

BY-LAWS

OF

THE LAKES PROPERTY OWNERS ASSOCIATION, INC.

I. IDENTITY AND DEFINITIONS

These are the By-Laws of THE LAKES PROPERTY OWNERS ASSOCIATION, INC. (hereinafter called the "Association") a South Carolina non-profit corporation incorporated by Declaration and Petition of Incorporation which has been organized for the purpose of administering The Lakes Subdivision. Definitions used with regards to The Lakes Subdivision and The Lakes Property Owners Association, Inc. are as follows:

1. "Lot" means any numbered Lot shown on a recorded plat comprising a single dwelling site designated on any plat or survey recorded in the Office of the Clerk for Court of Horry County, South Carolina, now or hereafter made subject to this Declaration.

2. "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot as per recorded plat which is a part of the Property, specifically including, but not by way of limitation, contract sellers, and excluding, however, those persons who shall have such interest merely as security for the performance of any obligation.

3. "Person" means an individual, corporation, partnership, trust or any other legal entity.

4. "Developer" means Edward J. Edelen, III, or any successor-in-title to the said Edward J. Edelen, III to all or some portion of the property then subject to this Declaration, provided in the instrument of conveyance to any such successor-in-title, such successor-in-title is expressly designated as the "Developer" hereunder by the grantor of such conveyance, which grantor shall be the "Developer" hereunder at the time of such conveyance.

5. "Declaration" means the recorded Declaration of Covenants, Conditions, Restrictions and Easements, as the same may be amended, renewed or extended from time to time in the manner herein prescribed.

6. "Mortgage" means chattel mortgage, bill of sale to secure debt, deeds to secure debt, deed of trust and any and all other similar instruments given to secure the payment of an indebtedness.

7. "Association" shall mean and refer to The Lakes Property Owners Association, Inc., its successors and assigns.

8. "The Properties" or "The Property" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions, Restrictions and Easements and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

9. "Plans", "Specifications", "Elevations", "Exterior Designs" and such like terms shall refer to and encompass the Plans, Specifications, Elevations and Designs, as well as setbacks, locations, etc. contained hereinafter in this Declaration.

10. "Member" shall mean and refer to all those persons entitled to membership as provided in the Declaration.

11. "Development", "Project", "Subdivision" and "Community" shall all mean and refer to The Lakes Subdivision to be developed by the Developer.

12. "Phase" shall mean and refer to any additional area of The Lakes if, and when, such area is subjected to the Declaration.

13. "Common Areas" shall mean all real property (including the improvements thereon) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

All those buffer areas, landscaped or otherwise, which are designated as such on any recorded plats and any and all median areas, landscaped or otherwise, within the rights of way of the streets and roads of the subdivision, together with the streets, roads and all rights of way.

14. "Maintenance Areas" shall mean those areas to be maintained in common by the Association for the benefit of all property owners, whether or not owned by the Association, and specifically being any buffer areas as designated on recorded plats and the other landscaped areas within the street rights-of-way, together with the streets, roads and all rights of way, as well as any lakes which adjoin or are a part of lots which are the subject of the within Declaration. Every lot owner by purchasing a lot within this subdivision recognizes and agrees that it is beneficial to the property and valuable to all lot owners that the maintenance areas be maintained in common.

A. The provisions of these By-Laws are applicable to said Subdivision, and the terms and provisions hereof are expressly subject to the effect of the terms, provisions, conditions, and authorizations contained in the Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements which terms and provisions of said Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements shall be controlling wherever the same may be in conflict herewith.

B. All present or future owners, present or future tenants, or their employees, are subject to the regulations set forth in these By-Laws and in said Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements.

C. The fiscal year of the Association shall be the calendar year.

II. MEMBERS MEETINGS

A. The qualification of members, the manner of their admission to membership and termination of such membership and voting by members, shall be as set forth in the Declaration and Petition for Incorporation of the Association.

B. The annual members meetings shall be held at the office of the Association at 2:00 p.m., on the fourth Saturday in October in each year for the purpose of electing directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next day. The annual meeting may be waived by a unanimous agreement of the members in writing.

C. Special members meetings shall be held whenever called by the president or the vice president or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast one-fourth (1/4) of the votes of the Class A Membership.

D. Notice of all members meetings stating the time and place and the objects for which the meeting is called shall be given by the president or vice president or secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of the meeting may be waived before or after meetings.

E. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action of the Association so long as there are two (2) classes of membership. The acts approved by a majority of fifty-one (51%) percent of the votes of the Association at a meeting in which a quorum is present shall constitute the acts of the members, except where approval by a greater number of members is required by the Declaration and Petition for Incorporation, the Declaration of Covenants, Conditions, Restrictions and Easements, or these By-Laws. The joinder of a member in this action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such member for the purpose of determining a quorum.

F. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote and shall be valid only for the particular meeting designated therein and must be filed with the secretary before the appointed time of the meeting or any adjournment thereof.

G. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or in proxy, may adjourn the meeting from time to time, until a quorum is present.

H. At a members meetings, the President shall preside, or in his absence, the membership shall select a chairman.

I. The order of business at the annual members meetings, and, as far as practical at all other members meetings, shall be:

1. Calling of the roll and certifying of proxies.
2. Proof of notice of meeting or waiver of notice.
3. Reading of minutes.
4. Reports of Officers.
5. Reports of Committees.
6. Appointment by President or Chairman of Inspectors of Election.
7. Election of Directors.
8. Unfinished business.
9. New business.

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10. Adjournment.

III. BOARD OF DIRECTORS

A. The initial Board of Directors of the Association (hereinafter referred to as the "Board") shall consist of three (3) persons, and succeeding Boards of Directors shall consist of five (5) persons. All of the Board shall be members of the Association, or shall be authorized representatives, officers, or employees of a corporate member of the Association except for those appointed by the Developer, who do not have to be members.

B. Election of Directors shall be conducted in the following manner:

1. At the first meeting of the members of the Association, said meeting to include all owners of all lots subject to the Declaration of Covenants, Conditions, Restrictions, and Easements, the members shall elect three (3) Directors for a term of two (2) years each and two (2) Directors for a term of one (1) year each and at each annual meeting thereafter, the members shall elect new Directors to replace any whose terms were expiring for terms of two (2) years each. Directors shall always be elected in alternate years so that terms are staggered and there are never more than three (3) Directors elected in one (1) year with at least two (2) Directors carried over.

2. Vacancies in the Board may be filled until the date of the next Annual Meeting by the remaining Directors.

3. In the election of Directors, each lot shall be entitled to one (1) vote regardless if more than one (1) person owns said lot. The persons receiving the largest number of votes shall be elected and cumulative voting is not permitted.

4. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

C. The organization meeting of a newly elected Board shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary.

D. 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. Notice of a regular meeting shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

E. Special meetings of the Board may be called by the president and must be called by the secretary at the written request of one-third of the directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place, and purpose of the meeting.

F. Any director may waive notice of the meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

G. A quorum at a directors' meeting shall consist of a majority of the entire Board. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board, except where approval by a greater number of directors is required by the Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements or these By-Laws.

H. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

I. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

J. The presiding officer of the directors' meetings shall be the president. In the absence of the president, the directors shall designate one of their number to preside.

K. Directors fees, if any, shall be determined by the members of the Association.

L. The undertakings and contracts authorized by the initial Board shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by the first board of Directors duly elected by the membership so long as any undertakings and contracts are within the scope of the powers

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and duties which may be exercised by the Board in accordance with all applicable Condominium documents.

IV. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association existing under the Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements and these By-Laws shall be exercised exclusively by the Board, its agents, contractors or employees, subject only to approval by lot owners when such is specifically required. Such powers and duties of the Board shall include but shall not be limited to the following, subject, however, to the provisions of the Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements and these By-Laws:

A. To make and collect assessments against lot owners to defray costs and expenses of the Association.

B. To use the proceeds of assessments in the exercise of the powers and duties.

C. The maintenance, repair, or replacement of property in the ownership of or under the control of the Association.

D. The purchase of insurance on the Association property and insurance for the protection of the Association and its members.

E. The reconstruction of improvements, if any, after casualty loss and the further improvement of the property.

F. To make and amend reasonable regulations respecting the use of the property in the Association in the manner provided for by the Declaration.

G. To enforce by legal means the provisions of the Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements.

H. To contract for the management of the Association and delegate to the contractor all powers and duties of the Association except such as are specifically required by the Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements to have approval of the Board or the membership of the Association.

I. To employ personnel to perform the services required for proper management of the Association.

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J. To foreclose any lien for unpaid assessments in the same manner as mortgages.

V. OFFICERS

A. The executive officer of the Association shall be a president, who shall be a director, a vice president, who shall be a director, and a secretary-treasurer, who shall be a director, all of whom shall be elected annually by the Board and who may be preemptorily removed by vote of the directors at any meeting. Any person may hold two or more offices except that the president shall not also be the secretary-treasurer. The Board shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

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

C. The vice president shall in the absence or disability of the president exercise the powers and perform the duties of the president. He shall also generally assist the president and exercise such other powers and perform such other duties as shall be described by the directors.

D. The secretary-treasurer shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors and other notices required by law. He shall keep the records of the Association, and shall perform all other duties instant to the office of a secretary of an Association and as may be required by the directors or the president, shall have custody of all property of the Association, including the funds, securities and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties instant with office of treasurer.

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

VI. BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, Incorporation papers and Bylaws shall be available for inspection by any member at the principal office of the Association.

VII. NON-LIABILITY AND INDEMNITY OF DIRECTORS AND OFFICERS

A. No Director or officer of the Association shall be liable for acts, defaults, or neglects of any other Director or officer or member for any loss sustained by the Association of any co-owner, unless the same shall have resulted from his own willful or negligent act or omission.

B. Every Director, officer and agent of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him in connection with or resulting from any claim, action, suit, procedure, investigation, or inquiry as to whatever nature in which he may be involved as a party or otherwise by reason of his being or having been a Director, officer or agent of the Association whether or not he continues to be such Director, Officer or agent at the time of incurring or imposition of such cost, expenses, or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation, or inquiry to be liable for willful misconduct or neglect in the performance of his duties, in the absence of such final adjudication of the existence of such liability, the Association and each member thereof and officer or agent thereunder may conclusively rely on an opinion of legal counsel selected by the Association. The foregoing right of indemnification shall be in addition to and not in limitation of all other rights to which such person may be entitled as a matter of law, and such shall inure to the benefit of the legal representative of such person.

VIII. PARLIAMENTARY RULES

Roberts' Rules of Order, (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements, and these By-Laws.

IX. ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid

when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six (6%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

X. AMENDMENT

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

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

(2) A resolution for the adoption of the proposed amendment shall be presented to the meeting of the members.

(3) The amendment shall be approved by a majority of a quorum of members present in person or by proxy, except that the Veterans Administration shall have the right to veto amendments while there is Class B Membership.

B. The Amendment shall be attached to a Certificate executed by the officers of the Association, certifying that the amendment was duly adopted and shall be recorded in the office of the Clerk of Court for Horry County, South Carolina.

XI. CONFLICTS

In the event of any conflicts between the provisions of the Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements and the provisions of these By-Laws, the provisions of the Declaration and Petition for Incorporation and the Declaration of Covenants, Conditions, Restrictions and Easements shall control.

C. Chen Hadden
SECRETARY

APPROVED:

Edwin K. de Leeuw
Director