve for a term not to exceed one (1) year and may be re-elected for such additional successive terms at the pleasure of the Board of Directors. Elections may be made at any regular or special meeting. The Board of Directors may appoint Members of each committee who are not Members of the Board of Directors of the Association.
- (B) The Board of Directors may fill any vacancy in the various committees arising from death, resignation, or otherwise. Any person so appointed shall hold office for the unexpired term of the Member he is replacing.
- (C) Meetings of the various committees shall be held when needed. Meetings of the committees may be held upon three (3) days notice given either by telephone or mail at the call of the Chairman of the Committee, the President of the Board, or at the insistence of two (2) Members of the committee.
- (D) Each committee shall have its own chairman, who shall be appointed by the Board of Directors.

## ARTICLE XIII BOOKS AND RECORDS

Section 13.1. **Documents.** The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Board Member or officer. The Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable costs.

Section 13.2. **Bank Accounts.** Funds of the Association shall be deposited in such incorporated bank or banks as the Board of Directors may direct and withdrawals of such funds shall require the signature of the Treasurer, or, in his absence, that of any other officer of the Association designated by the Board of Directors.

Section 13.3. **Borrowed Funds.** Any and all notes, bonds or mortgages shall be executed on behalf of the Association by the President and the Treasurer, then only upon the appropriate resolution of the Board of Directors, with authorization and approval of two thirds (2/3) of the Members of the Association voting in person or by written proxy.

Section 13.4. **Expenditures.** All expenditures above Two Hundred Fifty and No/100 Dollars (\$250.00) for the regular on-going program of the Association shall be made by the Treasurer upon the receipt of a proper voucher, bearing the approval of the President or Vice President. All extraordinary expenditures shall be made only upon the specific authorization and vote of the Directors.

Section 13.5. **Reports.** The Treasurer shall render an account to the Directors showing income, expenditures and balances at the close of each month and an annual report to the Members.

Section 13.6. **Audit.** The Directors shall arrange for an audit of the Treasurer's records annually.

## ARTICLE XIV GENERAL LIABILITY, INDEMNIFICATION AND INSURANCE

Section 14.1. **General Liability.** No officer, committee member, or employee of the Association shall contract or incur any debts in behalf of the Association other than in the ordinary course of performing his responsibilities, or in any other way render it liable unless authorized by the Board of Directors. No officer, committee Member, or employee of the Association is authorized to promise moral or financial support on behalf of the Association of any charitable or other objective without the approval of the Board of Directors.

Section 14.2. **Indemnification.** The Association does hereby indemnify any and all of its Board Members, officers, employees, attorneys and agents, where any such person was or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a Board Member, officer, employee, attorney or agent of the Association, or is or

was serving at the request of the Association, in accordance with and to the fullest extent now or hereafter permitted by the laws of the State of South Carolina. The foregoing right of indemnification shall be in addition to, and not exclusive of, any other rights to which those seeking indemnification otherwise may be entitled. The Association may purchase and maintain insurance on behalf of any such person or persons whether or not the Association would have the power to indemnify him against liability under the provisions of these By-Laws. Such indemnification shall include all costs of defense, including attorney's fees, actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association, including amount paid or incurred in connection with reasonable settlements made with a view of curtailment of costs of litigation and with the approval of a majority of the Members of the Board of Directors.

Section 14.3. **Insurance.** The Association may purchase and maintain insurance on behalf of any person who is or was a representative or agent of the Association, or is or was serving at the request of the Association as a representative of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association has the power to indemnify him against such liability under the laws of this or any other state.

## ARTICLE XV CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: THE MELROSE PROPERTY OWNERS ASSOCIATION, INC. or an appropriate abbreviation thereof.

## ARTICLE XVI AMENDMENTS

Section 16.1. **Amendments.** The By-Laws may be amended by one of the following procedures:

(A) The Board of Directors may propose an amendment to the By-Laws of the Association, which will become effective on a majority vote of the Members present in person or by written proxy and voting at a meeting of the membership of the Association at which there is a quorum present in person or by written proxy.

(B) If a written proposal signed by fifty (50) or more Members, setting forth in full the By-Law proposed to be changed, the proposed amendment and the reason for such proposed amendment, is filed with the Secretary, such officer shall call a special meeting or, when filed within sixty (60) days to include such proposed amendment in the call of the Annual Meeting for membership consideration and vote.

(C) As an alternative to voting at the Annual or a Special Meeting, the Directors may elect to send, by mail, to each Member at his last known address, a notice setting forth in full the by-Law proposed to be changed, the proposed amendment and the reason for the change. They shall include a ballot form for voting pro or con on each item to be changed. Each Member may then vote by sending the completed ballot with a return envelope provided by the Association within the prescribed time period of at least thirty (30) days. The amendment will become effective if voted favorably by a majority of the votes cast.

(D) Under either procedure, the notice of the membership shall set forth the By-Law proposed to be amended, the proposed amendment and the reason for the proposed amendment.

## ARTICLE XVII FISCAL YEAR

The fiscal year of the Association shall end on the last day of the month of December.

## ARTICLE XVIII LIMITATIONS AND RESTRICTIONS

Section 18.1. It is the intention of the Board of Directors that all funds of the Association shall be used solely for its stated purposes. The following limitations, restrictions, directives are imposed:

(A) No loan by the Association shall be made to any incorporator, trustee, officer, employee, large contributor, or individual and there shall be made no loan or investment in any corporation or partnership in which such persons are involved.

- (B) No purchase or sale of property other than such as may be readily, provable fair market value shall be consummated with any entity; except on the basis of an independent appraisal.
- (C) No part of any activities of the Association shall be used for carrying on of propaganda, nor shall be used to participate in any political campaigns on behalf of any candidate for public office.
- (D) However, no part of the net earnings of the Association shall inure to the benefit of any private individual, but shall always be devoted solely for its stated purposes.
- (E) If dissolution should occur at any future date, all the assets of the Association shall be distributed to, and only to, a non-profit association of a similar nature, which shall benefit the Owners.

As amended by a vote of the membership, March 24, 2001.