

BY-LAWS
OF
THE PALMS OF ORANGEBURG HOMEOWNERS' ASSOCIATION

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Unless Bylaws have already been adopted by the Palms of Orangeburg Homeowners' Association, the following shall represent the full and complete Bylaws of the Association, subject to amendment as authorized herein:

ARTICLE I. GENERAL

§1.1 Business Office.

The original principal office of The Palms of Orangeburg Homeowners' Association, ("the HOA") shall be within the State of South Carolina and shall be located in Orangeburg County, South Carolina at such place as the Board of Directors may designate. The Board of Directors may change the location of the principal office. The HOA shall maintain at its principal office a copy of certain records, as specified in §2.13 of Article II. The HOA may have such other offices, either within or without the State of South Carolina, as the Board of Directors may designate or as the business of the HOA may require from time to time.

§1.2 Registered Office.

The registered office of the HOA, required by §33-31-202 of the South Carolina Non-Profit Corporations Act of 1994, as amended (the "Act"), may be, but need not be, identical with the principal office in the State of South Carolina, and the address of the registered office may be changed from time to time.

§1.3 Purpose of the HOA, Membership in the HOA, Developer's Appointment of Directors, Powers of the HOA and Other Matters.

The HOA has the purpose of holding and administering subdivision common elements and taking such other actions for the mutual benefit of the Members of The Palms of Orangeburg Homeowners' Association, as the Members and Board of Directors shall reasonably determine, subject to the limitations set forth in the Articles of Incorporation, these Bylaws, and as consistent with the Covenants Conditions and Restrictions applicable to the Property.

As stated in the Covenants, Conditions and Restrictions, each owner of a lot included in The Palms Subdivision is, by virtue of his, her, or its acceptance of title to said lot, a Member of The Palms of Orangeburg Homeowners' Association, with all of the rights, responsibilities and obligations thereof.

Until such time as all lots included in The Palms Subdivision have been conveyed by Developer or until such other time as Developer shall designate, Developer shall have the sole and exclusive power to appoint all Directors of the HOA, as permitted by the provisions of South Carolina Code Section 33-31-804. For these purposes, the lots included in The Palms Subdivision shall be those lots indicated on the subdivision layout plan of "The Palms" prepared by Croft Engineering Company, Inc., dated September 17, 2012, and recorded in the Orangeburg County Register of Deeds Office in Plat Book D233, at Page 10 on September 26, 2012.

The HOA has the same powers as an individual to do all things necessary or convenient to carry out its affairs including, without limitation, power:

- (1) to sue and be sued, complain, and defend in its corporate name;
- (2) to have a corporate seal, which may be altered at will, and to use it, or a facsimile of it, by impressing or affixing or in any other manner reproducing it;
- (3) to make and amend these Bylaws, provided such changes are not inconsistent with the Articles of Incorporation or with the laws of South Carolina for regulating and managing its affairs;
- (4) to purchase, receive, lease, or otherwise acquire, and own, hold, improve, use, and otherwise deal with, real or personal property or any legal or equitable interest in property, wherever located;
- (5) to sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of its property;
- (6) to purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of, and deal in and with, shares or other interest in or obligations of any entity;
- (7) to make contracts and guaranties, incur liabilities, borrow money, issue notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, franchises, or income;
- (8) to lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment, except as limited by Section 33-31-832 of the Act;
- (9) to be a promoter, partner, trustee, member, associate, or manager of any partnership, joint venture, trust, or other entity. When acting as a trustee of a trust in which it has a beneficial interest, the HOA is not conducting a trust business with regard to that trust for purposes of Section 34-21-10 of the South Carolina Code of Laws, as amended;
- (10) to conduct its activities, locate offices, and exercise the powers granted by this chapter within or without this State;
- (11) to elect or appoint Directors, officers, employees, and agents, define their duties, and fix their compensation;
- (12) to pay pensions and establish pension plans, pension trusts, and other benefit and incentive plans for any or all of its current or former Directors, officers, employees, and agents;
- (13) to make donations not inconsistent with law for the public welfare or for charitable, religious, scientific, or educational purposes and for other purposes that further the corporate interest;

- (14) to accept gifts, devises, and bequests subject to any conditions or limitations, contained in the gift, devise, or bequest so long as the conditions or limitations are not contrary to this chapter or the purposes for which the HOA is organized;
- (15) to impose dues, assessments, and admission and transfer fees upon its members;
- (16) to establish conditions for admission of members, admit members, and issue memberships;
- (17) to carry on a business; and
- (18) to do all things necessary or convenient, not inconsistent with law, to further its activities and affairs.

§1.4 Assessments.

In addition to the above recited powers, the HOA is empowered to establish and collect annual and special assessments applicable to each lot owner or Member and to collect the Homeowners' initiation fee, due upon purchase of the Homeowners' lot. The initiation fee to be paid by the Homeowner to the HOA at the time of purchase of the Homeowner's lot shall be ZERO Dollars (\$0.00). The annual assessment to be paid by each lot owner or Member to the HOA shall be Four Hundred Dollars (\$400.00) and shall be due on January 15 of each year. The annual assessment shall be paid prospectively. The initiation fee and all assessments shall automatically constitute liens against the owner's lot, until fully paid. The initiation fee and all assessments are subject to change by simple majority vote of the Palms of Orangeburg Homeowners' Association Board of Directors.

ARTICLE II. MEMBERS

§2.1 Annual Meeting.

The annual meeting of Members shall be held on the first Tuesday of February, in each year, at the hour of 12:00 o'clock noon, or at such other time on such other day within such month as shall be fixed by the Board of Directors, for the purpose of and for the transaction of such business as may be set by the Board of Directors and indicated in the meeting notice, including, but not limited to, a statement by the President of activities by the HOA during the last year, and its financial standing. If Directors are no longer appointed by Developer, then elections for any needed Directors shall be held from the properly made nominations. If the day fixed for the annual meeting shall be a legal holiday in the State of South Carolina, such meeting shall be held on the next succeeding business day.

§2.2 Special Meetings.

Special meetings of the Members, for any purpose or purposes, described in the meeting notice, may be called by the President, or shall be called by the President at the request of the holders of not less than one-third (1/3) of all outstanding votes of the HOA entitled to be cast on any issue at the meeting.

§2.3 Place of Meeting.

The President may designate any place within Orangeburg County, South Carolina as the place of meeting for any annual or special meeting of the Members, unless all the Members entitled to vote at the meeting agree by written consents (which may be in the form of waiver of notice or otherwise) to another location, which shall be within Orangeburg County, South Carolina. If no designation is made, the place of meeting shall be the principal office of the HOA in Orangeburg, South Carolina.

§2.4 Notice of Meeting.

(a) Required notice.

Written notice stating the place, day and hour of any annual or special Member meeting shall be delivered not less than thirty (30) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President or other persons entitled to call the meeting, to each Member of record entitled to vote at such meeting and to any other Member entitled by the South Carolina Non-profit Corporations Act of 1994 ("Act") or the Articles of Incorporation to receive notice of the meeting. Notice shall be deemed to be effective at the earlier of: (1) when deposited in the United States mail, addressed to the Member at his address as it appears on the Membership records of the HOA, with postage thereon prepaid, (2) on the date shown on the return receipt if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee, (3) when received, or (4) five days after deposit in the United States mail, if mailed postpaid and correctly addressed to an address other than that shown in the HOA's current Membership records.

(b) Adjourned Meeting.

If any Member meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time or place, if the new date, time and place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is, or must be, fixed (see §2.5 of this Article II) then notice must be given pursuant to the requirements of paragraph (a) of this §2.4, to those persons who are Members as of the new record date.

(c) Waiver of Notice.

The Member may waive notice of the meeting (or any notice required by the Act, Articles of Incorporation, or By-Laws), by a writing signed by the Member entitled to the notice, which is delivered to the HOA (either before or after the date and time stated in the notice) for inclusion in the minutes or filing with the corporate records.

A Member's attendance at a meeting:

- (1) waives objection to lack of notice or defective notice of the meeting, unless

the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting;

- (2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

(d) Contents of Notice.

The notice of each Member meeting, whether a regular annual meeting or a special meeting, shall include a description of the purpose or purposes for which the meeting is called.

If a purpose of any Member meeting is to consider either: (1) a proposed amendment to the Articles of Incorporation (including any restated Articles requiring Member approval); (2) a plan of merger or share exchange; (3) the sale, lease, exchange or other disposition of all, or substantially all of the HOA's property; or (4) the adoption, amendment or repeal of a bylaw, the notice must so state and be accompanied by respectively a copy or summary of the: (1) Articles of Amendment; (2) plan of merger or share exchange; (3) transaction for disposition of all the HOA's property; or (4) By-Law proposal. If the HOA issues, or authorizes any borrowing, the HOA shall report in writing to all the Members the amount of such indebtedness and other significant terms of such proposed indebtedness before the notice of the next Member meeting. Likewise, if the HOA indemnifies or advances expenses to a Director (as defined in §33-16-210 of the Act), this shall be reported to all the Members with or before notice of the next Member's meeting.

§2.5 Fixing of Record Date.

For the purpose of determining Members of any voting group entitled to notice of or to vote at any meeting of Members or in order to make a determination of Members for any other proper purpose, the President may fix in advance a date as the record date. Such record date shall not be more than seventy (70) days prior to the date on which the particular action, requiring such determination of Members, is to be taken. If no record date is so fixed by the President for the determination of Members entitled to notice of, or to vote at a meeting of Members, or Members, the record date for determination of such Members shall be at the close of business on:

- (a) With respect to an annual Member meeting or any special Member meeting called by any person specifically authorized by these By-Laws to call a meeting, twenty (20) days before the first notice is delivered to Members;
- (b) With respect to a special Member's meeting demanded by the Members, the date the first Member signs the demand;
- (c) With respect to actions taken in writing without a meeting (pursuant to Article II §2.11), the date the first Member signs a consent;

When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof unless the Members fix a new record date, which they must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

Membership shall be established as stated in the Covenants, Conditions and Restrictions applicable to the Property.

“The Property” shall mean those certain common areas contributed by the Developer to the HOA, more specifically identified on **Exhibit “A”** attached hereto and any other property that the Board of Directors shall properly vote to accept.

“The Developer” shall mean that person or entity which has contributed the Property to the HOA as demonstrated by his, her, or its name as Grantor on the deed conveying the Property.

§2.6 Membership List.

The officer or agent having charge of the Membership List of the HOA shall make a complete record of the Members entitled to vote at each meeting of Members thereof, arranged in alphabetical order, with the address of and the number of Membership Interests held by each Member. The Membership List must be available for inspection by any Member, beginning on the date on which notice of the meeting is given for which the list was prepared and continuing through the meeting. The List shall be available at the HOA's principal office or at a place identified in the meeting notice in the city where the meeting is to be held. A Member, his agent or attorney is entitled on written demand to inspect, and subject to the requirements of §2.13 of this Article II, to copy the list at his expense during regular business hours, and during the period it is available for inspection. The HOA shall maintain the Membership List in written form or in another form capable of conversion into written form within a reasonable time.

§2.7 Quorum and Voting Requirements.

- (a) Membership interests entitled to vote may take action on a matter at a meeting only if a quorum of those Membership interests exists with respect to that matter. Unless the Articles of Incorporation provide otherwise, a majority of the votes entitled to be cast on the matter constitutes a quorum for action on that matter.
- (b) Once a Membership interest represented for any purpose at a meeting, it is considered present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting. Thus, once a quorum is attained, the Members may continue to act despite the withdrawal of persons from the meeting "in an effort to break the quorum."
- (c) Once a quorum exists, action on a matter is approved or disapproved by a majority vote of those shares present in person or by proxy, unless otherwise stated in these By-Laws or the Articles of Incorporation.

§2.8 Proxies.

At all meetings of Members, a Member may vote in person, or vote by proxy which is executed in writing by the Member or which is executed by his duly authorized attorney-in-fact. Such proxy shall be dated and filed with the Secretary of the HOA or other person authorized to tabulate votes before or at the time of the meeting. Unless a time of expiration is otherwise specified, a proxy is valid for eleven (11) months.

§2.9 Voting of Membership Interests.

Unless otherwise provided in the Articles of Incorporation or the Covenants, Conditions and Restrictions pertaining to The Palms Subdivision, the owner of each lot at The Palms Subdivision is entitled to a single vote per lot owned on each matter submitted to a vote at a meeting of Members.

§2.10 Corporation's Acceptance of Votes.

- (a) If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the name of a Member, the HOA, if acting in good faith, is entitled, in accordance with §33-31-727, to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the Member.
- (b) If the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the name of its Member, the HOA if acting in good faith is nevertheless entitled subject to §33-31-727, to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the Member if:
 - (1) the Member is an entity as defined in the Act and the name signed purports to be that of an officer or agent of the entity;
 - (2) the name signed purports to be that of an administrator, personal representative, guardian, or conservator representing the Member and, if the HOA requests, evidence of fiduciary status acceptable to the HOA has been presented with respect to the vote, consent, waiver, or proxy appointment;
 - (3) the name signed purports to be that of a receiver or trustee in bankruptcy of the Member and, if the HOA requests, evidence of this status acceptable to the HOA has been presented with respect to the vote, consent, waiver, or proxy appointment;
 - (4) two or more persons are the Member as cotenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all the co-owners.
- (c) The HOA is entitled to reject a vote, consent, waiver, or proxy appointment if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith,

has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Member.

- (d) The HOA and its officer or agent who accepts or rejects a vote, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this Section are not liable in damages to the Member for the consequences of the acceptance or rejection.
- (e) Corporate action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment under this Section is valid unless a court of competent jurisdiction determines otherwise.

§2.11 Informal Action by Members.

Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if one or more consents in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof and are delivered to the HOA for inclusion in the minute book. If the act to be taken requires that notice be given to non-voting Members, the HOA shall give the non-voting Members written notice of the proposed action at least ten (10) days before the action is taken, which notice shall contain or be accompanied by the same material that would have been required if a formal meeting had been called to consider the action. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document.

§2.12 Voting for Directors.

Voting for Directors shall occur at the annual Member's Meeting, with nominations having been made by any of the following: (1) nomination by valid vote of the Board of Directors; (2) nomination by petition of not less than ten (10%) percent of the Members that is filed not more than 40 days and not less than twenty (20) days prior to the date set for the annual Members meeting. The Developer shall retain a supermajority vote as to the nomination of Directors until all lots in the subdivision are sold and the common elements are conveyed to the HOA.

§2.13 Member's Rights to Inspect Corporate Records.

- (a) Minutes and Accounting Records.

The HOA shall keep as permanent records minutes of all meetings of its Members, and a record of all actions taken by the Members without a meeting. The HOA shall maintain appropriate accounting records.

- (b) Absolute Inspection Rights of Records Required at Principal Office.

If he gives the HOA written notice of his demand at least five (5) business days before the date on which he wishes to inspect and copy, a Member (or his agent or attorney) has the right to inspect and copy, during regular business hours any of the following

records, all of which the HOA is required to keep at its principal office:

- (1) its Articles or Restated Articles of Incorporation and all amendments to them currently in effect;
- (2) its By-Laws or Restated By-Laws and all amendments to them currently in effect;
- (3) Resolutions adopted by its Members;
- (4) Minutes of all Members' meetings, and records of all action taken by Members without a meeting, for the past ten (10) years;
- (5) Minutes of all Board of Director's meetings, and records of all action taken by Directors without a meeting, for the past ten (10) years;
- (5) All written communications by the HOA to Members generally within the past three (3) years, including the financial statement furnished for the past three (3) years to the Members;
- (6) A list of the names and business addresses of its current Members, Directors and officers;
- (7) A conformed copy of every document required to be filed with the Secretary of State, IRS or the South Carolina Department of Revenue.

(c) Conditional Inspection Right.

In addition, if he gives the HOA a written demand made in good faith and for a proper purpose at least five (5) business days before the date on which he wishes to inspect and copy, he describes with reasonable particularity his purpose and the records he desires to inspect, and the records are directly connected with his purpose, a Member of a HOA (or his agent or attorney) is entitled to inspect and copy, during regular business hours at a reasonable location specified by the HOA, any of the following records of the HOA:

- (1) excerpts from minutes of any meeting of the Members, and records of action taken by the Members without a meeting, to the extent not subject to inspection under paragraph (a) of this §2.13.
- (2) accounting records of the HOA; and
- (3) the record of Members (compiled no earlier than the date of the Member's demand).

(d) Copy Costs.

The right to copy records includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means. The HOA may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the Member. The charge may not exceed the estimated cost of production or reproduction of the records.

§2.14 Financial Statements Shall be Furnished to the Members.

- (a) The HOA shall furnish its Members annual financial statements, which may be consolidated or combined statements of the HOA and one or more of its subsidiaries, as appropriate, that include a balance sheet as of the end of the fiscal year, an income statement for that year, and a statement of changes in Members' equity for the year unless that information appears elsewhere in the financial statements. If financial statements are prepared for the HOA on the basis of generally accepted accounting principles, the annual financial statements for the Members also must be prepared on that basis.
- (b) If the annual financial statements are reported upon by a public accountant, his report must accompany them. If not, the statements must be accompanied by a statement of the President or the person responsible for the HOA's accounting records:
- (1) stating his reasonable belief whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and
 - (2) describing any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year.
- (c) A HOA shall mail the annual financial statements to each Member within 120 days after the close of each fiscal year. Thereafter, on written request from a Member who was not mailed the statements, the HOA shall mail him the latest financial statements.

ARTICLE III. BOARD OF DIRECTORS

§3.1 General Powers.

Requirement for and duties of board.

- (a) The HOA shall have a Board of Directors.
- (b) All corporate powers must be exercised by or under the authority of Board of Directors and the affairs of the HOA managed under the direction of its Board of Directors, except where expressly provided otherwise by the Act, the Covenants, Conditions and Restrictions, and/or these Bylaws.

§3.2 Number, Tenure and Qualifications of Directors.

- (a) The Board of Directors must consist of three or more Directors. Initially, there shall be three (3) Directors.
- (b) The number of Directors may be increased or decreased, but to no fewer than three and shall at all times be an uneven number, by amendment to these Bylaws.
- (c) Each Director shall serve until he or she is removed or becomes unwilling or unable to serve. Except as the Board of Directors may establish staggered terms for Directors, any subsequently elected Director shall serve for a term of three (3) years or until he or she is removed or becomes unwilling or unable to serve, whichever period is shorter. Directors may be elected for successive terms. The Board of Directors may establish staggered terms for Directors serving on the Board so as to prevent complete turnover of the Board in any one year.
- (d) A decrease in the number of Directors or term of office does not shorten an incumbent Director's term.
- (e) Despite the expiration of a Director's term, the Director continues to serve until the Director's successor is elected, designated or appointed, and qualifies, or until there is a decrease in the number of Directors.

§3.3 Regular Meetings.

- (a) If the date, time, and place of a Directors' meeting is fixed by these Bylaws or the Board of Directors, the meeting is a regular meeting. All other meetings are special meetings.
- (b) The President shall preside at all meetings of the Board of Directors. The President shall permit Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may hear each other simultaneously during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

§3.4 Special Meetings.

Special meetings of the Board of Directors may be called by or at the request of the President or any one Director. The person authorized to call special meetings of the Board of Directors may fix any place, only within Orangeburg County. Such meetings may be held by telephone.

§3.5 Notice of Meetings and Waiver of Notice.

- (a) Regular meetings of the board may be held without notice.

- (b) Special meetings of the board must be preceded by at least two days' notice to each Director of the date, time, and place, but not the purpose, of the meeting.
- (c) A board action to remove a Director or to approve a matter that would require approval by the members is not valid unless each Director is given at least seven days' written notice that the matter will be voted upon at a Directors' meeting or unless notice is waived pursuant to Section 33-31-823 of the Act.
- (d) Unless the Articles or Bylaws provide otherwise, the presiding officer of the board, the president, or at least twenty percent of the Directors then in office may call and give notice of a meeting of the board.
- (e) A Director may waive any notice required by the Act or these Bylaws. Except as provided in subsection (f), the waiver must be in writing, signed by the Director entitled to the notice, and filed with the minutes or the corporate records.
- (f) A Director's attendance at or participation in a meeting waives any required notice of the meeting unless the Director, upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with the Act or these Bylaws, objects to lack of notice and does not thereafter vote for or assent to the objected to action.

§3.6 Quorum.

A quorum of a Board of Directors consists of a majority of the Directors in office immediately before a meeting begins. In no event shall a quorum of fewer than the greater of one-third of the number of Directors in office or two Directors (whichever is more) be authorized, in accordance with the Act.

§3.7 Manner of Acting.

- (a) All matters and actions taken on behalf of the HOA by its officers or Directors shall be memorialized in writing and approved by the Board of Directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the board unless the Act or these Bylaws require the vote of a greater number of Directors.
- (b) A Director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is considered to have assented to the action taken unless:
 - (1) the Director objects at the beginning of the meeting, or promptly upon arrival, to holding the meeting or transacting business at the meeting;
 - (2) the Director votes against the action and the vote is entered in the minutes of the meeting;
 - (3) the Director's dissent or abstention from the action taken is entered in the minutes of the meeting; or

- (4) the Director delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or to the HOA immediately after adjournment of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action.

§3.8 Action Without a Meeting.

- (a) Unless otherwise required by these Bylaws or the Act, action required or permitted to be taken at a Board of Directors' meeting may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents describing the action taken, signed by each Director, and included in the minutes filed with the corporate records reflecting the action taken.
- (b) Action taken under this section is effective when the last Director signs the consent, unless the consent specifies a different effective date.
- (c) A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

§3.9 Removal of a Director.

A Director elected by the board may be removed without cause by the vote of two-thirds of the Directors then in office or such greater number as is set forth in the Articles or these Bylaws.

§3.10 Vacancies.

- (a) If a vacancy occurs on a Board of Directors, including a vacancy resulting from an increase in the number of Directors:
 - (1) the Board of Directors may fill the vacancy; or
 - (2) if the Directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the Directors remaining in office.
- (b) A vacancy that will occur at a specific later date, by reason of a resignation effective at a later date under Section 33-31-807(b) of the Act or otherwise, may be filled before the vacancy occurs but the new Director may not take office until the vacancy occurs.

§3.11 Compensation.

Unless the Articles or Bylaws provide otherwise, the members of the Board of Directors shall not receive compensation for the performance of their duties as Directors. However, each Director may be reimbursed for costs incurred in the performance of his/her duties.

§3.12 Resignation of Director.

- (a) A Director may resign at any time by delivering written notice to the Board of Directors, its presiding officer, or to the president or secretary.
- (b) A resignation is effective when the notice is effective unless the notice specifies a later effective date. If a resignation is made effective at a later date, the board may fill the pending vacancy before the effective date if the board provides that the successor does not take office until the effective date.

§3.13 General Standards for Directors.

- (a) A Director shall discharge his duties as a Director:
 - (1) in good faith;
 - (2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - (3) in a manner the Director reasonably believes to be in the best interests of the HOA.
- (b) In discharging his or her duties, a Director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
 - (1) one or more officers or employees of the HOA who the Director reasonably believes is reliable and competent in the matters presented;
 - (2) legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within the person's professional or expert competence;
 - (3) a committee of the board of which the Director is not a member, as to matters within its jurisdiction, if the Director reasonably believes the committee merits confidence; or
 - (4) in the case of religious the HOAs, religious authorities and ministers, priests, rabbis, or other persons whose position or duties in the religious organization the Director believes justify reliance and confidence and who the Director believes is reliable and competent in the matters presented.
- (c) A Director is not acting in good faith if the Director has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.
- (d) A Director is not liable to the HOA, a member, or any other person for any action taken or not taken as a Director, if the Director acted in compliance with this section.
- (e) A Director shall not be deemed to be a trustee with respect to the HOA or with respect to any property held or administered by the HOA, including without limit, property that may be subject to restrictions imposed by the donor or transferrer of

the property.

- (f) An action against a Director asserting the Director's failure to act in compliance with this section and consequent liability must be commenced before the sooner of (i) three years after the failure complained of or (ii) two years after the harm complained of is, or reasonably should have been, discovered. This limitations period does not apply if the failure to act in compliance with this section has been fraudulently concealed.

§3.14 Director Conflict of Interest.

- (a) A conflict of interest transaction is a transaction with the HOA in which a Director of the HOA has a direct or indirect interest. A conflict of interest transaction is not voidable or the basis for imposing liability on the Director if the transaction was fair to the HOA at the time it was entered into or is approved as provided in subsection (b).
- (b) A transaction in which a Director of the HOA has a conflict of interest may be:
 - (1) authorized, approved, or ratified by the vote of the Board of Directors or a committee of the board if:
 - (i) the material facts of the transaction and the Director's interest are disclosed or known to the board or committee of the board; and
 - (ii) the Directors approving the transaction in good faith reasonably believe that the transaction is fair to the HOA; or
 - (2) approved before or after it is consummated by obtaining approval of the:
 - (i) Attorney General; or
 - (ii) the circuit court for Orangeburg County in an action in which the Attorney General is joined as a party; or
- (c) For purposes of this section, a Director of the HOA Board has an indirect interest in a transaction if:
 - (1) another entity in which the Director has a material interest or in which the Director is a general partner is a party to the transaction; or
 - (2) another entity of which the Director is a Director, officer, or trustee is a party to the transaction.
- (d) For purposes of subsection (b) a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the Directors on the Board of Directors or on the committee who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved, or ratified under this section by a single Director. If a majority of the Directors on the board who have no direct or indirect interest in the transaction vote to authorize,

approve, or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection (b)(1) if the transaction is otherwise approved as provided in subsection (b).

- (e) Notwithstanding the above terms, it is understood and acknowledged that the initial Board of Directors may be one in the same as the Developer who derives a pecuniary benefit from controlling the actions of the HOA. This conflict of interest is specifically waived by the HOA.

§3.15 Loans or Guarantees for Directors and Officers.

- (a) The HOA may not directly or indirectly lend money to or guarantee the obligation of a Director or officer of the HOA.
- (b) The fact that a loan or guarantee is made in violation of this section does not affect the borrower's liability on the loan.

§3.16 Liability for Unlawful Distributions.

- (a) Pursuant to S.C. Code Section 33-31-833, unless a Director complies with the applicable standards for conduct described in Section 33-31-830 of the Act, a Director who votes for or assents to a distribution made in violation of this chapter or the Articles of Incorporation is personally liable to the HOA for the amount of the distribution that exceeds what could have been distributed without violating this chapter.
- (b) A Director held liable for an unlawful distribution under subsection (a) is entitled to contribution:
 - (1) from every other Director who voted for or assented to the distribution without complying with the applicable standards of conduct described in Section 33-31-830 of the Act; and
 - (2) from each person who received an unlawful distribution for the amount of the distribution whether or not the person receiving the distribution knew it was made in violation of this chapter.

ARTICLE IV. OFFICERS

§4.1 Number.

- (a) The HOA shall have a president, a secretary, a treasurer, and such other officers as are appointed by the Board of Directors.
- (b) The Board of Directors shall delegate to one of the officers the responsibility for preparing minutes of the Directors' and members' meetings and for authenticating

records of the HOA.

- (c) The same individual may simultaneously hold more than one office in the HOA.

§4.2 Appointment and Term of Office.

The officers of the HOA shall be appointed by the Board of Directors for a term as determined by the Board of Directors. (The designation of a specified term grants to the officer no contract rights, and the Board can remove the officer at any time prior to the termination of such term). If no term is specified, they shall hold office until they resign, die, or until they are removed in the manner provided in §4.3 of this Article IV.

§4.3 Removal.

- (a) An officer may resign at any time by delivering notice to the HOA. A resignation is effective when the notice is effective unless the notice specifies a future effective date. If a resignation is made effective at a future date and the HOA accepts the future effective date, its Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date.
- (b) A Board of Directors may remove an officer at any time with or without cause.

§4.4 Rights of Officers.

- (a) The appointment of an officer does not itself create contract rights.
- (b) An officer's removal does not affect the officer's contract rights, if any, with the HOA. An officer's resignation does not affect the HOA's contract rights, if any, with the officer.

§4.5 Resignation.

An officer may resign at any time by delivering notice to the HOA. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the HOA accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date, if the Board of Directors provides that the successor does not take office until the effective date.

§4.6 President.

The President shall be the principal executive officer of the HOA and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the HOA. He shall, when present, preside at all meetings of the Members and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the HOA thereunto authorized by the Board of Directors, deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing

and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the HOA, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

§4.7 The Vice-Presidents.

If appointed, in the absence of the President or in the event of his death, inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their appointment) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. (If there is no Vice-President, then the Treasurer shall perform such duties of the President). Any Vice-President may sign, with the Secretary or an assistant Secretary, such documents which have been authorized by resolution of the Board of Directors; and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

§4.8 The Secretary.

The Secretary shall: (a) keep the minutes of the proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of any seal of the HOA and if there is a seal of the HOA, see that it is affixed to all documents the execution of which on behalf of the HOA under its seal is duly authorized; (d) when requested or required, authenticate any records of the HOA; (e) keep a register of the post office address of each officer and Director; (f) sign with the President, or a Vice-President, such documents which shall have been authorized by resolution of the Board of Directors; (g) have general charge of the stock transfer books of the HOA; and (h) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

§4.9 The Treasurer.

The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the HOA; (b) receive and give receipts for moneys due and payable to the HOA from any source whatsoever, and deposit all such moneys in the name of the HOA in such banks, trust companies or other depositaries as shall be selected by the Board of Directors; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

§4.10 Assistant Secretaries and Assistant Treasurers.

The assistant Secretaries, when authorized by the Board of Directors, may sign with the President or a Vice-President such documents which shall have been authorized by a resolution of the Board of Directors. The assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The assistant Secretaries and assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

§4.11 Salaries.

The officers of the HOA shall not receive a salary but shall be entitled to reimbursement of costs incurred in the performance of the officer's duties. All such reimbursement shall be at the discretion of the Board of Directors.

§4.12 Standards of Conduct.

- (a) An officer with discretionary authority shall discharge his duties under that authority:
 - (1) in good faith;
 - (2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - (3) in a manner the officer reasonably believes to be in the best interests of the HOA, and its members, if any.
- (b) In discharging his duties, an officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
 - (1) one or more officers or employees of the HOA who the officer reasonably believes to be reliable and competent in the matters presented;
 - (2) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or
 - (3) in the case of religious the HOAs, religious authorities and ministers, priests, rabbis, or other persons whose position or duties in the religious organization the officer believes justify reliance and confidence and who the officer believes to be reliable and competent in the matters presented.
- (c) An officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.
- (d) An officer is not liable to the HOA, any member, or other person for any action taken or not taken as an officer, if the officer acted in compliance with this section.
- (e) An action against an officer asserting the officer's failure to act in compliance with

this section and consequent liability must be commenced before the sooner of (i) three years after the failure complained of or (ii) two years after the harm complained of is, or reasonably should have been, discovered. This limitations period does not apply if the failure to act in compliance with this section has been fraudulently concealed.

ARTICLE V. INDEMNIFICATION

§5.1 Indemnification of Directors.

- (a) Except as provided in subsection (d), the HOA may indemnify an individual who is made a party to a proceeding because the individual is or was a Director against liability incurred in the proceeding if the individual:
 - (1) conducted himself in good faith; and
 - (2) reasonably believed:
 - (i) in the case of conduct in his official capacity with the HOA, that his conduct was in its best interests; and
 - (ii) in all other cases, that his conduct was at least not opposed to its best interests; and
 - (3) in the case of a criminal proceeding, had no reasonable cause to believe his conduct was unlawful.
- (b) A Director's conduct with respect to an employee benefit plan for a purpose the Director reasonably believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirements of subsection (a)(2)(ii).
- (c) The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the Director did not meet the standard of conduct described in this section.
- (d) The HOA may not indemnify a Director under this section:
 - (1) in connection with a proceeding by or in the right of the HOA in which the Director was adjudged liable to the HOA; or
 - (2) in connection with any other proceeding charging improper personal benefit to the Director, whether or not involving action in his official capacity, in which the Director was adjudged liable on the basis that personal benefit was improperly received by the Director.
- (e) Indemnification permitted under this section in connection with a proceeding by or in the right of the HOA is limited to reasonable expenses incurred in connection with the proceeding.

§5.2 Advance Expenses for Directors.

The HOA shall indemnify a Director who was wholly successful, on the merits or otherwise, in the defense of a proceeding to which the Director was a party because he is or was a Director of the HOA against reasonable expenses actually incurred by the Director in connection with the proceeding.

§5.3 Advances for Expenses.

- (a) The HOA may pay for or reimburse the reasonable expenses incurred by a Director who is a party to a proceeding in advance of final disposition of the proceeding if:
 - (1) the Director furnishes the HOA a written affirmation of his good faith belief that he has met the standards of conduct described in Section 33-31-851 of the Act;
 - (2) the Director furnishes the HOA a written undertaking, executed personally or on the Director's behalf, to repay the advance if it is ultimately determined that the Director did not meet the standard of conduct; and
 - (3) a determination is made that the facts then known to those making the determination would not preclude indemnification under this chapter.
- (b) The undertaking required by subsection (a)(2) must be an unlimited general obligation of the Director but need not be secured and may be accepted without reference to financial ability to make repayment.
- (c) Determinations and authorizations of payments under this section must be made in the manner specified in Section 33-31-855 of the Act.

§5.4 Determination and Authorization of Indemnification.

- (a) The HOA may not indemnify a Director under Section 33-31-851 of the Act unless authorized in the specific case after a determination has been made that indemnification of the Director is permissible in the circumstances because the Director has met the standard of conduct set forth in Section 33-31-851 of the Act.
- (b) The determination must be made:
 - (1) by the Board of Directors by majority vote of a quorum consisting of Directors not at the time parties to the proceeding;
 - (2) if a quorum cannot be obtained under item (1), by majority vote of a committee duly designated by the Board of Directors, in which designation Directors who are parties may participate, consisting solely of two or more Directors not at the time parties to the proceeding;
 - (3) by special legal counsel:
 - (i) selected by the Board of Directors or its committee in the manner prescribed in item (1) or (2); or

- (ii) if a quorum of the board cannot be obtained under item (1) and a committee cannot be designated under item (2), selected by majority vote of the full board, in which selection Directors who are parties may participate.

Directors who are at the time parties to the proceeding may not vote on the determination.

- (c) Authorization of indemnification and evaluation as to reasonableness of expenses must be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses must be made by those entitled under subsection (b)(3) to select counsel.
- (d) A Director of the HOA may not be indemnified until twenty days after the effective date of written notice to the Attorney General of the proposed indemnification.

§5.5 Indemnification of Officers, Employees, and Agents.

Unless limited by a HOA's Articles of Incorporation:

- (1) an officer of the HOA who is not a Director is entitled to mandatory indemnification under Section 33-31-852 of the Act and is entitled to apply for court-ordered indemnification under Section 33-31-854 of the Act in each case, to the same extent as a Director;
- (2) the HOA may indemnify and advance expenses under this chapter to an officer, employee, or agent of the HOA who is not a Director to the same extent as to a Director; and
- (3) the HOA also may indemnify and advance expenses to an officer, employee, or agent who is not a Director to the extent, consistent with public policy, that may be provided by its Articles of Incorporation, Bylaws, general or specific action of its Board of Directors, or contract.

§5.6 Insurance.

The HOA may purchase and maintain insurance on behalf of an individual who is or was a Director, officer, employee, or agent of the HOA, or who, while a Director, officer, employee, or agent of the HOA, is or was serving at the request of the HOA as a Director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit the HOA, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability asserted against or incurred by him in that capacity or arising from his status as a Director, officer, employee, or agent, whether or not the HOA would have power to indemnify the person against the same liability under Sections 33-31-851 or 33-31-852 of the Act.

§5.7 Report of Indemnification to Members.

If the HOA indemnifies or advances expenses to a Director under Sections 33-31-851, 33-

31-852, 33-31-853, or 33-31-854 of the Act in connection with a proceeding by or in the right of the HOA, the HOA shall report the indemnification or advance in writing to the members with or before the notice of the next meeting of members.

ARTICLE VI. MANAGEMENT OF ASSETS

§6.1 Sale of Assets in Regular Course of Activities and Mortgage of Assets.

- (a) The HOA, on the terms and conditions and for the consideration determined by the Board of Directors, may:
 - (1) sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property in the usual and regular course of its activities; or
 - (2) mortgage, pledge, dedicate to the repayment of indebtedness, whether with or without recourse, or otherwise encumber any or all of its property whether or not in the usual and regular course of its activities.
- (b) Any sale, conveyance or mortgaging or otherwise of property of the HOA must be subject to the duty to maintain and repair the common elements.

§6.2 Sale of Assets Other Than in Regular Course of Activities.

- (a) The HOA may sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property, with or without the goodwill, other than in the usual and regular course of its activities on the terms and conditions and for the consideration determined by the HOA's board if the proposed transaction is authorized by subsection (b).
- (b) Unless the Articles or Bylaws require a greater vote or voting by class, the proposed transaction to be authorized must be approved:
 - (1) by a majority vote of the Board of Directors; and
 - (2) in writing by any person whose approval is required by a provision of the Articles authorized by Section 33-31-1030 of the Act for an amendment to the Articles or Bylaws.
- (c) The HOA shall provide notice of any Directors' meeting at which such approval is to be obtained in accordance with Section 33-31-822(c) of the Act. The notice also must state that the purpose, or one of the purposes, of the meeting is to consider the sale, lease, exchange, or other disposition of all, or substantially all, of the property or assets of the HOA and contain or be accompanied by a copy or summary of a description of the transaction.
- (d) After a sale, lease, exchange, or other disposition of property is authorized, the transaction may be abandoned, subject to any contractual rights, without further action by the members or any other person who approved the transaction in accordance with the procedure set forth in the resolution proposing the transaction or, if none is set forth, in the manner determined by the Board of Directors.

- (e) Any sale, conveyance or mortgaging or otherwise must be subject to the duty of the HOA or its successor in interest to maintain and repair the common elements.

§6.3 Prohibited Distributions.

Except as authorized by Section 33-31-1302 of the Act, a HOA may not make any distributions.

ARTICLE VII. MISCELLANEOUS

§7.1 Corporate Seal.

The Board of Directors may provide a corporate seal which may be circular in form and have inscribed thereon any designation including the name of the HOA, South Carolina as the state of incorporation, and the words "Corporate Seal."

§7.2 Fiscal Year.

Unless otherwise designated by Resolution of the Board of Directors, the fiscal year of the HOA shall end on the thirty-first (31st) day of December of each year.

ARTICLE VIII. EMERGENCY BY-LAWS

§8.1 Emergency By-Laws.

- (a) In anticipation of or during an emergency (defined in subsection (d)), the Board of Directors of the HOA may:
 - (1) modify lines of succession to accommodate the incapacity of any Director, officer, employee, or agent; and
 - (2) relocate the principal office, designate alternative principal offices or regional offices, or authorize the officer to do so.
- (b) During an emergency:
 - (1) notice of a meeting of the Board of Directors need be given only to those Directors it is practicable to reach and may be given in any practicable manner, including by publication and radio; and
 - (2) one or more officers of the HOA present at a meeting of the Board of Directors may be deemed to be Directors for the meeting, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum.
- (c) Corporate action taken in good faith during an emergency under these provisions to further the ordinary affairs of the HOA:

- (1) binds the HOA; and
 - (2) may not be used to impose liability on a corporate Director, officer, employee, or agent.
- (d) An emergency exists for purposes of this section if a quorum of the HOA's Directors cannot readily be assembled because of some catastrophic event.

ARTICLE IX. AMENDMENTS

§9.1 Amendments.

The Board of Directors may adopt one or more amendments to these By-laws subject to any approval required pursuant to Section 33-31-1030 of the Act. Any Amendment of the By-Laws shall require the consent of the City of Orangeburg. The HOA shall provide notice of any meeting of Directors at which an amendment is to be approved. The notice shall be in accordance with Section 33-31-822(c) of the Act. The notice also must state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment. The amendment must be approved by a majority of the Directors in office at the time the amendment is adopted.

§9.2 Bylaw Increasing Quorum or Voting Requirement for Directors.

- (a) Subject to any additional approval required by Section 33-31-1030 of the Act, a bylaw that fixes a greater quorum or voting requirement for the Board of Directors may be amended or repealed by the Board of Directors.
- (b) Action by the Board of Directors under subsection (a) to adopt or amend a bylaw that changes the quorum or voting requirement for the Board of Directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater.

July _____, 2017

By: _____

Stephon Edwards, II, Secretary

EXHIBIT "A"

Common Elements

All those certain pieces, parcels or lots of land, together with the improvements thereon, situate, lying and being in the County of Orangeburg, State of South Carolina, and being shown and delineated as **COMMON AREAS AND/OR RETENTION POND/LANDSCAPE** on a Subdivision Layout Plan of "The Palms" by Croft Engineering Company, Inc., dated September 17, 2012, and recorded September 26, 2012, in the office at the Register of Deeds for Orangeburg County in Record Book 000233 at Page 00010; said property having the boundaries and measurements as shown on the aforementioned plats, reference being craved thereto for a more complete and accurate legal description, all measurements being a little more or little less.

For information purposes only:

Derivation: This being a portion of same property conveyed to Paragon, Inc., of South Carolina, LLC by Deed of Tamar D. Braxton, Arthur Fennell and Taylor Assets, LLC, dated October 14, 2011, and recorded October 25, 2011, with the Office of the Register of Deeds for Orangeburg County in Record Book 01432 at Page 0120, with said deed being re-recorded with the Office of the Register of Deeds for Orangeburg County to correct a scrivener's error on November 7, 2011, in Record Book 01434 at Page 0034.

Retention Pond/Landscape Area's TMS #: 0151-12-04-080.000