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EXHIBIT B

BYLAWS
OF
HONEY HILL PROPERTY OWNERS' ASSOCIATION

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HONEY HILL PROPERTY OWNERS' ASSOCIATION

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BYLAWS
OF
HONEY HILL PROPERTY OWNERS' ASSOCIATION

Article I

Name, Principal Office, and Definitions

1.1 Name. The name of the corporation is Honey Hill Property Owners' Association ("Association").

1.2 Principal Office. The Association's principal office shall be located in Jasper County, South Carolina. The Association may have such other offices, either within or outside South Carolina, as the Board of Directors may determine or as the Association's affairs may require.

1.3 Definitions. The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Recorded Declaration of Covenants, Conditions, and Restrictions for Honey Hill recorded in the Office of the Clerk of Court of Jasper County, South Carolina on May 25, 2001 in Book 237 at Page 1, as it may be amended ("Declaration"), unless the context indicates otherwise.

Article II

Association: Membership, Meetings, Quorum, Voting, Proxies

2.1 Membership. Membership in the Association shall be limited to Lot Owners in Honey Hill as more fully set forth in the Declaration. Each Owner of a Lot in Honey Hill shall be a member ("Member") of the Association. The provisions of the Declaration pertaining to membership are incorporated herein by this reference.

2.2 Place of Meetings. Meetings of the membership shall be held at such suitable place convenient to the Members as the Board may designate.

2.3 Annual Meetings. The Association's first membership meeting, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The Board of Directors shall set the date and time of subsequent regular annual meetings. Annual meetings may be conducted electronically (e.g. via Internet, intranet, or teleconference) if, and to the extent, permitted by law.

2.4 Special Meetings. The President may call special meetings. In addition, it shall be the President's duty to call a special meeting if so directed by resolution of the Board or upon a petition signed by ten (10) Members of the Association.

2.5 Notice of Meetings.

(a) The Association's Secretary shall cause written notice stating the place, day, and hour of any Association meeting to be given to each Member in any manner permitted by South Carolina law. If permitted, notice may be posted in a conspicuous, prominent place within the community, delivered by hand delivery, or sent by facsimile, electronic mail, or other electronic communication device, or such other manner which is reasonably calculated, as determined in the Board's discretion, to provide personal notice to the Members. Notice shall be given at least ten (10) but less than fifty (50) days before the date of the meeting, by or at the direction of the President, the Secretary, or the officers or Persons calling the meeting.

(b) In the case of a special meeting or when otherwise required by South Carolina law or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No other business shall be transacted at a special meeting except as stated in the notice.

(c) If posted, notice shall be deemed delivered when posted. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to the Member at his or her address as it appears on the Association's records, with postage prepaid. If sent by facsimile, electronic mail, or such other electronic communication device, notice shall be deemed delivered when transmitted to the Member at his or her address or number as it appears on the Association's records. Failure to receive actual notice of an Association meeting shall not affect the validity of any action taken at such meeting.

2.6 Waiver of Notice. Waiver of notice of a meeting of a Member shall be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall be deemed a waiver of notice of all business transacted at such meeting, unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7 Voting. The voting rights of the Members shall be as set forth in the Declaration and in these Bylaws, and such voting rights provisions in the Declaration are specifically incorporated herein by this reference. Members may vote at a meeting by voice vote or ballot or may vote by mail without the necessity of a meeting, as determined by the Board; provided, the Board shall hold meetings when required by the Declaration, these Bylaws, or South Carolina law. Votes for the election of directors shall be cast by secret written ballot. All Member votes cast at meetings are subject to the quorum requirements of Section 2.11. The Board may permit votes to be cast electronically (e.g., via the Internet, intranet, or electronic mail) with sufficient verification of authenticity and if permitted by law.

2.8 Proxies. Members may vote in person or by proxy, subject to the limitations of South Carolina law relating to use of general proxies and subject to any specific provision to the contrary in the Declaration or these Bylaws. Every proxy shall be in writing specifying the Lot for which it is given, signed by the Member or such Member's duly authorized attorney-in-fact, dated, and filed with the Association's Secretary prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast. In the event of any conflict between two (2) or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Lot for which it was given; (b) receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person; or (c) eleven (11) months from the date of the proxy, unless a shorter period is specified in the proxy.

2.9 Majority. As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate, totaling more than 50% of the total eligible number thereof.

2.10 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence of a majority of all Members in good standing or their proxies shall constitute a quorum at all Association meetings. Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.11 Adjournment of Meetings. If any meeting of the membership cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not less than ten (10) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

2.12 Conduct of Meetings. The President shall preside over all Association meetings, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings. The order of business of all meetings shall be as follows:

Reading of minutes of immediate prior meeting for review and approval;

Reports of Officers;

Reports of Committees;

Unfinished Business;

New Business;

Adjournment

2.13 Vote Required for Approval. Unless otherwise provided herein, a majority vote will be sufficient to transact the business of the Association.

2.14 Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice, and without a vote, if written consent specifically authorizing the proposed action is signed by the Members holding at least the minimum number of votes necessary to authorize such action at a meeting. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated and delivered to the Association. Such consents shall be filed with the Association's minutes and shall have the same force and effect as a vote of Members at a meeting. Within ten (10) days after receiving authorization for any action by written consent, the Secretary shall give notice to all Members entitled to vote who did not give their consent, fairly summarizing the material features of the authorized action.

Article III

Board of Directors: Number, Powers, Meetings.

Composition and Selection.

3.1 Governing Body: Composition. The Board of Directors shall govern the Association's affairs. Each director shall have one vote. Except for the Declarant of Honey Hill, the directors shall be Members or residents; provided, no Owner, Occupant or resident representing the same Lot may serve on the Board at the same time. A "resident" shall be any natural person 18 years of age or older whose principal residence is within Honey Hill. In the case of a Member which is not a natural person, any officer, director, partner, or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time.

3.2 Number of Directors. The Board shall consist of no less than five, nor more than seven directors, which number shall be determined initially by the incorporator of the Association and thereafter by the Members at each annual meeting beginning with the initial annual meeting; provided, however, that prior to the transfer of the Common Property to the Association, Declarant shall have the right to appoint two (2) directors to the Board.

3.3 Nomination and Election Procedures.

(a) Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate. The Board shall also establish such other rules

and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner. Nominations also may be permitted from the floor.

(b) Nominations for election to the Board may also be made by a Nominating Committee. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board, and three or more Members. The President shall appoint the members of the Nominating Committee not less than thirty (30) days prior to each annual meeting to serve a term of one (1) year and until their successors are appointed, and such appointment shall be announced in the notice of each election.

(c) The Nominating Committee may make as many nominations for election to the Board as it shall, in its discretion, determine. The Nominating Committee shall nominate a slate of directors to be elected by the Members.

3.4 Election Procedures. Each candidate shall be given a reasonable, uniform opportunity to communicate qualifications to the Members prior to votes being cast by the Members. Each Member may cast the entire vote assigned to his or her Lot for each position to be filled. There shall be no cumulative voting. That number of candidates which equals the number of positions to be filled and receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

3.5 Election and Term of Office. Except as otherwise specifically provided, election of directors shall take place at the Association's annual meeting. Upon the expiration of the term of office of each director, a successor shall be elected to serve a term of two (2) years.

3.6 Removal of Directors and Vacancies.

(a) Any director may be removed, with or without cause, by the vote of a majority of the Members in good standing. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, the Board of Directors shall appoint a successor to fill the vacancy for the remainder of the term of such director.

(b) Any director who has three consecutive unexcused absences from Board meetings, or who is more than thirty (30) days delinquent in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

(c) Any director may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(d) In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Members may elect a successor for the remainder of the term.

Meetings of the Board of Directors.

3.7 Organizational Board Meeting. The Board's first meeting following each annual meeting of the membership shall be held within fourteen (14) days thereafter at such time and place the Board shall fix.

3.8 Regular Board Meetings. Regular Board meetings may be held at such time and place a majority of the directors shall determine, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter.

3.9 Special Board Meetings. Special Board meetings shall be held when called by written notice signed by the President or Vice President or by any two (2) directors.

3.10 Notice of Board Meetings: Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall give notice to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone (either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director); or (d) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least five (5) business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least seventy-two (72) hours before the time set for the meeting.

(b) The transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11 Telephonic Participation in Meetings. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of telephone or other electronic means, through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12 Quorum of Board. At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these Bylaws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13 Compensation. Directors shall not receive any compensation from the Association for acting as such. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

3.14 Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.15 Open Meetings. Subject to the provisions of Section 3.16, all meetings of the Board shall be open to all Members, but attendees other than directors may not participate in any discussion or deliberation unless permission to speak is requested on their behalf by a director. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.16 Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

Powers and Duties.

3.17 Powers. The Board of Directors shall have all of the powers and duties necessary for administering the Association's affairs and for performing all of the Association's responsibilities and exercising all of the Association's rights as set forth in the Governing Documents and as provided by law.

The Board may do or cause to be done all acts and things except those which the Governing Documents or South Carolina law require to be done and exercised exclusively by the membership.

3.18 Duties. The duties of the Board shall include, without limitation:

- (a) preparing and adopting, in accordance with the Declaration, an annual budget and establishing each Owner's share of the Common Expenses;
- (b) levying and collecting assessments and fines from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Common Property consistent with the Honey Hill Standards;
- (d) designating, hiring, and dismissing the personnel necessary to carry out the Association's rights and responsibilities and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's business judgment, in depositories other than banks;
- (f) making and amending restrictions and rules in accordance with the Declaration;
- (g) opening bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Property in accordance with the Declaration and these Bylaws.
- (i) enforcing the provisions of the Governing Documents and bringing any legal proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;
- (j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;
- (k) paying the cost of all services rendered to the Association;
- (l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) permitting utility suppliers to use portions of the Common Property reasonably necessary to the ongoing development or operation of Honey Hill; and

(n) indemnifying a director, officer or committee member, or former director, officer, or committee member of the Association to the extent such indemnity is authorized by South Carolina law, the Articles of Incorporation, or the Declaration.

3.19 Management. The Board may employ a professional manager agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize, including, but not limited to, polling members or utilizing other forms of reporting processes. The manager may be a corporation or an individual. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate policy making authority or those duties set forth in Sections 3.18.1 (with respect to adoption of the budget), 3.18.2, 3.18.6, 3.18.7 and 3.18.9. Declarant or an affiliate of Declarant may be employed as managing agent or manager. The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the manager, if any, which might arise between Board meetings.

3.20 Accounts and Reports. The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) the managing agent shall accept no remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;
- (e) the managing agent shall disclose promptly to the Board any financial or other interest which it may have in any firm providing goods or services to the Association;
- (f) commencing at the end of the year in which Declarant transfer the Common Property to the Association, financial reports shall be prepared for the Association at least annually containing:
 - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

- (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
 - (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (iv) a balance sheet as of the last day of the preceding period; and
 - (v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution).
- (g) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year.

3.21 Borrowing. The Association may borrow money for any legal purpose; provided, the Board shall obtain the approval a majority of Members if the proposed borrowing is (a) for the purpose of making improvements to the Common Property; and (b) the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed twenty percent (20%) of the Association's budgeted gross expenses for that fiscal year.

3.22 Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents associations, within and outside Honey Hill. Any common management agreement shall require the consent of an absolute majority of the Board.

3.23 Enforcement.

(a) Sanctions and Fines. The Association, through the Board of Directors, shall have the power, as provided in the Declaration, to impose sanctions and fines for any violation of any duty imposed under the Governing Documents. In the event that any Occupant, tenant, employee, guest, or invitee of a Member violates any of the Governing Documents and a fine is imposed, the fine shall first be assessed against the Occupant; provided, if the fine is not paid by the Occupant within the time period set by the Board, the Member shall pay the fine upon notice from the Association. The Board shall have the right to record in the appropriate land records a notice of lien, a notice of violation of the Declaration, Bylaws, Board resolutions, or restrictions and rules, and to assess the cost of legal fees and of recording

and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violations under the Governing Documents.

(b) No Waiver. In the event the Board decides, in its discretion, not to take enforcement action, such a decision shall not be construed as a waiver of the Association's right to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction, or rule.

(c) County Ordinances. The Association, by contract or other agreement, may, but shall not be obligated to, enforce county ordinances; if applicable, and may, but shall not be obligated to, permit Jasper County to enforce ordinances within Honey Hill for the benefit of the Association and its Members.

(d) Good Faith. In conducting the Association's business, the Board, at all times, shall act within the scope of the Governing Documents and in good faith to further the legitimate interests of the Association and its Members. In fulfilling its governance responsibilities, the Board shall limit its actions to those reasonably related to the Association's purposes; those reasonably related to or within the Association's powers, as provided by the Governing Documents and as provided by South Carolina law; and those that are reasonable in scope. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

(e) Notice. Prior to imposition of any sanction hereunder or under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing (a) the nature of the alleged violation; (b) the proposed sanction to be imposed; (c) a period of not less than (ten) 10 days within which the alleged violator may present a written request for a hearing to the Board; and (d) a statement that the proposed sanction shall be imposed as contained in the notice unless a hearing is requested within 10 days of the notice. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided that the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10)-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(f) Hearing. If a hearing is requested within the allotted ten (10)-day period, the hearing shall be held before Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the Person who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(g) Self Help. Notwithstanding anything to the contrary in this Section, the Association, through the Board or its duly authorized agent, may elect to enforce any provision of the

Governing Documents by self-help by entering upon any Lot or any other portion of Honey Hill to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates the Governing Documents, or may seek, by suit at law or in equity, to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. Unless an emergency situation exists, the Board shall give the violating Lot Owner ten (10) days written notice of its intent to exercise self-help. In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation shall pay all costs, including reasonable legal fees actually incurred. Any entry onto a Lot for purposes of exercising this power of self-help shall not be deemed a trespass.

3.24 Board Standards.

(a) In performing their duties, directors and officers shall act as fiduciaries and are subject to insulation from liability as provided for directors of corporations by South Carolina law and as otherwise provided by the Governing Documents. Directors shall exercise the ordinary and reasonable care of directors of a corporation, subject to the business judgment rule. A director shall be deemed to act in accordance with the business judgment rule so long as the director:

(i) acts within the expressed or implied scope of the Governing Documents and his or her actions are not *ultra vires*;

(ii) affirmatively undertakes to make decisions which are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis;

(iii) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and

(iv) acts in a non-fraudulent manner and without reckless indifference to the Association's affairs.

(b) A director acting in accordance with the business judgment rule shall be protected from personal liability. Unless the Governing Documents require that specific action be taken, failure to take such specific action shall not, without further showing that the Board acted in violation of the business judgment rule, be deemed a violation of a Board duty.

(c) Board determinations of the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair, nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

3.25 Liability.

(a) A director shall not be personally liable to the Association, any Member, or any other Person for any action taken or not taken as a director if the director has acted in accordance with Section 3.24.

(b) The officers, directors, and committee members of the Association shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association).

3.26 Indemnification. Subject to the limitations of South Carolina law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including legal fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that the Association shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the Association, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under the South Carolina Nonprofit Corporation Code; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

(i) appropriation, in violation of his or her duties, of any business opportunity of the Association; or

(ii) intentional misconduct or knowing violation of the law; or

(iii) an unlawful distribution to members, directors or officers; or

(iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Article IV Officers

4.1 Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board; other officers may, but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person.

4.2 Election and Term of Office. The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Members, to serve until their successors are elected.

4.3 Powers and Duties. The Association's officers each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, manager, or both.

4.4 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

4.5 Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.13.

4.6 Removal, Resignation and Vacancies. The Board may remove any officer whenever in the Board's judgment the best interests of the Association will be served. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The Board may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

Article V Committees

5.1 The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution. Committees shall exercise only such authority as granted by Board resolution, provided the Board may, in the exercise of its reasonable discretion, elect not to

follow a committee's advice on any matter. Committees may not act without specific Board authority and may not bind the Association contractually or financially. Committee members may serve no more than two (2) consecutive two (2)-year terms on the same committee.

Article VI
Miscellaneous

6.1 Fiscal Year. The Association's fiscal year shall be set by Board resolution. In the absence of a Board resolution, the fiscal year shall be the calendar year.

6.2 Parliamentary Rules. Except as may be modified by Board resolution, *Robert's Rules of Order* (the then current edition) shall govern the conduct of Association proceedings when not in conflict with South Carolina law or the Governing Documents.

6.3 Conflicts. If there are conflicts among the provisions of South Carolina law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of South Carolina law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

6.4 Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any Member, any holder, insurer, or guarantor of a first Mortgage on a Lot, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Lot: the Declaration, Bylaws, and Articles of Incorporation, including any amendments, the restrictions and rules of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within Honey Hill as the Board shall designate.

(b) Rules for Inspection. The Board shall establish rules with respect to: (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

6.5 Notices. Except as otherwise provided in the Declaration or these Bylaws, all notices, demands, bills, statements, or other communications under the Declaration or these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member;

(b) if to the Association, the Board, or the manager, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

(c) if to any committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

6.6 Amendment. Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of two-thirds (2/3) of the Members. In addition, any additional approval requirements set forth in the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

6.7 Validity and Effective Date of Amendments. Amendments to these Bylaws shall become effective upon Recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six (6) months of its Recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

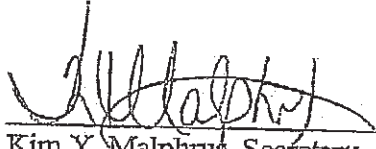
CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Honey Hill Property Owners' Association, a South Carolina non-profit corporation;

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 23rd day of May, 2001.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 23rd day of May, 2001.



Kim Y. Malphrus, Secretary

DEED BOOK 237 PAGE 1-48
DATE 5-31-01
Harold Malphrus
AUDITOR JASPER COUNTY SC

Instrument Volume Page
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