

BY LAWS
OF
AUTUM COVE HOMEOWNERS ASSOCIATION

ARTICLE I

Name, Principle Office and Definitions

- 1.1. Name. The name of the Corporation shall be Autumn Cove Homeowners Association (for convenience sometimes referred to as the "Association").
- 1.2. Principle Office. The principle office of the Association shall be located in York County, South Carolina. The Association may have such other offices, either within or outside the State of South Carolina, as the Board of Directors may determine or as the officers of the Association may require.
- 1.2. Definitions. The words used in these Bylaws shall generally be given their normal, commonly understood definitions unless otherwise specified. Capitalized terms shall have the same meaning set forth in the Declaration of Covenants, Conditions and Restrictions for Autumn Cove Homeowners Association, recorded or to be recorded in the Office of the Clerk of Court for York County, South Carolina, as amended from time to time (the "Declaration"). Members shall mean unit or lot owners, a joint owner of a lot or unit is a Member entitled to one-half (1/2) vote. The Developer shall mean Piedmont Partners.

ARTICLE II

Membership, Meetings, Voting

- 2.1. Membership. The Association shall initially have membership, as more fully set forth in the Declaration, and the terms in the Declaration pertaining to membership are incorporated herein by reference.
- 2.2. Place of Meetings. Meetings of the Association shall be held at the principle office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Property or as convenient thereto as possible and practical.
- 2.3. Annual Meetings. The first meeting of the Members of the Association, whether a regular or special meeting, shall be held within thirty (30) days after the execution of these By-Laws. Subsequent regular annual meetings shall be set by the Board so as to occur on or within 60 days after the close of the Association's fiscal year on a date and at a time set by the Board of Directors.
- 2.4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board of upon a petition signed by Members representing at least 25 percent of the total votes of the Association.
- 2.5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally, or by

mail, to each Member entitled to vote at such meeting, not less than ten nor more than fifty days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

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

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at its address as it appears on the records of the Association, with postage prepaid.

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

2.7 Adjournment of Meetings. If any meeting of the Association 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 five nor more than thirty 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.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business after 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.

2.8 Voting. The voting rights of the Member shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein by reference. In the case of any action requiring the written consent of a Member, such consent, if given, shall be executed by the Member or on

- behalf of the Member by its duly authorized partner, officer or Manager, as the case may be.
- 2.9 Proxies. At all meetings of Member, each Member may vote in person (if a corporation, through any officer or director duly authorized by its board of directors, if a partnership, through a general partner duly authorized, and if a limited liability company, through a manager duly authorized) or by proxy. All proxies shall be in writing, signed by the Member, dated and filed with the Secretary of the Association prior to any meeting for which it is to be effective. Every proxy shall be revocable and shall automatically cease upon receipt by the Secretary of written revocation or upon adjournment of the meeting at which such proxy was used for purposes of voting.
- 2.10 Majority. As used in these By-laws, the term "majority" shall mean more than 50 percent of the total number of votes present or by proxy.
- 2.11 Quorum. Except as otherwise provided in these By-laws or in the Declaration, the presence, in person or by proxy, of the Members representing 25% of the total Members in the Association shall constitute a quorum at all meetings of the Association.
- 2.12 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted at such meetings, as well as a record of all transactions occurring at meetings.
- 2.13 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 or on behalf of all Members entitled to vote on such matters. Such consents shall be filed with the minutes of the Association, and shall have the same force and effect as a unanimous vote of the Member at a meeting.

ARTICLE III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection:

- 3.1 Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors. Each director shall have one equal vote. Any officers or director of a Member, or any other individual specifically authorized by the Member to act on its behalf in a written instrument filed with the Secretary of the Association, shall be eligible to serve as a director, provided such officers, director, or individual is 18 years of age or older. Upon termination of any such individual's relationship with the Member, such individual shall be deemed to have resigned from the Board and a successor shall be appointed in the manner provided in Section 3.4

- 3.2 Number of Directors. The Board shall consist of from three to seven directors, as specified in Section 3.3. The initial Board shall consist of the three individuals identified in the Articles of Incorporation.
- 3.3 Selection of Directors. *[Until 75% of the unit lots are conveyed to Members by the Developer, the Developer shall name the Directors]*
- (a) Subject to the limits of I, II and III below, all members of the Board shall be appointed by the members.
- (I) the date that 75% of the Units are conveyed to Members.
- (II) five years form the date of the Declaration.
- (III) recordation in the Registry of an instrument executed by Declarant terminating the Class B membership and converting it to Class A membership.
- (b) Directors may be appointed or elected to serve any number of consecutive terms.

B. Meetings.

- 3.4 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one such meeting shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated in writing to directors not less than four days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.
- 3.5 Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Association or any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods. (a) by personal delivery, (b) written notice by first class mail, postage prepaid; (c) by telephone communication, 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) by telegram, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 72 hours before the time set for the meeting.
- 3.6 Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as through 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 shall also be deemed given to any director who attends the meeting without presenting before or at its commencement about the lack of adequate notice.

- 3.7 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business. The votes of the majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, provided, so long as the Board consists of only three directors, any decision of the Board shall require the vote of two directors. 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 meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five nor more than thirty days from the date the original meeting was called. 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.
- 3.8 Compensation. No director shall receive any compensation from the Association for acting as such unless consented to in writing by a Members.
- 3.9 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.
- 3.10 Open Meeting. Subject to the provisions of Section 3.15, all meetings of the Board shall be open to all Members, and the officers, directors, and authorized representatives of the Members. Attendees other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any such individual may speak to not less than two minutes. Notwithstanding the above, the President may adjoin any meeting of the Board and reconvene in executive session, excluding persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.
- 3.11 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, shall be signed by all of the director, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

- 3.12 Powers. The Board of Directors shall have all the powers necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declarations, the Articles, and these By-Laws and as provided by law. The Board may do or cause

to be done all acts and things as are not by the Declarations. Articles, or these By-Laws directed to be done and exercised exclusively by the membership.

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

- (a) Preparation and adoption of annual budgets for the Common Expenses and establishing each Unit's share of Common Expenses;
- (b) Establishing and levying assessments and fines on each unit for its share of the Common Expenses and fines for failure to abide by the terms of the Declaration;
- (c) Establishing the means and methods of collecting all assessments, and establishing the period of installment payments of the Base Assessment, if permitted to be paid in installments;
- (d) Opening bank accounts on behalf of the Association and designating the authorized signatories;
- (e) Collecting the assessments, depositing the proceeds in depositories which it shall approve, and using the funds collected as assessments for Common Expenses to operate the Association;
- (f) Providing for the operation, care, upkeep, and maintenance of the Common Area;
- (g) Designating, hiring and dismissing the personnel necessary to carrying out the rights and responsibilities of the Association 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;
- (h) Making and amending rules governing use and operation of the Property;
- (i) Making or contracting for the making of repairs, additions and improvements to or alterations of the common area;
- (j) Enforcing by legal means the provisions of this Declaration, and any other covenants applicable to the Property, these By-Laws, and the Association rules and bringing any proceedings which may be instituted on behalf of or against the Owners or Members concerning the Association;
- (k) Mediating and arbitrating disputes between the Members and disputes between two or more Owners who are not members of the same Association arising out of interpretation, violation, or enforcement of or conflicts in the standards established under the Declarations, compliance with the standards set by the Association, or other matters as to which the Board determines it to be in the general interest of the Members to become involved;
- (l) Obtaining and carrying property and liability insurance on the Common Areas to the extent the Association is responsible for providing such insurance under the Declaration or any agreement relating to such property; and obtaining fidelity bonds on all persons responsible for handling funds on behalf of the Association, paying the cost of such insurance and bonds and filing and adjusting claims, as appropriate;
- (m) Paying the cost of all services of the Association, as the Board may authorize;
- (n) Keeping detailed books of account and operating records;

- (o) Making available to any prospective purchaser, Owner and Mortgagee of a Unit any current copies of the Articles of Incorporation, the By-Laws, and Association rules, and charging such fees, if any, as the Board may establish to cover its printing and mailing costs; and
- (p) Permitting utility suppliers to use portions of the Common Area as reasonably necessary to the ongoing development or operation of the Property;

3.14 Management. The Board may employ for the Association a professional management agent or agents, to perform such duties and services as the Board shall authorize, at such compensation as the board may establish; provided, such compensation shall be competitive with fees generally charged for the provision of similar services to comparable developments or to entities with comparable responsibilities in the area of York County, South Carolina. The Board may delegate to the managing agent or manager, subject to the Board's supervision, such powers as are necessary to perform the manager's assigned duties but shall not delegate policy making authority.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of any managing agent which might arise between meetings of the Board.

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

- (a) cash basis accounting, as defined by generally accepted accounting principles, shall be employer;
- (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) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods and services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; anything of value received shall benefit the association.
- (e) Any financial or other interest which the managing agent may have in any form providing goods or services to the Association shall be disclosed promptly to the Board of Directors;
- (f) Commencing at the end of the month in which the first Unit is sold and closed to a Person other than a Builder, financial reports shall be prepared for the Association at least quarterly 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 Members and 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 3 following shall be distributed to all Members within 120 days after the close of the fiscal year; (1) a balance sheet (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such report shall be prepared on an audited or reviewed basis, as the Board determines, by an independent public accountant; provided, upon written request of any holder, guarantor or insurer of any First Mortgage on a Unit, the Association shall provide an audited financial statement..
- 3.16 Borrowing. Subject to the prior written approval of Declarant for so long as Declarant shall own any portion of the Property, the Association shall have the power to borrow money for any purpose; provided, the Board shall obtain the written consent of Members entitled to cast a majority of the Class A votes in the event that the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing exceeds or would exceed 25 percent of the budgeted Common Expense of the Association for that fiscal year. No Mortgage shall be placed on any portion of the Common Area without the written consent of the majority of Members.
- 3.17 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 any Member, trust, or condominium, cooperative, or other owners' or residents' association, without or outside the Property; provided, any common management agreement shall require the consent of a majority of the total number of the Board.
- 3.18 Enforcement. In addition to such other rights as are specifically granted under the Declarant, the Board shall have the power to impose reasonable fines for a violation of any duty imposed under the Declarant or these By-Laws, which shall be assessed as a Specific Assessment against the Unit of the violating Owner, or, in the case of a violating Member, shall be added to the total Base Assessments payable by such Member. In the event that any occupant, guest of invitee of a Unit violates the Declaration or these By-Laws and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall

pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration or these By-Laws shall not be deemed a waiver of the right of the Board to do so thereafter.

- 3.19 Notice. Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten days within which the alleged violator may present a written request for a hearing, and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.
- 3.20 Hearing. If a hearing is requested within the allotted ten day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction, 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 officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator 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. The Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten 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.
- 3.21 Appeal. If a hearing is conducted before any body other than the Board, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the Board within thirty days after the hearing date.
- 3.22 Additional Enforcement Rights. The Board may elect to enforce any provision of the Declarations or the By-Laws by self-help or by suit to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedures set forth above, and entry upon property for the purpose of exercising this right not be deemed a trespass. In any such action, to the maximum extent permissible, the Person responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

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 appointed from among the members of the Board. The Board may appoint other such officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the

- authority and performs the duties the Board prescribes. Any two or more offices may be held by the same person, except the office of President and Secretary.
- 4.2 Election and Term of Office. The Board shall elect the officers of the Association at its annual meeting.
- 4.3 Removal and Vacancies. Whenever in its judgment the best interests of the Association will be served, the Board may remove any officer, and may fill any vacancy in any office arising because of death, resignation, removal or otherwise for the unexpired portion of the term.
- 4.4 Power and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically 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 as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.
- 4.5 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the day of the receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 4.6 Agreements, Contracts, Deed, Leases, Checks, Etc. All agreement, 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 the Board resolutions.
- 4.7 Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.9.

ARTICLE V
Committees

- 5.1 General. 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.
- 5.2 Covenants Committee. In addition to any other committees which the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Owners. Acting in accordance with the provisions of the Declaration, these By-Laws and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.20.

ARTICLE VI
Miscellaneous

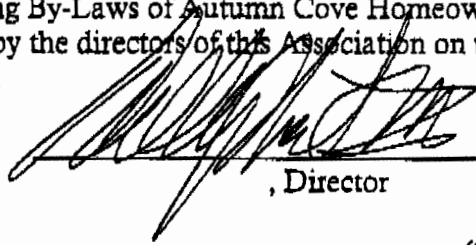
- 6.1 **Fiscal Year.** The fiscal year of the Association shall be set by Board resolutions. In the absence of a resolution, the fiscal year shall be the calendar year.
- 6.2 **Parliamentary Rules.** Except as may be modified by Board resolutions, **Robert's Rules of Order** (current edition), shall govern the conduct of Association proceedings when not in conflict with South Carolina law, the Articles of Incorporation, or these By-Laws.
- 6.3 **Conflicts.** If there are conflicts between the provision of South Carolina law, the Articles of Incorporation, and these By-Laws, the provisions of South Carolina law, the Articles of Incorporation, and the By-Laws (in that order) shall prevail. In the event of a conflict between the Declaration, and these By-Laws or the Articles, the Declaration shall control, provided it is not inconsistent with South Carolina law.
- 6.4 **Books and Records.**
- (a) **Inspection by Members and Mortgagees.** The Board shall make the following available for inspection and copying of any holder, insurer or guarantor of a first Mortgage on a Unit, any Member, or the duly authorized representative of any of the foregoing at any reasonable place and time, such reasonable place and time to be determined by the Board, and for a purpose reasonably related to his or her interest in the Unit; the Articles of Incorporation and By-Laws, including any amendments, rules of the Association, the Owner register, books of account, and the minutes of meetings of the Member, the Board and committees. The Association shall provide for such inspection to take place at the office of the Association or at such other place within the Property as the Board may designate.
- (b) **Rules for Inspection.** The Board shall establish reasonable 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 copies of 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.** Unless otherwise provided in these By-Laws, all notices, demands, bills statements, or other communications under these By-Laws 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 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 registered office of such Member;
- (b) if to the Association, the Board, or the managing agent, at the principle office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Member pursuant to this section; and
- (c) if to an Owner, at the mailing address of such Owner as designated by such Owner in writing to the Association or, if no address has been designated, at the address of such Owner's unit.

6.6 Amendment. Members with a quorum, may amend the By-Laws by a 51% vote of the members present.

This is to certify that the foregoing By-Laws of Autumn Cove Homeowners Association, were duly adopted by the directors of this Association on the 24th day of May, 2001.

 (SEAL)

, Director

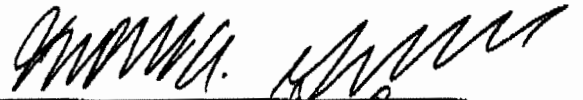
(SEAL)
, Director

(SEAL)
, Director

STATE OF South Carolina
COUNTY OF York

I, Thomas A. Givens, a Notary Public in and for said County and State, do hereby certify that Albert D. Oliphant III and _____, Directors of Autumn Cove Homeowners Association, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and Notarial Seal this 24th day of May, 2001.



Notary Public For SIC
My Commission Expires: 2/25/08