

BY-LAWS
OF STONEY CREEK RECREATION ASSOCIATION, INC.

ARTICLE I.
NAME AND LOCATION

The name of this corporation shall be Stoney Creek Recreation Association, Inc. and shall be located near Greer, South Carolina.

ARTICLE II.
PURPOSE

The purpose and object of the corporation shall not be for business or profit, but shall be for the establishment of an organization to promote the pleasure and general recreation of its members and specifically to build, own and operate recreational facilities in a subdivision known as Sugar Creek, Section Three. No fees, salaries, or any other form of pecuniary remuneration shall be paid directly to, or inure to the benefit of the directors, officers, or members of the association.

ARTICLE III.
DEVELOPMENT AGREEMENT

The corporation proposes to enter into an Agreement with subdivision developers (John Cothran Company, Inc., Ellis L. Darby, Jr. and M. Graham Proffitt, d/b/a Sugar Creek). The Agreement will set forth the terms and conditions upon which the developers will convey to the corporation land and recreational facilities. Upon the execution of said Agreement, the corporation and its membership shall be bound thereby and any provisions of these By-Laws which may be in conflict with, contrary to, or inconsistent with said Agreement, shall be ineffectual as to the rights of the developers and the provisions of said Agreement shall prevail. In addition, if there is any conflict between "The Restrictive and Protective Covenants for Sugar Creek, Section Three", Map One, Map Two, or Map Three and these By-Laws, the Restrictive and Protective Covenants shall prevail.

The Agreement to be entered into with the developers will be subject to the approval of the membership of Stoney Creek Recreation Association, Inc. by a simple majority vote.

ARTICLE IV.
GOVERNMENT

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Section 1. The corporation shall be governed by a Board of Directors, nine (9) in number, each of whom shall serve until his or her successor is elected and shall qualify as provided in these By-Laws.

No more than one (1) representative of any single distinct membership may serve as a director of the corporation at one time.

Section 2. Annually, a Nominating Committee, composed of at least five (5) members, shall be established by the current Board of Directors to present an election slate for members of the Board of Directors. In addition, nominations will be accepted from the floor. The membership shall elect five (5) directors for the term of one (1) year and four (4) directors for a term of two (2) years. At each subsequent annual meeting thereafter the general membership shall elect four (4) or five (5) directors, as the case may be, for a term of two (2) years. At the same time the corporation shall elect such additional directors as may be required to serve out the unexpired term of a vacancy or vacancies then existing on the Board.

Section 3. Any member of the Board of Directors may be removed by a simple majority vote of the membership at a duly-held meeting at which a quorum is present. When any director shall have three (3) consecutive unexcused absences from the meeting of the Board of Directors, his

office as director may be declared vacant by a majority vote of the Board. Any director who shall cease to hold active membership in the corporation automatically shall cease to be a member of the Board of Directors.

ARTICLE V. BOARD OF DIRECTORS

Section 1. Consistent with these By-Laws the Board of Directors shall:

(a) Transact all corporation business and make and amend rules and regulations for the use of corporation property. It may appoint and remove such officers, clerks, agents, servants or employees as it may deem necessary and may fix their duties and compensation.

(b) Fix, impose and remit penalties for violations of these By-Laws and rules of the corporation.

(c) Elect from the Board of Directors a president, vice president, secretary and treasurer.

(d) Fill any vacancy in the membership of the Board of Directors to serve until the next annual meeting of active members at which time a permanent director(s) will be elected by a simple majority vote of the membership.

Section 2. The Board of Directors shall elect one or more financial institutions to act as depositories of the funds of the corporation and shall determine the manner of receiving, depositing and distributing the funds of the corporation and the form of checks to be used.

Section 3. Nothing in these By-Laws shall be construed to permit the Board of Directors to borrow or pledge the credit of the corporation or sell or transfer all or any part of the assets of the corporation without the specific approval of a majority of the members attending and voting at a duly held meeting.

Section 4. The Board of Directors shall hold its annual meeting each year as soon as possible but within thirty (30) days following the annual meeting of the membership. Thereafter, the Board shall meet at its convenience on call of the president, or upon five (5) days' written notice given by a majority of the Board to each individual director.

At all directors' meetings, a quorum shall consist of two-thirds of the members of the Board and a majority of such quorum may decide any questions that may come before the meeting.

Section 5. (1) Liability of Directors. To the extent permitted by the laws of the State of South Carolina made and provided, no director shall be liable to any member or guest of the Corporation for injury or damage caused by such director in the performance of his duties unless due to the willful misfeasance or malfeasance of such director. Furthermore, each director shall be indemnified by the Corporation against all liabilities and expense, including attorney's fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be party or in which he becomes involved by reason of his being or having been a director of the Corporation, whether or not he is a director of the Corporation at the times when such expenses and liabilities are incurred, except in such cases where the director is adjudged guilty of willful misfeasance in performance of his duties; provided, however, that in the event of settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Corporation. Such indemnity shall be subject to the approval by the stockholders of the Corporation only when such approval is required by the laws of the State of South Carolina made and provided.

(2) That the Corporation be required to carry Directors & Officers Liability insurance to cover the Corporation for the defense and judgments which arise from litigation resulting from Directors and/or Officers liability.

ARTICLE VI. OFFICERS

Section 1. The officers of this corporation shall be a president, vice president, secretary, treasurer, and if deemed necessary by the Board of Directors an assistant secretary and an

assistant treasurer. The president, vice president, secretary and treasurer shall be elected annually by the Board of Directors from its membership and shall hold offices until the end of the next annual meeting of the Board. The assistant secretary and assistant treasurer shall be appointed by the Board of Directors and hold office at its pleasure.

Section 2. The president shall preside at the meetings of the corporation and of the Board of Directors. The president shall be the executive head of the corporation and shall appoint, subject to confirmation by the Board of Directors, all standing committees, designating the chairman thereof, and all special committees as may be directed. The president or his delegated board member shall be, ex-officio, a member of all committees.

The president shall appoint from the general membership a financial review committee chairman whose function will be to review the accounts and records of the corporation and report the results of this review to the general membership at the annual meeting. (The financial review committee chairman will appoint at least two (2) individuals for assistance.) The duties of the financial review committee shall be outlined in the financial review committee charter, which will include the review of all corporation finances. In absence of a financial review committee, an annual external financial review must occur on an annual basis, to be concluded in advance of the annual homeowner meeting.

Section 3. The vice president, in the absence or disability of the president, shall act in the president's stead.

Section 4. The treasurer shall attend to keeping the accounts of the corporation collecting its revenues and paying all its bills as approved by the Board of Directors, or other agency authorized by the Board to incur them. The treasurer shall deposit funds of the corporation in the name of the corporation in such depository to be authorized by the Board. The treasurer shall be bonded and bond fee be paid by the corporation. He shall be the custodian of the funds and books of the corporation. He shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting. He shall keep an active record of all fee paying members and send bills when necessary. However, the funds and books shall at all times be under the supervision of the Board of Directors and subject to its inspection and control. At the expiration of the term of office, he shall deliver to the successor all books and funds. The treasurer shall perform such other duties pertaining to all the treasurer's office as may be asked of the treasurer by the Board. In the absence of a treasurer, all books, funds and duties of his position shall be assumed by the President.

The treasurer and assistant treasurer/bookkeeper shall support the duties of the Financial Review Committee, as outlined in the Financial Review Committee charter document, though neither shall serve on the committee itself.

Section 5. The secretary shall send out the notices of the meetings of the corporation and of the Board of Directors, keep the minutes and attend to the correspondence pertaining to the office of secretary. The secretary shall be the custodian of the corporate seal, membership book, minute book and papers of the corporation and shall perform all duties pertaining to the office of the secretary as may be asked of the secretary by the Board of Directors. At the expiration of the term of office the secretary shall deliver to the successor all documents pertaining to the corporation.

Section 6. The assistant secretary and assistant treasurer shall perform such duties as may be assigned them by the secretary or treasurer, respectively, or by the Board of Directors.

ARTICLE VII. EXPENDITURE OF FUNDS

Section 1. The President, Vice President, Treasurer, and Secretary are empowered to sign checks, drafts, or other instruments for the payment of money drawn in the name of the corporation, providing that the invoice is approved by the head of the committee spending the money. One of the above officers of the corporation must sign all checks, drafts, or other instruments.

Section 2. The president and vice president, in the president's absence, are authorized to approve nonbudgeted expenditures up to \$1500.00 for any individual project.

Section 3. The Board of Directors, by a majority vote, may approve non-budgeted expenditures up to \$5000.00 for any individual project provided the project is for repair and/or replacement of an immediate need to the clubhouse or the pool or pool property.

Section 4. The nonbudgeted expenditure of corporate funds in excess of \$5,000.00 for any individual project must be approved by a majority vote of the membership at a duly-held meeting at which a quorum is present.

Section 5. A Maintenance Reserve Fund shall be established to address predicted repairs/replacements of capital items in the following areas: Pool, Tennis Courts, Clubhouse and Grounds. Any repair/replacement item for these areas costing \$5000 or more may be drawn from this account. Funding for the Maintenance Reserve Fund shall be a line item in the annual budget and shall be evaluated on an annual basis.

The Maintenance Reserve Fund dollars may be spent upon a majority vote of a scheduled Homeowners meeting where a quorum is present. The Maintenance Reserve Fund may not be spent on items other than capital repairs/replacements as described above. The treasurer is responsible for reporting on the status of the fund at the Annual Homeowners Meeting.

ARTICLE VIII. MEMBERS

Section 1. An active membership is one in which the holder thereof has purchased a residence in Sugar Creek, Section Three, Map One, Two or Three, or has purchased one of the eighty (80) additional lots contemplated by that certain agreement between this Association on the one hand and John Cothran Company, Inc., Ellis L. Darby, Jr. and M. Graham Proffitt, all on the other hand, dated _____, 1985, and paid the prevailing annual membership dues before using any of the facilities provided by the corporation. Continued ownership shall be a condition to maintaining the status of active membership.

Section 2. Active membership in this corporation shall be limited in number to a maximum of two hundred sixty-five (265).

Section 3. The joint ownership of any active membership interest by husband and wife with right of survivorship shall be permissible. Otherwise, membership must be owned and controlled by only one person who shall also meet the other criteria for membership in these By-Laws.

Section 4. Each active membership shall entitle the holder thereof to the use of the pool and other facilities of the corporation subject to its rules and By-Laws.

Section 5. Any member aggrieved by any disciplinary action by the Board of Directors may appeal to the membership at a special meeting called for such purpose upon a minimum of ten (10) days notice to the members and at such meeting a majority of the members present in person shall be controlling.

Section 6. In voting for Directors each active member may cast one (1) vote for each seat to be filled without accumulation. Each active member may cast one (1) vote only upon each issue. When membership is held jointly by husband and wife, they may together cast only one (1) vote.

Section 7. (a) All active members of the corporation shall be accorded the facilities belonging to the corporation subject to the rules and regulations which shall be posted.

(b) Upon written notice to and approval by the Board of Directors, active members may temporarily assign their memberships to renters in their homes, thereby relinquishing their own rights thereunder during the period of assignment. The renters to whom such assignments have been made shall be considered active members for all purposes except voting during the period of assignment and may use the facilities accordingly.

(c) While accompanied by a member of the corporation guests may utilize corporation facilities upon payment of proper fees as established by the Board of Directors.

(d) The facilities of the corporation shall be rented only to an active member who shall be in attendance at the function for which the facilities are rented. Rental of corporation facilities shall be subject to prior approval by the head of the committee.

Section 8. A temporary member is one who is given the right to use the facilities for a one(1) year period. The fee and the number of temporary members are to be set by the Board of Directors and approved by the membership at its annual meeting. A temporary member shall not participate in the governance of the affairs of the corporation.

ARTICLE IX. MEMBERSHIP MEETING

Section 1. The annual meeting of the active members of this corporation will be held during the month of March at a time and place to be designated by the president. Notice of such meeting will be made in writing and mailed to the last known address or delivered to each member at least ten (10) days in advance of the meeting. The notice of such meetings shall include the proposed budget for the ensuing year and the prior year's expenditures, the proposed dues and other assessments necessary to meet the budget and any other proper business which the Board of Directors shall bring before the membership.

Section 2. Special meetings of the active membership may be called upon ten (10) days' notice in writing to the members of record given by the president, a majority of the Board of Directors, or by request from 10 % of the active membership. The time, place and purpose of such meeting shall be specified in the written notice thereto.

Section 3. At a duly-held meeting of the corporation, 10% of the membership, not to include the Board of Directors, shall constitute a quorum to do business and a majority of those present and voting shall be sufficient for the transaction of business. Representation by proxy shall be permitted. All proxy votes shall be in writing and filed with the secretary and shall be signed and indicate the name of the member authorized to exercise such proxy vote and any conditions relative thereto. If a quorum is not present, the meeting will be rescheduled.

Section 4. The official order of business at all meetings (Robert's Rule of Order) shall be as follows: (1) call to order, (2) reading of minutes, (3) report of treasurer, (4) reading of communications, (5) report of committee (6) unfinished business, (7) new business, (8) adjournment,

ARTICLE X. DUES AND ASSESSMENTS

Section 1. The annual dues and the budget shall be approved by the membership at its annual meeting. Dues must be paid by May 1st of each year.

Section 2. Non-payment of dues as specified shall bar a member and his family and guests from the use of the corporation facilities and from voting privileges. Before reinstating a member who has been suspended for non-payment of dues, the Board of Directors will charge an additional fee for such delinquency not to exceed ten per cent (10%).

Section 3. The annual dues assessment shall be based upon the residence only but in the event of non-payment shall become a lien upon all lots or portion of lots used by an owner in connection with his residence.

Section 4. Special assessments may be authorized by the Board of Directors and collected as contributions for the specific projects of the corporation which were approved by a minimum of 60% of the membership of the corporation at a duly-held meeting. Such special assessments will be maintained in a separate fund from the annual dues.

ARTICLE XI. SUSPENSION OR REVOCATION OF MEMBERSHIP

Section 1. The Board of Directors may deny any individual the use of t corporation facilities upon finding that said person has violated the By-Laws or rules and regulations of the corporation or has abused the corporation property.

Section 2. Any person against whom action is taken under this Article shall be given at least ten (10) days' advance notice of the proposed action and shall be provided an opportunity to be heard at the meeting of the Board.

Section 3. Denial of corporation facilities to any person for more than two (2) weeks shall be only by action of at least two-thirds of the Directors at the meeting called for that purpose.

Section 4. The Board of Directors may suspend, or may delegate to an appropriate committee or person the power to suspend, for periods not exceeding one (1) week, any person found violating the regulations of this corporation. Should the occasion warrant, such suspension may be made immediately and without hearing. If such suspension is made without hearing, then it shall be the obligation of the person making the suspension to contact the parent or person accused of the offense and provide them with an opportunity to have a hearing.

ARTICLE XII.
MISCELLANEOUS

The fiscal year of the Association shall be determined by resolution adopted by the Board of Directors. The same may be changed by resolution of the Board.
Full and complete disclosures of their activities relative to the operation of the corporation shall be made by committees and employees to the Board of Directors and by the Directors and Officers to members at the annual meeting of the corporation.

ARTICLE XIII.
AMENDMENTS

The By-Laws may be amended at any regular or special meeting by two-thirds majority of those members present and voting as herein provided, a quorum being present, provided the call of such meeting shall contain the By-Laws or amendments to be voted upon at such meeting. All members of record shall be given not less than ten (10) days' notice of any meeting called for this purpose.