

BY-LAWS
OF
STRATFORD HOMEOWNERS ASSOCIATION, INC.

I INTRODUCTION

These are the By-Laws of Stratford Hall Homeowners Association, Inc., an eleemosynary corporation organized and existing under the laws of the State of South Carolina (hereinafter called "the Association"), which has been organized for the purpose of administering Stratford Hall Subdivision located upon the real property in Aiken County, South Carolina.

(a) The provisions of these By-Laws are applicable to the Association, and the terms and provisions hereof are expressly subject to the effect of the terms, provisions, conditions and authorizations contained in the Amended Declaration of Covenants, Restrictions and Conditions for Stratford Hall Subdivision (hereinafter "the Restrictions") which has been recorded in the public records of Aiken County, South Carolina, at the time portions of said property and the improvements now or hereafter situate thereon were submitted to the plan of ownership. The terms and provisions of said Restrictions shall be controlling wherever the same may be in conflict with these By-Laws.

(b) All present or future owners, tenants, future tenants, or their employees, or any other person that might use the subdivision or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in said Restrictions (and any amendments thereto).

(c) The office of the Association shall be in Aiken, South Carolina, or such other place as the Board of Directors of the Association may designate from time to time.

(d) The fiscal year of the Association shall be from January 1 through December 31.

(e) The seal of the Association shall bear the name of the Association and the word "South Carolina."

(f) There shall be no dividends or profits paid to any members nor shall any part of the income of the Association be distributed to its Board of Directors or officers. In the event there are any excess receipts over disbursements as a result of performing services, such excesses shall be applied against future expenses, etc. The Association may pay compensation in a reasonable amount to its members, directors or officers for services rendered, may confer benefits upon its

members in conformity with its purpose and may make such payments to any management firm as is mutually agreed upon between the Association and the management firm for the performance of duties and services by the management firm. Upon final dissolution of and liquidation, the Association may make distribution to its members as is permitted by the Court having jurisdiction thereof, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income.

This Association shall issue no shares of stock of any kind or nature whatsoever. Membership in the Association and the transfer thereof as well as the number of members shall be upon such terms and conditions as provided in the Restrictions and the By-Laws of the Association and the voting rights of the owners of interests in said subdivision shall be as set forth in the Restrictions and/or the By-Laws of the Association.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

(a) All persons/organizations who are owners of Lots in the subdivision shall be members of this Association. Such membership shall automatically terminate when such person/organization is no longer the owner of such lot and membership shall be limited to such owners.

(b) The quorum at members' meetings shall consist of persons entitled to cast a majority (owners of 51% of the total lots) of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

(c) The vote of the owners of a lot owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate or appropriate resolution signed by all of the owners of the lot and filed with the Secretary of the Association, and such certificate or resolution shall be valid until revoked by subsequent certificate or resolution. If such a certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

(d) Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of the meeting for which their use is sought.

(e) Approval or disapproval of a lot owner upon any matters, whether or not the subject of an Association meeting, shall be by the same person who casts the vote of such owner if in an Association meeting.

(f) Except where otherwise required under the provisions of the Charter of the Association, these By-Laws, the Restrictions, or where the same may otherwise be required by law, the affirmative vote of the owners of fifty-one (51%) percent of the lots represented at any duly called members' meeting at which a quorum is present shall be binding upon the members.

3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

(a) The annual members' meeting shall be held at the office of the Association or such other place as may be designated by the Board of Directors, at a time and date to be designated by the Board on the last Monday in September of each year for the purpose of electing directors and of transacting any other business authorized to be transacted by the members. The first annual organization meeting shall be held in 1990.

(b) Special members' meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from the members of the Association representing a majority of lot owners.

(c) Notice of all members' meetings, regular or special, shall be given by the President, Vice President or Secretary of the Association, or other officers of the Association in the absence of said officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed properly given when deposited in the United States mails addressed to the member at his post office address as it appears on the records of the Association, the postage thereon prepaid. Proof of such mailing shall be given by affidavit of the person giving the notice. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. If any members' meeting cannot be organized because a quorum has not been attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended, whenever the latter percentage of attendance may be required as set

forth in the Charter, these By-Laws or the restrictions, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than quorum, is present.

(d) At meetings of membership, the President shall preside or, in the absence of him, the members present shall select a chairman.

(e) The order of business at annual members' meetings, and, as far as practical, at any other members' meeting, shall be:

- (i) Calling the roll and certifying proxies
- (ii) Proof of notice of meeting or waiver of notice
- (iii) Reading of Minutes
- (iv) Reports of officers
- (v) Reports of committees
- (vi) Appointment by chairman of inspectors of election
- (vii) Election of directors
- (viii) Unfinished business
- (ix) New business
- (x) Adjournment

4. BOARD OF DIRECTORS

(a) The first Board of Directors of the Association and succeeding Boards of Directors, shall consist of at least two (2) persons. At least a majority of the Board of Directors shall be members of the Association, or shall be authorized representatives, officers, or employees of a corporate member of the Association. The first Board of Directors of the Association shall be comprised of the two (2) persons designated to act and serve by the Initial Association President as named in the Charter, which said persons shall serve until their successors are elected at the first meeting of the members of the Association called after the property identified herein have been submitted to the plan of ownership and the Restrictions recorded in the public records of Alken County, South Carolina. Should any member of the first Board of Directors be unable to serve for any reason, a majority of the remaining members of the Board of Directors shall have the right to select and designate a party to act and serve as a director for the unexpired term of said director who is unable to serve. The Joint Owners have heretofore (in the Charter of the Association) designated the Initial Board of Directors and Officers of the Association. Directors may be removed from office in the manner provided by law for the removal of directors in South Carolina corporations for profit.

(b) Election of directors shall be conducted in the following manner:

(i) At the first annual member's meeting held after the property identified herein has been submitted to the plan of ownership as outlined in the Restrictions recorded in the public records of Aiken County, South Carolina, a nominating committee of three members which shall have been appointed by the Board of Directors not less than thirty (30) days prior to the annual members' meeting, shall nominate one person for each director then serving. Additional nominations for directorship and directors may be made from the floor. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

(ii) Except as to vacancies provided by removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining directors.

(iii) Any director may be removed by concurrence of two-thirds of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

(iv) The term of each director's service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he is removed in the manner provided hereinabove.

(c) The organizational meeting of the newly elected Board of Directors shall be held within ten (10) days of its election, at such time and at such place as shall be fixed by the directors at the meeting at which it was elected, and no further notice of the organization meeting shall be necessary provided a quorum shall be present.

(d) Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, or telephone at least three (3) days prior to the day named for such meeting, unless notice is waived.

(e) Special meetings of the Board of Directors may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the directors. Not less than three (3) days notice of a meeting shall be given to each director, personally, by mail or telephone, which notice shall state the time, place and purpose of the meeting.

(f) Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

(g) A quorum at Directors' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors.

(h) The presiding officer of directors' meetings shall be the President of the Association. In the absence of the President, the directors present shall designate one of their number to preside.

(i) Directors will serve without compensation, save reimbursement of out-of-pocket expenses incurred in the ordinary conduct of Association affairs.

(j) The Board of Directors shall manage and direct the affairs of the Association and subject to any restrictions imposed by law, the restrictions or these By-Laws may exercise all of the powers of the Association subject only to approval by the owners when such is specifically required by these By-Laws. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law, the Restrictions or these By-Laws, or as it may deem necessary or appropriate in the exercise of its powers and shall include, the following:

(i) To prepare a budget, make, levy and collect assessments against members and members' lots to defray the cost of the common area and facilities of the subdivision, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association.

(ii) To carry out the maintenance, care, upkeep, repair, replacement, operation, surveillance and the management of the general elements, services and facilities of the subdivision wherever the same is required to be done and accomplished by the Association for the benefit of its members;

(iii) To carry out the reconstruction of improvements after casualty and the further improvement of the property, real and personal;

(iv) To make and amend regulations governing the use of the property, real and personal, in the subdivision so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Restrictions;

(v) To acquire, operate, lease, manage, and otherwise trade and deal with property, real and personal, including lots in the Subdivision, as may be necessary or convenient in the operation and management of the Subdivision and in accomplishing the purposes set forth in the Restrictions;

(vi) Subject to the provisions of subparagraph (v) above, to contract for the management of the common areas and facilities in the Subdivision and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Restrictions to have approval of the Board of Directors or members of the Association;

(vii) To enforce by legal means the provisions of the Articles of Incorporation and By-Laws of the Association, the Restrictions and the regulations hereinafter promulgated governing use of the property in the Subdivision;

(viii) To pay all taxes and assessments which are liens against any part of the Subdivision other than Lots and the appurtenances thereto, and to assess the same against the members and their respective Lots subject to such liens;

(ix) To carry insurance for the protection of the Association, the members of the Association against casualty, liability and other risks;

(x) To pay all costs of power, water, sewer and other utility services rendered to the Subdivision and not billed to the owners of the separate Lots; and

(xi) To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association as well as to dismiss said personnel.

5. OFFICERS

(a) The executive officers of the Association shall be the President and Secretary, who shall also be directors; a Vice President; and a Treasurer, all of whom shall be elected annually by the Board of Directors and who may peremptorily removed by vote of the directors at any meeting. Any person may hold two (2) or more offices, except that the President shall not also be the Treasurer or Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

(b) The President shall be the chief executive officer of the Association. He shall have all the powers and duties which are usually vested in the office of the President of an association, including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

(c) Any Vice President shall, in the absence of the President, exercise the powers and perform the duties of the President. He shall also generally assist the

President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

(d) The Secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the directors or President.

(e) The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

(f) The compensation of all officers and employees of the Association shall be fixed by the directors. This provision shall not preclude the Board of Directors from employing a director as an employee of the Association, nor preclude the contracting with a director for management of the Association.

6. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Restrictions shall be supplemented by the following provisions:

(a) The assessment rolls shall be maintained in a set of accounting books in which there shall be an account for each lot. Such an account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amount in which assessment come due, the amounts paid upon the account and the balance due upon assessments.

(b) The Board of Directors shall adopt a budget for each fiscal year which shall contain estimates of the costs of performing the functions of the Association, including, but not limited to the following items:

(i) "Current Expenses," which shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable allowance for contingencies, insurance and working funds, except expenditures chargeable to reserves, to additional improvements or to operations. The balance in this fund at the end of each year shall be applied to

reduce the assessments for current expenses for the succeeding year. The amount of this fund shall not exceed 105% of the budget for this account for the prior year.

(ii) "Reserve for Deferred Maintenance" which shall include funds for maintenance items which occur less frequently than annually. The amount of this fund shall not exceed 105% of the budget for this account for the prior year.

(iii) "Reserve for Replacement," which shall include the funds for repair or replacement required because of damage, depreciation or obsolescence. The amount of this fund shall not exceed 105% of the budget for this account for the prior year.

(iv) "Additional Improvements," which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which will be a part of the common elements. The amount of this fund shall not exceed \$10,000, provided however, that in the expenditures of this fund no sum in excess of \$2,000 shall be expended for a single item or purpose without approval of the members of the Association.

(v) "Operations," which shall include the funds to be used to provide a working fund or to meet losses.

The amount for each budgeted item may be increased over the foregoing limitations when approved by Unit owners entitled to cast not less than 51% of the votes of the entire membership of the Association.

(c) The depository of the Association shall be such bank or banks as shall be designated from time to time by the directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the directors.

7. ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

The Association is given the authority to administer the operation and management of the Subdivision, it being recognized that the delegation of such duties to one entity is in the best interests of the owners of all Lots. To properly administer the operation and management of the project, the Association will incur, for the mutual benefits of all of the owners of Lots, costs and expenses which will be continuing or non-recurring costs, as the case may be, which costs and expenses are sometimes herein referred to as "common expenses." To provide the funds necessary for such proper operation and management, the said Association has heretofore been granted the right to make, levy and collect assessments against the owners of all Lots and said Lots. In furtherance of said grant of authority to Association to make, levy and collect assessments to pay the costs and

expenses for the operation and management of the Association, the following provisions shall be operative and binding upon the owners of all lots, to-wit:

(a) The assessments levied against the owners of the Lots shall unless otherwise provided for in these By-Laws, be in the same proportion to the total assessment made against all owners of Lots and their Lots as the undivided interest in the Common Elements appurtenant to each Lot bears to the total undivided interest in the Subdivision as is more fully set forth in the Restrictions.

(b) Assessments against the Lot owners for their shares of the items of the budget shall be made on or before July 20 preceding the year for which the assessments are made. Such assessments shall be due annually, within thirty days of the date billed. If an annual assessment is not made as required, as assessment shall be presumed to have been made in the amount of the last prior assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefore may be amended at any time by the Board of Directors if the items of the amended budget do not exceed the limitations thereon for that year. Any items which does exceed such limitation shall be subject to the approval of the members of the Association as provided hereinabove in these By-Laws. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be due upon the date of the assessment.

(c) The payment of any assessment or installment thereof due to the Association shall be in default if such assessment, or any installment thereof, is not paid unto Association, on or before the due dates for such payment. When in default, the Board of Directors may accelerate the remaining installments of the assessment upon notice thereof to the Lot owner, and thereupon the unpaid balance of the assessment shall come due upon the date stated in the notice, but not less than ten (10) days after delivery thereof to the Lot owner, or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.

(d) Assessments for common expenses of emergencies which cannot be paid from the annual assessment for common expenses shall be made only after notice of the need therefor to the Lot owners concerned. After such notice and upon approval in writing by persons entitled to cast more than one-half of the votes of the Lot owners concerned, the assessment shall become effective, and it shall be due after thirty (30) days notice thereof in such manner as the Board of Directors shall require.

(e) The owner or owners of the Lots shall be personally liable to Association for the payment of all assessments, regular or special, which may be levied by Association which such party or parties are owner or owners of a Lot in the Subdivision. In the event that any owner or owners are in default in payment of any assessment or installment thereof owed to the Association for period of fifteen (15) days, such owner or owners shall be personally liable for interest on such delinquent assessment or installment thereof as determined by the Association or at the rate of one and one-half (1 1/2) percent per month of the payment due.

(f) No owner of a Lot may exempt himself from liability for any assessment levied against such owner and his Lot by waiver of the use or enjoyment of any of the General Common Elements, or by abandonment of the Lot or in any other manner.

(g) The Association is hereby granted a lien upon such Lot and its appurtenant undivided interest in the Common Elements, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner of each Lot, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessment owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorneys' fee, which may be incurred by the Association in enforcing this lien upon said Lot and its appurtenant undivided interest in the Common Elements. The lien granted to Association may be foreclosed in the same manner as mortgages may be foreclosed in the State of South Carolina.

(h) Whenever any Lot may be sold by the owner thereof, which sale shall be concluded only upon compliance with other provisions of these By-Laws, the Association upon request of the owner of such Lot shall furnish to the proposed purchaser a statement verifying the status of payment of any assessment which shall be due and payable to Association by the owner of such Lot.

In the event that a Lot is to be sold at the time when payment of any assessment against the owner of the Lot and such Lot due to Association shall be in default (whether or not a claim of lien has been recorded by the Association) then the proceeds of such purchase shall, after payment of those sums given priority by S.C. Code Ann. Section 27-31-200 (1976) be applied by the purchaser first to payment of any then delinquent assessment or installment thereof due to Association before the payment of any proceeds of purchase to the owner of any Lot who is responsible for payment of such delinquent assessment.

8. INSURANCE

The Board of Directors shall obtain and maintain, to the extent available, at least the following insurance:

A. Hazard Insurance. The Association shall insure all Common elements against all hazards and risks normally covered by a standard hazard policy, including fire and lightning, the hazards and risks covered by "extended coverage," and vandalism and malicious mischief. All Common Elements shall be insured for the full replacement cost thereof (without deduction or allowance for depreciation), and the policy of insurance shall have a full replacement cost rider.

B. Liability Insurance. The Association shall also obtain premises liability insurance on all Common Elements and the Association providing for a single-limit indemnity of not less than one million dollars and covering bodily and personal injury and property damage. Such liability insurance shall cover claims of one or more owners against one or more other owners as well as claims of third parties against one or more owners or the Association.

The policies outlined hereinabove shall not be cancelled or reduced as to coverage limits without thirty (30) days prior written notice to the Board of Directors and to every holder of a security interest in any Lot who is named in the policy or an endorsement thereto.

9. AMENDMENT TO BY-LAWS

These By-Laws may be amended in the following manner:

(a) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which the proposed amendment is considered.

(b) A resolution adopting a proposed amendment may be proposed either by the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meetings considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be by at least 75% of the entire members of the Association, or by at least 80% of the voting shares of the membership. Until the first election of directors, all directors must approve any amendment.

(c) No amendment shall discriminate against any Lot owner or against any Lot or class or group of Lots unless the Lot owner so affected shall consent. No amendment shall change any Lot nor the share in the Common Elements appurtenant to it, nor increase the owner's share of the common expenses, nor

change the voting rights of members unless the record owner of the Lot concerned and all record owners of liens thereon shall join in the execution of the amendment.

(d) A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the public records of Aiken County, South Carolina

10. DEFINITIONS

All terms defined in the Restrictions shall have the same meaning in these By-Laws as in the restrictions.

11. CONFLICTS

In the event of any conflict between the provisions of the Restrictions and the provisions of these By-Laws, the provisions of the Restrictions shall control.

IN WITNESS WHEREOF, the foregoing was adopted as the By-Laws of Stratford Hall Homeowners' Association, Inc. a non-profit corporation under the laws of the State of South Carolina at Aiken, South Carolina, this 29th day of June, 1990.

Kenneth L. Smith
Anita M. Reeves

STRATFORD HALL HOMEOWNERS'
ASSOCIATION, INC.

BY:

T. W. Morton
T. W. Morton

AND:

R. L. Edwards
Edwards Industries, Inc. by
R. L. Edwards, Its President

STATE OF SOUTH CAROLINA }
COUNTY OF AIKEN }

PERSONALLY appeared before me the undersigned witness who, first being duly sworn, deposes and says that (s)he saw the within named Stratford Hall Homeowners' Association, Inc. by T.W., Morton and Edwards Industries, Inc., by R. L. Edwards, Jr. sign, seal and, as its act and deed, deliver the within written By-Laws of the Stratford Hall Homeowners' Association, Inc. and that (s)he with the other subscribing witness, witnessed the execution thereof.

SWORN to before me this 29th
day of June, 1990.
Edith D. Babin
Notary Public for South Carolina
My Commission expires: October 24, 1991

Kenneth L. Dicks

RETURNED TO: H. J.

RECORDED 7-6-90 at 0930
Reggie J. Whitman
ALL AIKEN COUNTY his.