

**STONE CREEK COVE HOMEOWNERS ASSOCIATION BY-LAWS  
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# STONE CREEK COVE HOMEOWNERS ASSOCIATION BY-LAWS

## ARTICLE I NAME AND LOCATION

**Section 1. Name.** The name of the Association is Stone Creek Cove Homeowners Association, hereinafter referred to as the “Association.”

**Section 2. Location.** The Association’s mailing address shall be at Stone Creek Cove, 1500 Providence Church Road, Anderson County, South Carolina 29626. The Association may change said mailing address at the discretion of the Board of Directors.

**Section 3. Definitions.** The words used in these By-Laws shall be given their normal commonly understood meanings. Capitalized terms shall have the same meaning as set forth in the Declaration of Residential Area Easements and Covenants of the Association (The “Declaration”) as currently amended, unless the context otherwise clearly requires.

## ARTICLE II DEFINITIONS

**Section 1. Amended Declaration** means the most current Declaration of Residential Area Easements and Protective Covenants.

**Section 2. Amenities** means Stone Creek Cove golf course, tennis courts, swimming pool, clubhouse and any other recreational facilities located within the subdivision subject, however, to any limitations upon use or access by third party Lessees of such facilities or rules and regulations promulgated by the Association as to how such facilities must be operated.

**Section 3. Annual Assessments** means a Member’s share of the common expenses which from time to time may be assessed against a Member by the Association in the manner provided for herein or in the Amended Declaration.

**Section 4. Annual Assessment Period** means the year commencing the first of the month following the Annual Meeting.

**Section 5. Assessable Unit** means a developed house lot or residential unit in multi-family development within the Subdivision which is subject to assessment.

**Section 6. Attorneys** means those Directors appointed by the Homeowners to act for them as evidenced by a Power-of-Attorney.

**Section 7. Common Areas** means that portion of the Stone Creek Cove Subdivision as designated in the Amended Declaration for the common use and enjoyment of the

Members subject to any restrictions on use determined and declared by a Lessee of any leased recreational facilities or by the Association in the case of recreational facilities operated by the Association. No portion of the property within the subdivision on which residences have been constructed or shall be constructed is considered part of the Common Area. The Common Areas shall include all roads, walkways, open space, sewer plant and system, recreational facilities and any additional land acquired in the name of the Association.

**Section 8. Condominium Regimes** means that portion of the Stone Creek Cove Subdivision as designated in the Subdivision or subsequently organized.

**Section 9. Default** means in arrears with respect to financial obligations to the Association by permitting those obligations to go unpaid for sixty (60) days after the first of the month to which a monthly assessment applies or sixty (60) days after a billing is made for goods or services.

**Section 10. Delinquent** means in arrears with respect to financial obligations to the Association by permitting those obligations to go unpaid for fifteen (15) days from the date of billing.

**Section 11. Development** means the entire undertaking pursuant to the Amended Declaration and that property which may be added from time to time.

**Section 12. In Good Standing** means not in arrears for sixty (60) days or more with respect to financial obligations to the Association.

**Section 13. Resident Member** means a person who is a record owner of a fee or undivided fee interest in any residence or lot which is located in the subdivision.

**Section 14. Owner** means a record owner whether one or more persons, of a fee simple title to any real estate lot or condominium unit, excluding, however, those persons having such interest merely as security for the performance of an obligation.

**Section 15. Person** means an individual, corporation, partnership, association, trustee or other legal entity.

**Section 16. Plat#2** means that certain Plat of Stone Creek Cove Subdivision prepared by Alvin Freeman, RLS as revised by the last revision dated November 10, 1974.

**Section 17. Property**, unless the context should otherwise require, means that land described in the Amended Declaration and which may be added from time to time as the Association sees fit.

**Section 18. Residence** means a single family residential unit constructed on a lot or as part of a residential building which contains two or more single family residential units.

**Section 19. Subdivision** means Stone Creek Cove Subdivision as shown on Plat #2.

**Section 20. Undeveloped Lots** means lots which do not have water, sewer, and electrical service.

**Section 21. Reserve Fund.** Means the difference between cash, collectible receivables, investments, and prepaid items, less all accounts payables, debts and accrued expenses of the association.

### **ARTICLE III ASSOCIATION MEMBERSHIP AND VOTING RIGHTS**

**Section 1. Resident Membership.** Every person who is the record owner of a fee or undivided fee interest in any residence or lot which is located in the Subdivision and which is or may become subject to covenants of record or to assessments by the Association shall be a Resident Member of the Association. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation. No owner, whether one or more persons, shall have more than one Resident Membership per real estate lot or condominium unit. Resident Membership shall be appurtenant to and may not be separated from ownership of any real estate lot or condominium unit. Ownership of a real estate lot or condominium unit shall be the sole qualification for Resident Membership. Resident Members may be afforded a special rate for amenity use under management leases which are entered into by the Stone Creek Cove Homeowners Association for the amenities. These rights, if any, are not transferable or assignable without the approval of the Board and, if applicable, the lessee/managers of the respective amenities.

**Section 2. Discrimination.** No individual proposed for membership shall be discriminated against by reason of race, religion, color, sex, age or national origin.

**Section 3. Voting Rights.**

A. Resident Membership

The Association shall have one (1) class of voting membership, which shall consist of all Resident Members. Such members shall be entitled to one (1) vote for each real estate lot, or condominium unit in which they hold the interest required for membership. When more than one (1) person holds such interest in any real estate lot or condominium unit, the vote for such real estate lot or condominium unit shall be exercised as they, among themselves, determine. In no event shall more than one (1) vote be cast with respect to any real estate lot or condominium unit.

**Section 4. Suspension of Membership.** During any period in which a Resident Member shall be in default in the payment of any monthly or special assessment of the Association, or other billing for goods or services, the voting rights and the rights to the use of the facilities shall automatically cease until the same has been paid. Such rights may also be suspended for a period of not to exceed thirty (30) days for violation of any rules or regulations established by the Board of Directors governing the use of property.

In the event the Resident Member shall again violate the established rules and regulations, he may again be suspended for an additional thirty (30) days and fined an amount to be determined by the Board of Directors considering the seriousness of the violation. If such Resident Member or his family does not comply with the suspension, the Board of Directors may impose a fine or fines for such violation(s) as it may deem proper. For purposes of this section, default shall be construed to exist as to the monthly assessments when such assessment has not been paid within sixty (60) days from the first of the month to which it applies and with respect to other billings, sixty (60) days after such billing is made. Should a Resident Member own more than one assessable unit in the Association, a default or delinquency associated with one of the units shall apply to all units.

#### **ARTICLE IV ASSESSMENTS**

The Board of Directors shall have the authority other than is retained by the Membership under the Declaration to charge assessments in accordance with the following provisions:

**Section 1.** All properties without regard to development will share the cost of Roads, Landscaping, and G & A expenses. Properties owned by Stone Creek Cove Homeowners Association are not subject to these charges.

**Section 2.** Only properties connected to the sewer system shall be assessed for sewer operation.

**Section 3.** A sewer tap fee of \$750.00 will be assessed on new construction tapping on to the system. This fee may be recalculated by vote of majority of Board.

**Section 4.** The Board shall create an operating reserve fund created by an assessment of twelve (\$12.00) dollars per month being paid by all properties to be increased by sewer tap fees and interest earned on the fund balance. On an annual basis the twelve (\$12.00) assessment shall be eliminated after the fund reaches \$50,000 plus additional authorized reserves created for a special purpose and shall be reinstated only when the fund drops below \$50,000 plus additional authorized reserves. Without approval by two-thirds (2/3) of the homeowners present at the annual meeting or a special called meeting, the use of these funds by the Board of Directors is limited to \$10,000 per year. Such expenditures to maintain and/or operate the common areas must be approved by a majority of the Board of Directors. A sewer system emergency repair will be handled by the Board as needed and may exceed \$10,000. Any expenditure approved by the Board, which has not been spent by the end of the fiscal year, shall be treated as a liability of the association.

Operating Reserve Fund means the difference between cash, collective receivables, investments and prepaid items, less all accounts payable, operating capital in excess of

\$3,000, debts and accrued expense of the association excluding the assets and liabilities of the Capital Improvement Fund.

**Section 5.** A Capital Improvement Fund shall be created as of December 31, 2004 by a transfer of Operating Reserve Funds in excess of \$50,000, excluding additional authorized reserves which shall remain in the Operating Reserve Funds account in addition to the \$50,000 which will remain in that account, to provide for improvements and planned replacements of amenities in the common areas and to provide for the repayment of debt used for such improvements. The monthly assessment to be paid by all properties, borrowings and related payments and planned improvements and/or replacements will be approved by two-thirds (2/3) of the Homeowners present at the annual or special called meeting. Proceeds from the sale of any common area property or Association owned lots will be used for capital improvements and/or planned replacements or the repayment of debt associated with capital improvements.

Capital Improvement Fund means any cash and investments held from assessments, borrowings or the sale of Association owned properties set aside for the immediate or planned improvements to the common areas reduced by any association payables or debts.

## **ARTICLE V MEETING OF MEMBERS**

**Section 1. Annual Meetings.** The annual meeting of Members shall be held at 10:00 a.m. on the third Saturday in January, unless otherwise provided by the Members at any previous meeting. If the day of the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first Saturday following which is not a legal holiday. If annual meeting is adjourned for a reason other than a failure to have a quorum, the Members shall determine the time, date and place for the resumed meeting. The annual meeting shall be for the purpose of electing Directors, receiving reports of Officers and Committees, and for any other business that may appropriately arise.

**Section 2. Special Meetings.** Special meetings of the Members may be called at any time by the President or by two (2) members of the Board of Directors, or upon written request of the Members who are entitled to vote at least one-fourth (1/4) of the votes of the membership.

**Section 3. Notice of Meetings.** Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, (a) by delivering a copy of such notice to each residence at least fifteen (15) days before such meeting or (b) by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

**Section 4. Quorum.** The presence at the meeting of Members entitled to cast or of proxies entitled to cast, at least fifty-one (51%) percent of the votes of the membership shall constitute a quorum for any action except as otherwise provided in this Amended Declaration. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time without other than announcement at the meeting, until a quorum shall be present or represented.

**Section 5. Proxies.** At all meetings of Members, each Member may vote in person or by proxy in which the designated representative is another Member or a Member's spouse. All proxies shall be revocable and shall automatically cease upon conveyance by a member of his residence. Proxies may be in writing and signed by the member granting the proxy. All proxies must be submitted by 5 p.m. two (2) business days before the meeting, to the homeowners association office.

**Section 6. Place of Meeting.** The place of the annual and special meetings shall be determined by the Board of Directors.

**Section 7. Rules of Order.** All meetings of Members shall be governed by Robert's Rules of Order. For this purpose, the latest edition shall be accepted.

**Section 8. Parliamentarian.** The President, or such other person acting in his place at meetings of Members, at his discretion may appoint a parliamentarian for such of the meetings as he sees fit.

**Section 9. Supervisors of Elections.** At the annual meeting, after all nominations have been received, the President shall select two (2) Members, neither of whom has been nominated for the Director, to act as supervisors of elections. These persons shall have the responsibility of counting the ballots in the voting for the Directors and reporting to the meeting.

## **ARTICLE VI BOARD OF DIRECTORS SELECTION AND TERM OF OFFICE**

**Section 1. Number.** The affairs of the Association shall be managed by five (5) Directors, each of whom shall be a Member of the Association in good standing. No person and his or her spouse may serve on the Board at the same time.

**Section 2. Nominations.** Nominations 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 Resident 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 shall be made from among the Resident Members of the Association in good standing. In addition, nominations for Director of other Resident Members in good standing may be made from the floor at the annual meeting. Members of the Nominating Committee are not barred from becoming nominees for director. Permission to place his or her name in nomination shall be obtained from all nominees in advance of the Annual Meeting, whether to be nominated by the Nominating Committee or from the floor at such meeting.

**Section 3. Election.** Election to the Board of Directors shall be by secret written ballot cast at the annual meeting. At such election, the Members in good standing entitled to vote, or their proxies, may cast as many votes as there are vacancies to be filled on the Board. The person(s) receiving the largest number of votes shall be elected. Elections to the Board of Directors by written ballot shall be by plurality vote with nominee receiving largest number of votes elected. (To follow Robert's Rule of Order.)

**Section 4. 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 elected by the remaining members of the Board and shall serve the unexpired term of his predecessor. A Director who ceases to be a Resident Member of the Association shall automatically terminate as a Director.

**Section 5. Vacancy.** A vacancy is automatically created by death, resignation, termination of Resident Membership or by removal by majority vote of the membership with or without cause. The unexpired term shall be filled by a Member in good standing selected by the remaining members of the Board and shall be considered to have served for a full term in that office.

**Section 6. Term of Office.** At the annual meeting in January 1978, it was established that Directors shall be nominated and voted in three classes: one-third (1/3) to serve for three (3) years, one-third (1/3) to serve for two (2) years and one-third (1/3) to serve for one (1) year. At each succeeding annual meeting Directors shall be elected for a three- (3) year term to succeed the one-third (1/3) then retiring from the Board. No person may serve two (2) successive terms as Director but a Member may be re-elected to the Board of Directors one (1) year after his retirement as a Director. In the event that the members of the Association vote as provided in Section 1 of this Article for a number of Directors not divisible by three (3), the incumbent Board shall decide the number of Directors to be elected and to retire in succeeding years.

**Section 7. Compensation.** No Director shall receive compensation for any service he may render to the Association. A Director may be reimbursed, however, for his actual expenses incurred in the performance of his duties.



**ARTICLE VII  
MEETINGS OF THE BOARD OF DIRECTORS**

**Section 1. Regular Meetings.** The dates and locations of regular meetings shall be announced in advance and shall be open to Regular Members as observers. Observers may participate in Board discussions only if they request permission in advance and specify the matter(s) in which they wish to be heard. The Board of Directors may have executive sessions which are not open to other than Board Members when, in the opinion of the President, or acting President, the matter(s) to be considered are of a sensitive nature which must be kept confidential until resolved. Regular meetings of the Board of Directors shall be held at such place and hours as may be fixed from time to time by resolution of the Board. Should said meeting dates fall upon a legal holiday, then the Board at its discretion may choose another date.

**Section 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. This requirement of notice may be waived by majority vote of the Directors.

**Section 3. Quorum.** A quorum for the transaction of business shall be considered to exist only when a majority of Directors elected by the Resident Members are present. Except as otherwise expressly provided, 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 deemed to be the official act of the Board.

**Section 4. 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.

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

**Section 1. Powers.** The Board of Directors shall have power:

- (a) To exercise for the Association all powers, duties and authority vested in or delegated to the Association. The Board's powers shall be limited to those not reserved to the membership by other provisions of these By-laws or the Amended Declaration.
- (b) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent without acceptable cause from three (3) consecutive regular meetings of the Board of Directors.

- (c) To enter into management agreements with third parties in order to facilitate efficient operation of the development. Any management agreement or lease of the amenities of the association, however, must be approved prior to entering into such agreement by fifty-one percent (51%) of property owners at an annual or special called meeting at which a quorum is present. It shall be the primary purpose of such management agreements to provide for the administration of the development, the maintenance, repair, replacement and operation of the Common Area. The terms of said management agreements shall be determined by the Board of Directors to be in the best interest of the Association, and shall be subject in all respects to these By-laws and the Amended Declaration.
- (d) To elect the several Officers of the Association.

**Section 2. Duties.** It shall be the duty of the Board of Directors:

- (a) To cause to be kept a complete record of all its acts and affairs to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by at least one-fourth (1/4) of the Members who are entitled to vote.
- (b) To keep or cause to be kept adequate financial records and to present appropriate financial statements to the Members at the annual meeting of the Members.
- (c) To supervise all officers, agents and Lessees of this Association, and to see that their duties are properly performed.
- (d) As more fully provided in the Declaration or elsewhere herein:
  - (1) to fix the amount of the annual assessment against each assessable unit to be announced at the annual meeting and to be effective the first of the following month; and
  - (2) To deliver written notice of each assessment to the owner of each residence or lot at his address of record; and
  - (3) To issue, or to cause its duly authorized agent or an appropriate office to issue, upon demand by a Member at any time a document indicating the status of all assessments. A reasonable charge may be made by the Board for the issuance of those documents. Such documents shall be conclusive evidence of payment of any assessment therein stated to have been paid.

**ARTICLE IX  
OFFICERS AND THEIR DUTIES**

**Section 1. Enumeration of Officers.** The Officers of this Association shall be a President and Vice-President, who shall at all times be Members of the Board of

Directors. The Secretary, a Treasurer, and such other Officers as the Board may from time to time by resolution create, are not required to be Members of the Board of Directors.

**Section 2. Election of Officers.** The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

**Section 3. Term.** The Officers of this Association shall be elected annually by the Board and each shall hold for one (1) year, or until his successor is duly qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

**Section 4. Special Appointments.** The Board may elect such Officers 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 5. Resignation and Removal.** Any Officer may be removed from office with or without cause by action of the Board or by majority vote of the Members. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Death of any Officer shall be construed as resignation. Such resignation shall take effect on the date of receipt of such notice or at any late time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 6. Vacancies.** A vacancy in any office may be filled in the manner prescribed for regular election. The Officer elected to such vacancy shall serve for the remainder of the term of the Officer he succeeds.

**Section 7. Multiple Offices.** No person shall simultaneously hold more than one (1) of any of the offices except in the case of special offices created pursuant to Section 1 of this Article IX.

**Section 8. Duties.** The duties of the Officers are as follows:

#### **President**

- (a) The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out, shall sign all written instruments regarding the Common Area, subject to the approval of the Board of Directors, and shall co-sign all checks and promissory notes, if any. However, if the President is unavailable, the co-signing of checks will be delegated to the Vice President. If a check is made out to the President for reimbursement of expenses, the co-signing of checks will be delegated to the Vice President and another member of the Board (all of whom have signature authority) it being the intent that no Board Member shall approve a check made out to themselves. All checks issued for \$500 or more other than for utilities or other normal operating costs

shall have been reviewed by all Board Members and approved by a majority it being the intent that all Board Members approve all expenses and the President's signature on checks merely signifies a majority of Board Members have approved the expense. The President cannot refuse to sign a check for an expense that has been approved by a majority of Board Members,

**Vice President**

- (b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

**Secretary**

- (c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as may be required by the Board.

**Treasurer**

- (d) The Treasurer or designee shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all promissory notes of the Association, keep proper books of account, supervise an annual audit, if such audit is requested by the Budget and Finance Committee at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to its Members.

**ARTICLE X  
COMMITTEES**

**Section 1. Appointment.** The Board of Directors shall appoint the following standing committees:

- (a) **Architectural Control Committee** which shall consist of three (3) or more Association Members. At least one Member, but not necessarily its Chairman, shall be a member of the Board. To the extent feasible, members of this Committee shall have had prior experience in architecture or landscaping. At any time the Board feels it is necessary they may become the Architectural Control Board. The Board appoints the ACC and its Chairman and the term of office for all members shall be one year.

A Member can serve on the ACC for more than one term if so appointed by the Board. The Board may decide to be the final approving authority for all new construction and major additions or they may delegate this responsibility to the ACC if the Board is not serving in the ACC role.

- (b) **Budget and Finance Committee** which shall be responsible for approval of the annual budget for submission to the annual meeting of Members. This Committee shall also approve the annual statement of income and expenditures of the Association and may cause an independent audit of the Association's books and accounts. The chairman of this Committee shall be a member of the Board of Directors.
- (c) **By-Laws, Protective Covenants and Legal Committee** shall review the by-laws each year and bring them into conformity with current practice and resolve any legal questions as requested by the Board. Any Resident Member or committee may submit recommendations to be considered by the committee before presentation to the Board.
- (d) **Grounds, Landscaping and Roads Committee** shall be responsible for the maintenance of the common grounds, parking lots, lights and signs around the Clubhouse, Pool, Tennis Courts, Pro Shop and roads.
- (e) **Nominating Committee** See Article VI, Section 2.
- (f) **Waste Water Treatment Plant Committee** shall be responsible for the operation, supervision and maintenance of the complete sewer system. Chairmanship is not restricted to Board membership.

**Section 2. Membership of Committees.** Every effort should be made by the Officers, the Board and others to involve a broad segment of Association Members in the work of several committees.

**Section 3. Other Committees.** The Board of Directors may from time to time appoint ad hoc committees for such purposes as may be desirable or necessary. Such committees may include, but are not limited to, legislative, meetings and public relations.

**Section 4. Board Liaison with Committees.** The Board of Directors shall appoint one (1) of its members as liaison with each of the standing committees which does not have a Director as a member. This liaison Director shall not have a vote in the committee and shall not be required to attend meetings of the committee, but he shall maintain a close awareness of its activities. The purpose of this arrangement shall be to insure each committee ready access to the Board.

**Section 5. Ex-Officio Members.** The President shall be an ex-officio member of all committees except the Nominating Committee. The Treasurer shall be an ex-officio member of the Budget and Finance Committee.

**Section 6. Committee Reports.** The Board may request annual or special reports or recommendations from committees from time to time.

**Section 7. Selection and Term of Committee Members.** Except as provided herein with respect to the Architectural Control Committee, the members of each committee shall be appointed by the Board of Directors to serve until next annual meeting.

## **ARTICLE XI ADMINISTRATION**

**Section 1. Management Agreements/Leases.** The Association may enter into such management agreements as may be necessary or desirable for the administration and operation of the common properties. However, any management agreement and/or lease for the operation of the common properties must be approved by a fifty one percent (51%) majority of property owners in an annual or special called meeting at which a quorum is present. Prior to such meeting, the general provisions of all proposed leases/management agreements shall be provided in writing to all property owners including the compensation to be paid, the term, the manner and terms on which same may be terminated, and such other matters as may be agreed upon which are not inconsistent with the terms of the Association's documents. No member of the Board negotiating a lease shall receive any monetary gain from such negotiation unless the Board Member is applying to be the lessee. If this situation occurs, the Board Member must resign from the Board and not be party to the negotiations as a Board Member. During its tenure, the person with whom the Association contracts for the administration and operation of the development (hereinafter sometimes referred to as the "Manager") shall exercise all the powers and shall be responsible for the performance of all the duties of the Association as provided for, excepting those powers and duties which are specifically and exclusively assigned to the Officers, Directors, Committees or Members of the Association. The Manager shall be a responsible individual or corporation as the Board of Directors shall determine, having experience adequate for the management of a development of this type and shall be bonded in such manner as the Board of Directors shall reasonably require. Prior to the expiration or termination of any such management agreement, or as soon thereafter as may be reasonably practical, the Association may enter into a new management agreement to become operative immediately upon the expiration or termination of the preceding management agreement or at the earliest practical opportunity. Copies of each management agreement then currently in effect shall be made available for inspection by the owners, each of whom shall be bound by the terms and conditions thereof.

**Section 2. Limitations of Liability; Indemnification.** Notwithstanding the duty of the Association to maintain, repair and replace parts of the Common Area, the Association, an appointed Committee Member shall not be liable for injury or damage caused by the elements, owners or other persons, nor shall any Officer or Director of the Association be liable to any owner for injury or damage caused by an Officer or Director or appointed Committee Member in the performance of his duties, unless due to the willful misfeasance or malfeasance of such Officer or Director. Each Officer, Director of the Association, or appointed Committee Member shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred or imposed upon him in connection with any, proceeding to which he may be a party or in which he may become involved by reason of his being or having been an Officer,

Director of the Association, or appointed Committee Member at the time such expenses and liability are incurred, except in such cases where the Officer or Director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors approved such settlement and reimbursement as being for the best interest of the Association.

**Section 3. Merger, Annexation and Dissolution.** Additional residential property, Common Area, and Commercial Area may be merged or annexed to the Association with the consent of two-thirds (2/3) of the Members in good standing entitled to vote. The corporation may be dissolved according to South Carolina law through consent of two-thirds (2/3) of the Members in good standing entitled to vote.

**Section 4. Operation of Facilities.** It is the intent to operate such of the Common Area as the Association's finances permit.

## **ARTICLE XII INSURANCE AND CASUALTY LOSSES**

**Section 1. Insurance.** The Association's Board of Directors shall have the authority to and shall obtain insurance for the improvements on the property of the Association against loss or damages by fire or other hazards, including extended coverage, vandalism and malicious mischief, in the amount sufficient to cover the full replacement cost of any repair or construction in the event of damage or destruction from any such hazard, and shall also obtain a public liability policy covering all Common Area and all damage and injury caused by the negligence of the Association of any of its agents, liability/errors or omissions and insurance for Board of Directors, individually and collectively. Premium for all such insurance shall be common expenses. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association.

**Section 2. Repair and Reconstruction.**

- (A) If the damage or destruction for which the insurance proceeds are paid is greater than the cost to repair or reconstruct the premises, the Board of Directors shall, subject to provisions of these By-laws and the Amended Declaration, levy special assessments against all owners. If the loss exceeds the insurance proceeds by \$10,000, approval by a vote of two-thirds (2/3) of the members in good standing entitled to vote is required.
- (B) Any and all sums paid to the Association under and by virtue of these special assessments provided for the above to defray the estimated excess cost of repair or reconstruction shall be deposited with interest by the Association. The proceeds from insurance and assessments, if any, when the damage or destruction is to be repaired or reconstructed

shall be disbursed as set forth at the discretion of the Board of Directors.

**Section 3. Minor Repairs.** Notwithstanding anything to the contrary, in the event of damage by fire or other casualties to the Common Area covered by insurance written in the name of the Association or if the insurance proceeds initially offered or paid therefor are less than one thousand (\$1,000) dollars and the estimated cost of repairing such damages is less than twice the amount of proceeds, then the damage shall be repaired in accordance with the regulations set forth by the Board of Directors.

### **ARTICLE XIII GENERAL PROVISIONS**

**Section 1. Books and Records.** These By-laws, the Amended Declaration and the books, records, and papers of the Association shall, after being scheduled and during reasonable hours, be subject to inspection by any Regular Member.

**Section 2. Association Seal.** The Association shall have a seal in circular form having within its circumference the words: Stone Creek Cove Homeowners Association.

**Section 3. Fiscal Year.** The fiscal year of the Association shall be the calendar year.

**Section 4. Severability.** Invalidation of any covenant, condition, restriction or other provisions of these By-laws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

**Section 5. Perpetuities.** If any of the covenants, conditions, restrictions or other provisions of these By-laws shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the survivors of the now living descendants of the signers of these By-laws.

**Section 6. Multiple Ownership.** In instances wherein a person owns more than one assessable unit and such person is in default or delinquent with respect to one (1) of those units, he shall be considered in default or delinquent for all purposes.

### **ARTICLE XIV BY-LAWS**

When any provision of any by-laws of any condominium units, recreational association or other subpart of Stone Creek Cove Community conflicts with the provisions of these By-Laws, the provision of these By-Laws will prevail.



**ARTICLE XV  
AMENDMENTS**

The provisions of these By-Laws may be amended from time to time by an affirmative vote of two-thirds (2/3) or more of the Resident Members of record in good standing at a meeting duly called for that purpose at which a quorum is present and provided, however, that any proposed amendment to these By-Laws shall be submitted to the Board of Directors of the Association at least thirty (30) days prior to such meeting at which a vote on the amendment is to be taken.

**Dated this 27th day of May, 2010.**