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STATE OF SOUTH CAROLINA)
ADOPTION OF BYLAWS)
COUNTY OF BEAUFORT)
Heritage Lakes Homeowners)
Association, Inc.)
_____)

The initial bylaws of Heritage Lakes Homeowners Association, Inc., are by this document approved by a sufficient majority of owners voting and upon recording and distribution to owners will govern the business of the association until amended or revoked.

WITNESSETH

WHEREAS, VTWS Associates, a South Carolina joint venture conveyed parcels of land in Beaufort County subject to a certain DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS applicable to HERITAGE LAKES (hereinafter, Covenants) by document dated April 21, 1995 and recorded on even date in Book 775 at Page 1028 of the official records for Beaufort County; and

WHEREAS, pursuant to Article IV, Section 6 of the covenants initial bylaws were to be adopted by the directors and made effective upon approval of owners at the initial organizational meeting of the association; and

WHEREAS, the initial organizational meeting was held but bylaws were neither presented to be adopted nor voted upon; and

WHEREAS, in order to adopt bylaws to govern the business of the association, a majority of the directors have approved specific bylaws and presented the bylaws to owners for approval pursuant to the provisions of Section 33-31-708 of the South Carolina Nonprofit Corporation Act, §33-31-101 et. seq.; and

WHEREAS, action to approve the bylaws was by written or electronic ballot, the same to be submitted not later than the close of business on June 30, 2008; and

WHEREAS, pursuant to Section 33-31-723 of the Nonprofit Corporation Act, and with a quorum present, affirmative votes by a majority of the quorum constitute the act of the members; and

WHEREAS, all ballots which were timely received were tallied and certified with 75 owners voting in favor of adoption of the initial bylaws and 56 owners voting against, those approving establishing a clear majority of those voting;

NOW THEREFORE, the document attached hereto will be the initial bylaws of the association and upon first being recorded and then distributed will govern the affairs of the association until amended or revoked.

IN WITNESS WHEREOF, we, as a majority of the directors of the association adopt the initial bylaws this ____ day of July, 2008.

Sandra L Hunter
Witness

MJM
Director

Kelly A Ryden
Notary

ACKNOWLEDGEMENT

**STATE OF SOUTH CAROLINA
BEAUFORT COUNTY**

I, Kelly A Ryden, do hereby certify that Michael Pritch personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 1st day of July, 2008.

Kelly A Ryden
Notary Public of South Carolina
My Commission Expires: 6/27/16

Sandra L. Hunter
Witness

Jay A. Mullins
Director

Kelly A. Ryden
Notary

ACKNOWLEDGEMENT

**STATE OF SOUTH CAROLINA
BEAUFORT COUNTY**

I, Kelly A. Ryden, do hereby certify that Jay Mullins personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 3 day of July, 2008.

Kelly A. Ryden
Notary Public of South Carolina
My Commission Expires: 4/27/16

**BYLAWS
OF
HERITAGE LAKES HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME, LOCATION, MEMBERSHIP, APPLICABILITY**

Section 1.01 Name. The name of this Association shall be Heritage Lakes Homeowners Association, Inc., (hereinafter referred to as the "Association"), a South Carolina nonprofit corporation.

Section 1.02 Membership. The membership of this Association shall be limited to owners of lots in that residential development known as "Heritage Lakes" (hereinafter referred to as the "Development"), located in Beaufort County, South Carolina.

Section 1.03 Registered Office and Agent. The Association shall maintain a registered office and shall have a registered agent whose business office is identical with such registered office. The Association may have offices at such place or places within reasonable proximity to the Development as the Board of Directors may from time to time designate.

Section 1.04 Applicability. These Bylaws are applicable to the lots and Common Property in the Development. These Bylaws are binding on all present or future owners, tenants, occupants, or other persons occupying or using the Common Property, lots and facilities of the Development in any manner. The mere acquisition, rental, use or other act of occupancy of any lot or Common Property will signify that these Bylaws are accepted and ratified. These Bylaws are established pursuant to and subject to the provisions of the statutory and common laws relating to nonprofit corporations and that certain Declaration of Covenants, Conditions and Restrictions, for Heritage Lakes (hereinafter referred to as the "Declaration") as recorded in Deed Book 773 at Page 1028, as amended, in the RMC Office for Beaufort County South Carolina. For purposes of these Bylaws, words defined in the Declaration, such as "common property", "common expenses", "Declarant", "lot", "Member", "mortgage", and "owner", shall have the same meaning in the Bylaws as in the Declaration unless the context shall require otherwise. Additionally, for purposes of these Bylaws; and where relevant, "Declarant" shall mean VTWS Associates, a South Carolina joint venture.

**ARTICLE II
MEMBERSHIP AND VOTING RIGHTS**

Section 2.01 Membership. Every owner of a lot in the Development shall be a member of the Association, excluding persons who hold such an interest under a Mortgage. The weight of each vote is equal. Each lot shall have one (1) vote. The rights and privileges of membership in the Association, including the right to vote and hold an office in the Association, may be exercised by a member but in no event shall more than one (1) vote be cast nor more than one (1) office held for each lot. Notwithstanding any of the foregoing to the contrary, no owner, whether one or more persons, shall have more than one (1) membership vote per lot. Further, a member casting a vote or holding an office with respect to his lot shall not be entitled to cast an additional vote or to hold an additional office for the lot upon which his residential unit is located. In the event of multiple

owners of a lot the vote appertaining thereto shall be exercised as those owners of such lot as they themselves determine and notify the Secretary of the Association in writing prior to any meeting. In the absence of such notice, the vote appurtenant to such lot shall be suspended in the event more than one (1) person seeks to exercise such vote(s). Such suspended vote shall be counted for the purpose of calculating a quorum, but such suspended vote shall not be cast with regard to voting on matters of the Association until the persons owning such lot determine how such vote shall be cast and so advise the Secretary of the Association. The vote appertaining to any lot may be cast pursuant to a proxy duly executed by or on behalf of the owner and delivered to the Secretary of the Association before any meeting at which the proxy will be effective is called to order.

Section 2.02 Voting Rights. The Association shall have one (1) class of voting membership which shall consist of all owners. Such owners shall be entitled to those votes appurtenant to each lot in which they hold the interest required for membership by Section 2.01 of these Bylaws; provided, however, that no vote shall be deemed to appertain to any lot during the period that the Association is the owner thereof. The vote attributable to a lot shall be exercise as a whole, and when more than one (1) person owns an interest in any lot the vote therefore shall be exercised in accordance with the provisions of Section 2.01 of these Bylaws.

Section 2.03 Suspension of Voting Rights. During any period in which the owner of a lot shall be in default in the payment of any annual or special assessment or other charge levied by the Association, the voting rights of such lot is suspended until such assessment or charge has been paid. Such voting rights may also be suspended, after notice, in connection with enforcement provisions as stated in Article IX of the Declaration.

ARTICLE III MEETINGS, QUORUM, VOTING, PROXIES

Section 3.01 Place of Meeting. Meetings of the Members of the Association shall be held at a suitable place convenient to the members as may be designated by the Board of Directors.

Section 3.02 Annual Meeting. The Association shall meet not less frequently than annually. Each annual meeting shall be called by the Board of Directors and shall be held on any day as may be set by the Board of Directors. At the annual meetings, comprehensive reports on affairs, finances, and budget projections of the Association shall be presented to the Members.

Section 3.03 Special Meetings. The Secretary of the Association shall be required to call a special meeting of the members (i) upon the resolution of a majority of the Board of Directors, or (ii) upon the presentation to the Secretary of the Association of a petition signed by Members entitled to cast at least one-fourth (1/4) of the votes of the Association. The call of the special meeting shall be by the notice from the Secretary of the Association given at least fifteen (15) days and not more than forty-five (45) days in advance of the meeting, and such notice shall state the date, the time, the place, and the purpose of such special meeting. Only the business stated in the notice may be transacted at such a special meeting.

Section 3.04 Notice of Meetings. It shall be the duty of the Secretary of the Association to mail a notice of each annual or special membership meeting, stating the purpose thereof, as well as the date, time, and place where it is to be held. Such notice shall be delivered personally or sent by United States mail, postage prepaid, to all owners of record at such address as each member may

have designated, or if no address has been so designated, at the address of their respective lots. Except as may be otherwise required by law, notice shall be given to each owner at least fifteen (15) days and not more than forty five (45) days in advance of any meeting. The posting of a notice in the manner provided in this Section 3.04 shall be considered the giving of notice. Any owner may waive the notice of a meeting by doing so in writing before or after such meeting. Attendance at a meeting, either in person or by proxy, shall constitute a waiver of notice and waiver of any and all objections to the place or time of such meeting or the manner in which it has been called or convened, unless a member or other person entitled to notice attends such meeting solely for the purpose of stating, at the beginning of such meeting, any objection relating to such meeting. A recitation in the minutes of any membership meeting that notice of such meeting was properly given shall be prima facie evidence that such notice was timely given.

Section 3.05 Conduct of Meetings. The President, or the Vice-President in the absence of the President, shall have the right to preside over all meetings of the Association or, when the circumstance warrants, engage a parliamentarian to assure the orderly progress of a meeting. The Secretary, or property manager upon request, shall keep the minutes of all such meetings and shall record in a minute book all resolutions adopted at such meetings, as well as all transactions and proceedings occurring at such meetings.

Section 3.06 Order of Business. The Order of Business at all annual meetings, adjusted as appropriately for special meetings, shall be as follows:

- a. Roll call and certification of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers, if any.
- e. Election of committees, if any.
- f. Election or appointment of inspectors of election.
- g. Election of directors.
- h. Unfinished business.
- i. New Business.

Section 3.07 Quorum. Except as otherwise provided in the Declaration or in these Bylaws, the presence in person or by proxy at any meeting of the members entitled to cast thirty (30%) percent of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement within not less than 72 hours after the noticed meeting. No such subsequent meeting shall be more than sixty (60) days following the preceding meeting. Any provision in the Declaration concerning quorums is specifically incorporated herein, and in the event of a conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 3.08 Proxy. The vote appertaining to any lot may be cast pursuant to a proxy duly executed by or on behalf of the Member and delivered to the Secretary of the Association. No such proxy shall be revocable except by written notice delivered to the Secretary of the Association by the Member. Any proxy shall be void if it is not dated or if it purports to be revocable without notice as aforesaid. No proxy shall be valid after eleven (11) months from the date of its execution unless

otherwise provided in the proxy. The transfer of title to any lot shall void any outstanding proxy pertaining to the voting rights appurtenant to such Lot. A proxy will be voided if the Member giving a proxy attends the meeting for the purpose of voting.

Section 3.09 Action Taken by Association. Except as otherwise provided by the Declaration or these Bylaws, any action taken at any duly constituted meeting of members shall be effective and valid if taken or authorized by not less than a majority of the votes to which the Members present in person or by proxy shall be entitled. In the event of any tie vote at any regular, special, or adjourned meeting of the Association, the President, or the Vice-President in the absence of the President, shall cast a separate and additional vote to break the tie. For the purposes of these Bylaws, "majority" shall mean more than fifty (50%) percent; provided, however, the foregoing provisions of these Bylaws to the contrary notwithstanding, any action which by law or pursuant to the provisions of the Declarant or these Bylaws requires the assent of a specified number or percentage of the votes of the Members greater than that herein specified, shall not be considered the act of the Members unless the requisite number or percentage so prescribed by law or by the Declaration or these Bylaws is obtained.

Section 3.10 Action by Association Without Meeting. Any action which may be taken at a meeting of the Members, except the election of directors and the amendment of these Bylaws, may be taken without a meeting if written consent, setting forth the action authorized, shall be given by 80% of the members entitled to vote on the date established. Such consent shall have the same effect as any other action taken at a Members meeting.

ARTICLE IV BOARD OF DIRECTORS, NUMBER, POWERS, MEETINGS

Section 4.01 Number and Initial Board of Directors. At the first regular meeting of the Association, a Board of Directors consisting of three (3) directors was elected by the Members. Thereafter, the Board of Directors may consist of three, five, seven, or nine members. The subsequent size of board shall be determined by the members of the Board of Directors. Directors must be owners at all times during their service as directors; provided, however, the term "owners," shall for all purposes be deemed to include, without limitation, any shareholder, director, officer, partner in, or trustee of any entity or person which is, either alone or in conjunction with any other person or persons, an owner. Any individual who would not be eligible to serve as a member of the Board of Directors were he not a shareholder, director, officer, partner in, or trustee of such an entity or person, shall be deemed to have disqualified himself from continuing as a director if he ceases to have such affiliation with that entity or person. No owner of a lot who is in default of the payment of any annual or special assessment or other charge levied by the Association is eligible to be elected to the Board of Directors until such assessment or charge is paid in full.

Section 4.02 Powers and Duties. The Board of Directors shall have all of the powers and duties necessary or convenient for the administration for the affairs of the Association, including, but not limited to, those powers and duties specifically assigned to the Board of Directors in the Declaration, the Articles of Incorporation, and these Bylaws. Consistent therewith, the Board of Directors shall have the power to adopt rules and regulations which it deems necessary for the administration of the affairs of the Association and to impose sanctions for violations of the Declaration, these Bylaws and the published rules and regulations of the Association, subject to the provisions of the Declaration. The Board of Directors shall have explicit authority to execute the

powers reserved to the association by the South Carolina Nonprofit Corporation Act, South Carolina Code (Ann) '33-31-101 et. seq.

Section 4.03 Other Duties. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law and the Declaration, together with such other duties and responsibilities as it may deem necessary or convenient in the exercise of its powers. In addition to the statutory duties which the Board of Directors may have, it shall be responsible for the following matters:

- A. Maintenance, repair, renovation, restoration, replacement, care, and upkeep of the Common Property and other portions of the Development maintained by the Association;
- B. Collection of assessments levied by the Association;
- C. Designation and dismissal of the personnel necessary for the maintenance and operation of the Common Property and other portions of the Development which are the responsibility of the Association; and
- D. Subject to the provisions of the Declaration, the promulgation of rules and regulations governing the access to use and enjoyment of the Common Property.

Section 4.04 Management. The Board of Directors may employ for the Association a management agent under such terms, compensation, and duties as the Board may, in its sole discretion, authorize.

Section 4.05 Election of Directors by Members and Term of Office. At the next annual meeting following said special meeting to elect the initial Board and at each subsequent annual meeting, the members shall, in accordance with the procedures hereinafter set forth, elect directors to succeed to the offices of those directors whose terms have expired at the time of such meeting. Such directors so elected shall serve for a term of one (1) year. Persons may be nominated for election to the Board of Directors by any member prior to the annual meeting and by nominations made from the floor at the meeting for such election. Election to the Board of Directors shall be by written ballot unless dispensed by majority consent, and at the election, the members or their proxies may cast, with respect to each vacancy, the vote(s) of their respective lots as provided in the Declaration. Cumulative voting shall not be used.

Section 4.06 Removal or Resignation. Any one or more of the directors may be removed with or without cause by a majority vote of the total authorized vote of the owners in the Development which is taken at any regular or special meeting of the Association, and a successor may be elected by the owners at such meeting in order to fill the unexpired portion of such director's term. Any director whose removal has been proposed by motion of any owner shall be given an opportunity to be heard at such meeting. Any director may resign at any time by giving written notice to the members of the Board of Directors. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective. The sale by a director of his lot or the termination of his interest in such lot shall automatically and coincidentally terminate his directorship. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the owners shall be filled by a vote of the majority of the remaining directors, even though they may constitute less

than a quorum, and each person so elected shall serve until a successor is elected and qualified at the next annual meeting of the Owners, with such successor to serve the remainder of such terminated director's term of office.

Section 4.07 Fees and Compensation. No fee or other compensation shall be paid by the Association to directors for their services. A director may be reimbursed for actual expenses incurred upon the business of the Association.

Section 4.08 Organizational Meeting. The first organizational meeting of each new Board of Directors shall be held without notice immediately after and at the same place as the meeting of the Members at which the new Directors were elected.

Section 4.09 Regular Meetings. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings, in addition to the organizational meeting, and such regular meetings shall be held without notice other than such resolution.

Section 4.10 Special Meetings. Special meetings of the Board of Directors may be called by the President on at least three (3) days notice to each director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board of Directors may also be called by the Secretary of the Association in like manner and on like notice on the written request of at least a majority of the directors.

Section 4.11 Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be deemed to be a waiver of notice of such meeting and waiver of any and all objection to the place or time of the meeting or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, any such objection or objections.

Section 4.12 Entry of Notice. Whenever any director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be prima facie evidence that due notice of such special meeting was given such director, as required by the Bylaws of the Association.

Section 4.13 Board of Directors Quorum. At all meetings of the Board of Directors, a majority of the directors then in office shall constitute a quorum for the transaction of business.

Section 4.14 Conduct of Meetings. The President, or the Vice-President in the absence of the President, shall preside over all meetings of the Board of Directors and the Secretary or the property manager, shall keep the minutes of such meetings and shall record in a minute book all resolutions adopted at such meetings, as well as all transactions and proceedings occurring at such meetings. Meetings of the Board of Directors may be held by telephone conference.

Section 4.15 Action Taken by Directors. Except as otherwise provided in the Declaration and these Bylaws, every act or decision by a majority of the directors present in person or by proxy at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board. In the event of any tie vote, the President, or the Vice-President in the absence of the President, shall cast a separate vote to break the tie.

Section 4.16 Action Without Formal Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if written consent, setting forth the action so taken, shall be signed by all members of the Board of Directors, and such written consent is filled with the minutes of the proceedings of the Board. Such consent shall have the same force and effect as a vote by the Board of Directors or by such committee.

Section 4.17 Special Committees. The Board of Directors shall have the power and authority to create special committees, including but not necessarily limited to a recreational amenities committee, a maintenance committee, an insurance committee, an audit committee. Any such committee shall advise the Board of Directors on matters pertaining to the purposes for which the special committee shall have been created and shall exercise only such powers as may be provided by resolution of the Board of Directors. Each such committee shall be comprised of at least one (1) member of the Board of Directors. The members, including the chairman, of any such special committee shall be appointed by and shall serve at the pleasure of the Board of Directors. Formal meetings of the members of any such committee shall not be required.

ARTICLE V OFFICERS

Section 5.01 Enumeration of Officers. The officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer. Any two (2) or more offices may be held by the same person, except for the offices of President and Secretary. Each officer must be an "Owner" as defined in Section 4.01 of these Bylaws.

Section 5.02 Election. The Board of Directors shall elect the officers of the Association at each organizational meeting thereof. The Board of Directors at any time and from time to time may appoint such other officers as it shall deem necessary, including one or more Assistant Secretaries or Assistant Treasurers, who shall hold their offices for such terms as shall be determined by the Board of Directors and shall exercise such powers and perform such duties as are specified by these Bylaws or as shall be determined by the Board of Directors.

Section 5.03 Compensation. No fee or compensation shall be paid by the Association to any officer for his services as an officer.

Section 5.04 Term. Each officer of this Association shall be elected at the time of each organizational meeting of the Board of Directors, and each shall hold office until the next organizational meeting of the Board and until his successor is duly elected and qualified, or until his earlier resignation, death, removal, or other disqualification. Any officer may be removed by the Board of Directors whenever in its judgment the best interest of the Association will be served thereby. The sale by an officer of his lot or a termination of his entire interest therein shall automatically and coincidentally terminate his term as an officer.

Section 5.05 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5.06 President. The President shall be a director and the chief executive officer of the

Association and, subject to the control of the Board of Directors, shall, in general, manage, supervise, and control all of the business and affairs of the Association and perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall have the option, when present, of presiding at all meetings of the Association. The President may sign with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any contracts, deeds, notes, mortgages, bonds, policies of insurance, checks, or other instruments which the Board of Directors has authorized to be executed.

Section 5.07 Vice-President. In the absence of the President, or in the event of his death or resignation, removal, disqualification, 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 upon the President. Any Vice-President may perform such duties or as shall from time to time be assigned to him by the Board of Directors.

Section 5.08 Secretary. The Secretary shall: (a) attend and keep the minutes of meetings of the Association, of the Board of Directors, and of any committees having any of the authority of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the Declaration or the provisions of these Bylaws or as required by law; (c) be custodian of the Association records; and, (d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

Section 5.09 Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association, receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, money market funds, or other depositories or accounts as shall be from time to time selected by the Board of Directors; (b) authorize vouchers and sign checks for monies due and payable by the Association; (c) promptly render to the President and to the Board of Directors an account of the financial condition of the Association whenever requested; (d) prepare and deliver any certificate required by the Declaration; and (e) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors. The duties of the Treasurer shall be performed subject to such restrictions or limitations as may be imposed from time to time by the Board of Directors or these Bylaws.

ARTICLE VI FISCAL MATTERS AND BOOKS AND RECORD

Section 6.01 Fidelity Bonds. The Board of Directors may require that any contractor or employee of the Association handling or responsible for Association funds shall furnish an adequate fidelity bond. The premium for any such bond shall be paid by the Association as a Common Expense.

Section 6.02 Books and Records Kept by Association. The Association shall keep (i) detailed, complete and accurate financial records, including itemized records of all receipts and disbursements, (ii) detailed minutes of the proceedings of all meetings of the members and of the Board of Directors and committees having any of the authority of the Board of Directors, and (iii) such other books and records as may be necessary or required by law or to reflect accurately the

affairs and activities of the Association.

Section 6.03 Inspection. The books, records, and minutes of the Association shall, at all times during reasonable business hours and upon reasonable notice, be subject to inspection by any Owner or their respective agents or representatives for any proper purpose.

Section 6.04 Contracts. The Board of Directors may authorize any officer or agent of the Association, to enter into any contract or execute and deliver any instrument in the name of, or on behalf of, the Association.

Section 6.05 Checks, Drafts, etc. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or agent of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 6.06 Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, money market funds, or other depositories or accounts as the Board of Directors may elect.

Section 6.07 Gifts and Conveyances. The Board of Directors may accept, on behalf of the Association, any contribution, gift, conveyance, bequest, or devise for the general purposes or for any special purpose, of the Association.

Section 6.08 Fiscal Year. The fiscal year of the Association shall be the calendar year.

ARTICLE VII COMPLIANCE AND DEFAULT

Section 7.01 Violations. In the event of a violation (other than the non-payment on an assessment) by an owner of any of the provisions of the Declaration or of these Bylaws, the Association, by direction of its Board of Directors, may notify the owner by giving written notice of such violation, transmitted by mail demanding that the violation be cured, and if such violation shall continue for a period of ten (10) days from the date of notice, or reoccur thereafter, the Association, through its Board of Directors, shall have the right to treat such a violation as an intentional and inexcusable and material breach of the Declaration or of the Bylaws, and the Association may then exercise any one or more of the following, such exercise not being deemed an election of remedies.

- (a) An action at law to recover for its damage on behalf of the Association or on behalf of the other Owners; and
- (b) An action in equity to enforce performance on the part of the other Owners; and
- (c) An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief.

Such violations which are deemed by the Board of Directors to be a hazard to public health may be corrected immediately as an emergency matter by the Association, and the costs thereof shall be charged to the owner as a specific item, which shall be a lien against said lot with the same force and effect as if the charge were a part of the Common Expenses. In any action taken by the association, the association shall have the right to recover its actual costs and attorney's fees.

Section 7.02 Negligence or Carelessness of Owner. All owners shall be liable for the expense of any maintenance, repair or replacement to any Lot, Dwelling, or Common Property rendered necessary by his act, neglect or carelessness or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increases in insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot, Common Property or Dwelling, or its appurtenances. Nothing herein contained, however, shall be constructed so as to modify any waiver by any insurance company of its rights of subrogation. The expense for any maintenance, repair or replacement required, as provided in this Section, shall be charged to said owner as a specific item which shall be a lien against said lot with the same force and effect as if the charge were a part of the Common Expense.

Section 7.03 Costs and Attorneys' Fees. In any proceeding arising because of a violation or breach of the Declaration or these Bylaws by an owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be determined by the court.

Section 7.04 No Waiver of Rights. The failure of the Association or of any member thereof to enforce any right, provision, covenant or condition which may be granted by the Declaration or these Bylaws shall not constitute a waiver of the right of the Association or member to enforce such right, provision, covenant or condition in the future.

Section 7.05 Election of Remedies. All rights, remedies and privileges granted to the Association pursuant to any terms, provisions, covenants or conditions of the Declaration or these Bylaws, shall be deemed to be cumulative and the exercise of any one (1) or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other additional rights, remedies, or privileges as may be granted to other party by development documents, or at law in equity.

ARTICLE VIII MISCELLANEOUS

Section 8.01 Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of the proceedings of meetings when not in conflict with South Carolina law, the Declaration, or these By-Laws.

Section 8.02 Conflicts. If there are conflicts or inconsistencies between the provisions of South Carolina law or the Declaration and these Bylaws, the provisions of South Carolina law and the Declaration, in that order, shall prevail.

Section 8.03 Definitions. Unless the context shall otherwise require, words or phrases used herein which are defined in the Declaration shall have the same meaning as therein set forth.

Section 8.04 Amendment. The Articles of Incorporation of the Association and these Bylaws may be amended at regular or special meeting of the Members duly called and held for such purpose, pursuant to a resolution of the Board of Directors adopting a proposed amendment. Such resolution must be approved by the members to which at least two-thirds (2/3) of the votes which the Members present at such meeting in person or by proxy are entitled to cast.

Section 8.05 Agreements. Subject to the provisions of the Declaration, all agreements and resolutions duly authorized by the Board of Directors shall be binding upon all owners, their heirs, legal representatives, successors, assigns, or others having an interest in the Development, and in performing its responsibilities hereunder, the Association, through the Board of Directors, shall have the authority to delegate to such persons of its choice such duties of the Association as may be determined by the Board of Directors.

Section 8.06 Liability. The officers and directors of the Association shall not be liable for any mistakes of judgment, whether negligent or otherwise, except for their own individual willful misfeasance or malfeasance, misconduct, or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them in good faith on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association, as a Common Expense, shall indemnify and forever hold such officer and director free and harmless against and from any and all liability to others and account of any such contract or commitment. In addition, each director and each officer of the Association shall be indemnified and held harmless by the Association, as a Common Expense, from any expense, loss or liability by reason of having served as such director or as such officer and against all expense and liability, including court costs and reasonable attorneys' fees, incurred by or imposed upon such director or officer in connection with any proceeding to which he may be a party or have become involved by reason of being such director or such officer, whether or not he is a director or officer at the time such expenses are incurred, except in cases wherein the expenses and liability arise from a proceeding in which such director or such officer is adjudicated guilty of willful misfeasance or malfeasance, misconduct, or bad faith in the performance of his duties. In the event of a settlement of any such proceeding, the indemnification provided hereby shall apply only when the Board of Directors had been given written notice of such settlement, and provided such settlement and reimbursement is not then disapproved by resolution by the Board of Directors at its next regular meeting or special meeting called for that purpose, whichever meeting first occurs. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. To the extent available, the Association shall maintain adequate general liability and officers and directors' liability insurance as a Common Expense to fund these obligations.

Section 8.07 Severability. Invalidation of any covenant, condition, restriction, provision, sentence, clause, phrase, or word of these Bylaws, or the application thereof, in any circumstances, shall not affect the validity of the remaining portions thereof and of the application thereof, and such remaining portions shall in full force and effect.

Section 8.08 Gender and Grammar. The singular whenever used herein shall be construed to mean plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 8.09 Headings and Caption. The Article and Section heading and captions herein are for convenience and reference only and in no way to define or limit the scope and content of these Bylaws or in any way affect the provisions hereof.