

EXHIBIT "F"

BY-LAWS

OF

**BAREFOOT RESORT
NONRESIDENTIAL OWNERS ASSOCIATION, INC.**

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**BY-LAWS
OF
BAREFOOT RESORT
NONRESIDENTIAL OWNERS ASSOCIATION, INC.**

ARTICLE I

Name, Principal Offices, and Definitions

1.1. Name. The name of the Association shall be Barefoot Resort Nonresidential Owners Association, Inc. (hereinafter sometimes referred to as the "Association").

1.2. Principal Office. The principal office of the Association shall be located at 4898 Highway 17 S, North Myrtle Beach, SC 29582 or such other location in Horry County, South Carolina as the Board may determine. 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 affairs of the Association may require.

1.3. Definitions. The words used in these By-laws shall be given their normal, commonly understood meanings. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Barefoot Resort Nonresidential Properties filed in the Office of Register of Deeds of Horry County, South Carolina, as it may be amended (the "Declaration"), unless the context indicates otherwise.

ARTICLE II

Membership, Meetings, Quorum, Voting, Proxies

2.1. Membership. The Association shall have two classes of membership, Class "A" and Class "B", as more fully set forth in the Declaration, of which the terms pertaining to membership are specifically incorporated herein by reference.

2.2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board either within the Properties or in such other location which is as convenient as possible and practical.

2.3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur during the third quarter of the Association's fiscal year on a date and at a time set by the Board.

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 Directors or upon a petition signed by Members representing at least 25% percent of the total Class "A" votes in the Association. Signatures on any such petition may be filed by facsimile transmission or other electronic means provided that the signature clearly acknowledges the substantive content or purpose of the petition.

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 10 nor more than 50 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 By-Laws, 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, or such other time as designated by statute.

The Association will also keep an updated Member List pursuant to S.C. Code Section 33-31-708 (Supp. 1997).

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 or its proxy shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice of all business transacted at such meeting unless 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, persons holding a majority of the votes represented at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members represented at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that Members or their proxies representing at

least 25% of the total Class "A" votes in the Association remain in attendance, and 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 Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated by reference. In the case of a Member which is a corporation, partnership, or other legal entity, any officer, director, partner, or trust officer of such Member shall be entitled to cast the votes of such Member and to execute proxies on behalf of such Member unless otherwise specified by prior written notice to the Association signed by the Member; provided, if two or more such persons attempt to cast the votes for any Unit, the votes for such Unit shall not be counted.

2.9. Proxies. At all meetings of the Members, Members may vote in person or by proxy, subject to the limitations of South Carolina law, and subject to any specific provision to the contrary in the Declaration or the By-Laws. To be valid, every proxy shall be in writing, dated, signed, and filed with the Secretary prior to the meeting for which it is to be effective. Except as otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of the Member's Unit.

2.10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other groups, as the context may indicate, totaling more than 50% of the total eligible number.

2.11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of Members representing 25% of the total Class "A" votes in the Association and the presence of a duly appointed representative of the Class "B" Member, if any, 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 meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

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 Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Members entitled to vote thereon were present. Such consents shall be signed within 60 days after receipt of the earliest dated consent, and shall also be dated and delivered to the Association at its principal place of business in the State of South Carolina. Such consents shall be filed with the minutes of the Association, and shall have the same force and effect as a vote of the Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members entitled to

vote who did not give their written consent, fairly summarizing the material features of the authorized action.

ARTICLE III

Board of Directors

A. Composition and Selection.

3.1. Governing Body, Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Directors need not be Members.

3.2. Number of Directors. The number of directors shall not be less than three nor more than seven, as provided in Section 3.5. The initial Board shall consist of three directors, as identified in the Articles of Incorporation or such other official document filed with the appropriate State agency.

3.3. Directors During the Class "B" Control Period. Subject to the provisions of Section 3.5, the directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the termination of the Class "B" Control Period as defined in Section 3.3(b) of the Declaration.

3.4. Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the Board shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and three or more Members or representatives of Members. The Nominating Committee shall be appointed by the Board not less than 30 days prior to each annual meeting of the Members to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such annual meeting.

The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled from each slate, as provided in Section 3.5. The Nominating Committee shall nominate separate slates for the directors, if any, to be elected at large by all Members, and for the director(s) to be elected by the Owners of Units within each Village. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential Member candidates. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

3.5. Election and Term of Office. Notwithstanding any other provisions of these By-Laws:

(a) (1) Within 30 days after the time that Class "A" Members other than Builders own (A) 25% of the total acreage described in Exhibits "A" and "B" of the Declaration and (B) 25% of the total acreage within any additional properties covered by any Supplemental Declaration (provided that, if a Supplemental Declaration covers property also named on Exhibits A or B, the acreage shall be counted only once), or (2) whenever the class "B" Member earlier determines, the President shall call a special meeting at which the Class "A" Members shall be entitled to elect one of the three directors, who shall be an at-large director. The remaining two directors shall be appointees of the Class "B" Member. The director elected by the class "A" Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (b), whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term.

(b) (1) Within 30 days after the time that Class "A" Members other than Builders own (A) 50% of the total acreage described in Exhibits "A" and "B" of the Declaration and (B) 50% of the total acreage within any additional properties covered by any Supplemental Declaration (provided that, if a Supplemental Declaration covers property also named on Exhibits A or B, the acreage shall be counted only once), or (2) whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. The President shall call a special meeting at which Class "A" Members shall be entitled to elect two of the five directors, who shall serve as at-large directors. The remaining three directors shall be appointees of the Class "B" Member. The directors elected by the Class "A" Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (c) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (c) below, successors shall be elected for a like term.

(c) At the first annual meeting of the membership after the termination of the Class "B" Control Period, the Board shall be increased to seven directors, who shall be selected as follows: Six directors shall be selected by the Class "A" Members, with an equal number of directors elected by the Members in each Village and any remaining directorships filled at large by the vote of all Class "A" Members. Three directors shall serve a term of two years and three directors shall serve a term of one year, as such directors determine among themselves. Upon the expiration of each director's term of office, the Members entitled to elect such director shall be entitled to elect a successor to serve for a term of two years. Until termination of the Class "B" membership, one director shall be appointed by the Class "B" Member.

Notwithstanding the above, upon termination of the Class "B" membership, the director elected by the Class "B" Member shall resign, and the remaining directors shall be entitled to appoint a director to serve the unexpired portion of the term. Thereafter, the Class "A" Members shall be entitled to elect a successor to fill such position.

The Members within each Village shall vote on separate slates for election of the directors to represent their Village and the directors to be elected at large by all Class "A" Members. Each Member shall be entitled to cast, with respect to each vacancy to be filled

from the slate(s) on which such Member is voting, the total number of votes to which such Member is entitled under the Declaration. There shall be no cumulative voting. The candidate(s) on each slate receiving the most votes shall be elected. The directors shall hold office until their respective successors have been elected. Directors may be elected to serve any number of consecutive terms.

3.6. Removal of Directors and Vacancies. Any director elected by the Class "A" Members may be removed, with or without cause, by the vote of such Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Class "A" Members who has three consecutive unexcused absences from Board meetings or who is more than 30 days delinquent (or is the representative of a Member who is delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority vote of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy until the next annual meeting, at which time the Members entitled to fill such directorship may elect a successor for the remainder of the term.

In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and the Board may appoint a successor to serve until the next annual meeting, at which time a successor shall be elected to serve the remaining portion, if any, of the term of the director who created the vacancy. Any successor appointed by the Board shall be selected from among Members owning Units within the Village represented by the director who vacated the position.

B. Meetings.

3.7. Organizational Meetings. The first meeting of the Board following each annual meeting of the membership shall be held within 10 days thereafter at such time and place as the Board shall fix.

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

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

3.10. Notice: Waiver of Notice.

(a) Notice of meetings of the Board shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each director by: (i) personal delivery; (ii) first class mail, postage

prepaid; (iii) 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 (iv) telephone facsimile, computer, fiber optics, or other electronic communication device, with confirmation of transmission.

All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four business days before the time set for the meeting or such other time as required by statute. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(b) The transactions at any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to hold 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 protesting the lack of adequate notice before or at its commencement.

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

3.12. Compensation. No director shall receive any compensation from the Association for acting in the capacity as such, unless approved by Members representing a majority of the total Class "A" votes in the Association at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing therein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested director.

3.13. 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.

3.14. Notice to Owners: Open Meetings.- Except in an emergency, notice of Board meetings shall also be posted at least 48 hours in advance of the meeting at a conspicuous place within the Properties established for the posting of notices relating to the Joint Committee. Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment. Subject to the provisions of Section 3.15, all meetings of the Board shall be open to all Members, but a Member 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 such Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.15. Action Without a Formal Meeting. Any action to be take 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 directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.16. Powers. The Board of Directors shall have all of the powers and duties 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 Declaration, these By-Laws, the Articles, the Joint Committee By-Laws, and as provided by law. The Board may do or cause to be done all acts and things that the Declaration, Articles, the By-Laws, or South Carolina law do not direct to be done or exercised exclusively by the Members.

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

- (a) preparing and adopting annual budgets for submission to the Joint Committee; and establishing each Owner's share of the Common Expenses and Parcel Expenses;
- (b) cooperating with the Joint Committee in assessing and collecting such assessments from the owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;
- (d) designating, hiring, and dismissing the personnel necessary to carry 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;

(e) depositing all funds received on behalf of the Association in a bank depository approved by it, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the property of the Association in accordance with the Declaration and these By-Laws;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association (provided, the Association shall not be obligated to take action to enforce any covenant, restriction, or rule which the Board in the exercise of its business judgment determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action);

(j) obtaining and carrying insurance as provided in the Declaration, providing for payment of all premiums, and filing and adjusting claims as appropriate;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners.

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on a Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules and all other books, records, and financial statements of the Association;

(n) permitting utility suppliers to use portions of the Association's property, if any, as may be determined necessary, in the sole discretion of the Board, to the ongoing development or operation of the Properties;

(o) cooperating with the Joint Committee in carrying out its purposes and responsibilities under the Declaration and the Joint Committee By-Laws;

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

(q) performing the responsibilities of a Member of the Joint Committee, and cooperating with the Joint Committee and its other members in upholding the Community-Wide Standard; and

(r) assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration.

3.18. Right of the Class "B" Member to Disapprove Actions. So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee which, in the sole judgment of the Class "B" Member, would tend to impair rights of Silver Carolina or Builders under the Declaration or these By-Laws, or interfere with development or construction of any portion of the Properties, or diminish the level of services being provided by the Association.

(a) The Class "B" Member shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice shall comply as to Board meetings with Sections 3.8, 3.9, and 3.10 and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirement of subsections (a) and (b) above have been met.

The Class "B" Member, its representatives, or agents shall make the Class "B" Member's concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or director, agent or authorized representatives, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, or the Board or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with the applicable laws and regulations.

3.19. Management. The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize provided, however, that such management agent may not be terminated by the Board unless termination is approved by at least a majority

of the total Association vote. The selection of a management agent shall be subject to the prior approval of the Joint Committee. 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 or the duties set forth in subparagraphs (a), (f), (g), (i), (j), (n), (o), (p), (q), and (r) of Section 3.17. Silver Carolina, or an affiliate of Silver Carolina, or the Joint Committee may be employed as managing agent or manger.

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

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Class "B" Control Period unless such contract contains a right of termination exercisable by the Association, with or without cause and without penalty, at any time after termination of the Class "B" Control Period upon not more than 90 days' written notice.

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

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls shall 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 or services to the Association, whether in the form of commissions, finder's fees, services fees, prizes, gifts, or otherwise; any thing of value received shall benefit only the Association;

(e) any financial or other interest which the managing agent may have in any firm 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, financial reports shall be prepared for the Association at least quarterly containing;

(i) an income statement reflecting all income and expense activity for the preceeding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments remaining 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); and

(g) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (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 and reviewed 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. During the Class "B" Control Period, the annual report shall include certified financial statements.

3.21. Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain the approval of Class "A" Members holding at least 51% of the votes represented in person or by proxy at a duly constituted meeting if the total amount of the proposed borrowing, together with all other debt outstanding exceeds or would exceed 20% percent of the budgeted gross expenses of the Association for that fiscal year. During the Class "B" Control Period, no mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Members representing at least 51 % percent of the total Class "A" votes in the Association.

3.22. Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions: This right shall include, without limitation, the right to enter into common management, operational, or other property owners agreements with trusts, condominiums, cooperatives, or other property owners or similar associations within and outside the Properties; provided, any common management agreement shall require the consent of a majority of the total number of directors of the Association.

3.23. Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose monetary fines, which shall constitute a lien upon the Unit associated with the violator, and to suspend an Owner's right to vote for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any assessment or other charged owed to the Association. If any occupant, guest, or invitee of a Unit violated the Declaration, By-Laws, or a rule and a fine is

imposed, the fine shall first be assessed against the actual violator (the occupant, guest, or invitee); provided, however, if the fine is not paid by the actual violator (the occupant, guest, or invitee) 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, By-Laws, or any rule shall not be deemed a waiver of the right of the Board to do so thereafter.

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

(b) Hearing. If a hearing is requested within the allotted 10-day period, the hearing shall be held before the Covenants Committee, as defined herein, if any, or if none, then before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to any sanction becoming effective hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement also shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, if any, 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 manager, President, or Secretary of the Association within 10 days after the hearing.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Declaration, these By-Laws, or the rules of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations), or, following compliance with the procedures set forth in Article XVI of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the notice and hearing procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' 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 elected from among the members of the Board; other officers may but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office. The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Members.

4.3. Removal and Vacancies. The Board may remove any officer whenever, in its judgment, the best interests of the Association will be served by the removal, and the Board may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers 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 specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget 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 date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

4.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.12.

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 five and no more than seven Members. Acting in accordance with the Declaration, these By-Laws, and any applicable 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 3.23.

5.3. Parcel Committees. In addition to any other committees appointed as provided above, any Parcel comprised of more than one Unit and having no formal organizational structure or Parcel Association may elect a Parcel Committee as provided herein. A Parcel Committee, if elected, shall consist of three to five persons, as determined by majority vote of the Owners of Units within the Parcel.

In the case of a Parcel which is comprised of fewer than three Units, the Owners of such Units shall be entitled to act as the Parcel Committee without the necessity of holding elections. Otherwise, the members of each Parcel Committee shall be elected by the vote of Owners of Units within that Parcel at an annual meeting or special meeting of such Owners, called by any such Owner upon the same notice as required for meetings of the Association hereunder. The Owners of Units within the Parcel holding at least 30% of the total votes of Units in the Parcel, represented in person or by proxy, shall constitute a quorum at any meeting of the Parcel. The Owners of Units within a Parcel shall have the number of votes assigned to their Units in the Declaration. Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board of Directors from a Parcel shall be an ex-officio member of the Committee. The Parcel Committee shall determine the nature and extent of services, if any, to be provided to the Parcel by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Parcel Committee may advise the Board on any other issue affecting the Parcel, but shall not have the authority to bind the Board of Directors.

In the conduct of its duties and responsibilities, each Parcel Committee shall abide by the notice and quorum requirements applicable to the Board of Directors under Sections 3.8, 3.9, 3.10, and 3.11 and the procedural requirements set forth in Sections 3.13, 3.14, and 3.15; provided, however, the term "Member" shall refer to the Owners of Units within the Parcel. Each Parcel Committee shall elect a chairman from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors.

ARTICLE VI

Miscellaneous

6.1. Fiscal Year. The fiscal year of the Association shall be the same as the fiscal year adopted by the Joint Committee.

6.2. Parliamentary Rules. Except as may be modified by Board resolution, 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, the Declaration, or these By-Laws.

6.3. Conflicts. If there are conflicts between the provisions of South Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of South Carolina law, the Declaration, the Articles of Incorporation and the By-Laws (in that order) shall prevail. In the event of a conflict between any of the foregoing documents and the Joint Committee By-Laws, the Joint Committee By-Laws shall control.

6.4. Books and Records.

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

(b) Rules for Inspection. The Board shall establish rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing 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 to inspect 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 or required by statute, 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 to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Parcel of such Member; or

(b) if to the Association, the Board, or the managing agent, at the principal offices of the Association or the managing agent, if any, or at such other address as shall be designated by notices in writing to the Members pursuant to this Section.

6.6. Amendment.

(a) By Class "B" Member. Until termination of the Class "B" Control Period, Silver Carolina may unilaterally amend these By-Laws. Thereafter, the Class "B" Member may unilaterally amend these By-Laws at any time and from time to time, if such amendment is necessary (i) to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which is in conflict therewith; (ii) to enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the properties; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans to make, purchase, insure or guarantee mortgage loans on the Units; or (iv) to satisfy the requirement of any governmental agency or enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as the Class "B" membership exists, the Class "B" Member may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 51% of the total Class "A" votes in the Association and the consent of the Class "B" Member, if any. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon recordation in the Office of Register of Deeds of Horry County, South Carolina, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

If an Owner consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Owner has the authority to so consent and no contrary

provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Silver Carolina as Declarant, the Class "B" Member as such, the Joint Committee, or the assignee of such right or privilege without the respective written consent of Declarant, the Class "B" Member, the Joint Committee, or the assignee of such right or privilege

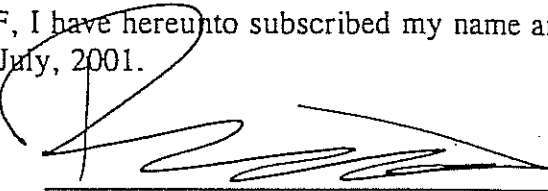
CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Barefoot Resort Nonresidential Owners Association, Inc., a South Carolina nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 10th day of May, 2000.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 24th day of July, 2001.


Secretary

[SEAL]