

**BY-LAWS**  
**OF**  
**THE DYE ESTATES**  
**HOMEOWNERS ASSOCIATION, INC.**

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**ARTICLE I**

**Name, Principal Office, and Definitions**

1.1. Name. The name of the Association shall be the Dye Estates Homeowners Association, Inc. (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 office in Horry County, South Carolina as the Board may designate. 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 the Dye Estates 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 and Meetings**

2.1. Membership. The Association shall have two classes of membership, Class A and Class B, as more fully set forth in the Declaration, the terms of which pertaining to membership are 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 and which is either within the Barefoot Resort community or in such other location 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 or upon a petition signed by Members representing at least 25% of the total Class A votes of 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 all meetings 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 his or her 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 33-31-720.

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 a waiver by such Member of notice of the time, date, and place thereof, unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at such meeting 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 or holders of proxies who are present 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 or holders of proxies present 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 to leave less than a quorum, provided that Members or holders of 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.

2.9. Proxies. At each meeting of the Members, each Member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy

shall exist only where the instrument authorizing such proxy to act shall have been authorized in writing. If a membership is jointly held, the instrument authorizing a proxy to act must have been executed by the designated member of record or that's attorney thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as a secretary of the meeting. The minutes of the meeting shall indicate whether the votes cast at the meeting were cast in person or by proxy.

2.10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, 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 of the Members or holders of proxies 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, 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. The Board of Directors shall have the authority to delegate any of its duties to agents, employees, or others; provided, however, in the event of such delegation, the Board of Directors shall remain responsible for any action undertaken by such delegate. Except with respect to directors appointed by the Class B Member, the directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of a Member which is not a natural person, any officer, director, partner, or trust officer

of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class B Member.

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

3.3. Directors During Class B Membership. 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 membership as defined in the Declaration.

3.4. Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for any position to be filled by votes of Class A Members. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner.

Each candidate shall be given a reasonable, uniform opportunity to communicate his or her qualifications to the Members and to solicit votes.

(b) Election Procedures. All elections shall be held by mail. The Secretary shall cause notice of the elections to be mailed or delivered to each Owner at least 10 days prior to the closing date established by the Board for filing of ballots. Such notice shall be accompanied by a written ballot listing all candidates for each vacancy who have qualified in accordance with the procedures described in subsection (a) above. The notice and written ballot shall comply with S.C. Code Section 33-31-708, and shall specify the name and address to which the ballots should be returned and the date by which they must be received in order to be counted, which date shall be the "election date."

Each Member may cast the entire vote assigned to it for each position to be filled from the slate of candidates on which such Member is entitled to vote. There shall be no cumulative voting.

On the election date, the Board or its designee shall open and count the ballots. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

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

(a) (1) Within 30 days after the time that Class A Members other than Builders own (A) 25% of the Lots described in Exhibits "A" of the Declaration, or (2) whenever the Class B Member earlier determines, the President shall call for an election by 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 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 Lots described in Exhibits "A" of the Declaration, or (2) whenever the Class B Member earlier determines, the Board shall be increased to five directors. The President shall call for an election by which the 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) Within 90 days after termination of the Class B membership, the President shall call for an election by which the Class A Members shall be entitled to elect three of the five directors, who shall serve as at-large directors. The remaining two 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 serve until the first annual meeting following the termination of the Class B membership. If such annual meeting is scheduled to occur within 90 days after termination of the Class B membership, this subsection shall not apply and directors shall be elected in accordance with subsection (d) below.

(d) Not later than the first annual meeting after the termination of the Class B membership, four directors shall be elected by the Class A Members. Two directors shall serve a term of two years and two directors shall serve a term of one year, as such directors determine among themselves. Upon the expiration of each directors term of office, the Members entitled to elect such director shall be entitled to elect a successor to serve a term of two years.

After the termination of the Class B membership, the Declarant shall be entitled to appoint one director. When the Declarant no longer owns any lots, the director elected by the Declarant 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 directors elected by the Class A Members shall hold office until their respective successors have been elected.

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 Class A 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 Class A 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 in the payment of any assessment or other charge due the Association, may be removed by a majority 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 for the remainder of the term.

In the event of the death, disability, or resignation of a director elected by the Class A Members, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Class A Members entitled to fill such directorship may elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by the Class B Member. The Class B Member shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Class B Member.

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 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. Notices; Waiver of Notice.

(a) Notices 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 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 also shall be deemed given to any director who attends the meeting without protesting the lack of adequate notice before or at its commencement.

3.11. Telephonic Participation in Meetings. Members of the Board or of any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12. Quorum of Board of Directors. At all meetings of the Board, 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 5 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.

3.13. 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 herein 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.



3.14. 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.

3.15. Open Meetings. Subject to the provisions of Section 3.16, all meetings of the Board shall be open to all Members but 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. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.16. 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, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.17. 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, and as provided by law. The Board may do or cause to be done all acts and things which the Declaration, Articles, these By-Laws, or South Carolina law do not direct to be done and exercised exclusively by the Members.

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

- (a) preparing and adopting annual budgets and establishing each Member's assessments;
- (b) assessing and collecting such assessments from the Members;
- (c) providing for the operation, care, upkeep, and maintenance of the Common Areas;
- (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 which it shall approve, 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 Common Area 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 Members 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 Members;

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

(m) making available to any prospective purchaser of a Lot, any Member, and the holders, insurers, and guarantors of any Mortgage on any Lot, 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 Common Area as may be determined necessary, in the sole discretion of the Board, to the ongoing development or operation of the Property; and

(o) 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.

3.19. Right of 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 Development Company, L.L.C., Intracoastal Development Company, LLC, Barefoot Private Golf, LLC, Barefoot Golf Properties Limited Partnership 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 complies as to the 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 with reasonable particularity the agenda to be followed at such 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 in 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 requirements 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, director, agent or authorized representative, 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 applicable laws and regulations.

3.20. Management. The Board of Directors 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 Board of Directors may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority or those duties set forth in subparagraphs (a), (f), (i), (j), and (n) of Section 3.18. The Declarant or an affiliate of the Declarant may be employed as managing agent or manager. 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 membership 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 membership upon not more than 90 days' written notice.

3.21. 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, service 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 Lot 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 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 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 annual report shall be prepared and reviewed by an independent public accountant;

provided, upon written request of any holder, guarantor, or insurer of any Mortgage on a Lot, the Association shall provide an audited financial statement. During the Class B membership period, the annual report shall include certified financial statements.

3.22. Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Member approval in the same manner provided in the Declaration for Special Assessments if the total amount of proposed borrowing, together with all other debt outstanding, exceeds or would exceed 20% of the budgeted gross expenses of the Association for that fiscal year. During the Class B membership 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% of the total Class A votes in the Association.

## ARTICLE IV

### Officers

4.1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. 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 such authority and perform such duties as 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 for the Association 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 3.13.

## ARTICLE V

### Committees

5.1. Designation of Committees. The Board may from time to time by resolution designate such committees as it deems appropriate in carrying out its duties, responsibilities, functions and powers. No committee members shall receive compensation for services that he or she may render to the Association as a committee member; provided, that committee members may be reimbursed for expenses incurred in performance of their duties as committee members and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in their capacity as committee members.

5.2. Nature of Committees. All committees shall act only in an advisory capacity to the Board and shall not have any powers or authority to carry out any of the duties or responsibilities of the Board.

5.3. Proceedings of Committees. Each committee designated hereunder by the Board may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report proceedings to the Board.

5.4. Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board, the presence of members constituting at least two-thirds of the authorized membership of such committee shall constitute a quorum for the transaction of business and the act of a majority of the members present at any meeting at which quorum is present shall be the act of such committee. The members of any committee designated by the Board hereunder shall act only as a committee and the individual members thereof shall have no powers as such.

5.5. Resignation and Removal. Any member of any committee designated hereunder by the Board may resign at any time by delivering a written resignation either to the President, the Board or the presiding officer of the committee of which he or she is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board may at any time, for or without cause, remove any member of any committee designated by it hereunder.

5.6. Vacancies. If any vacancy shall occur in any committee designated by the Board hereunder, due to disqualification, death, resignation, removal or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board.

## ARTICLE VI

### INDEMNIFICATION

6.1 Indemnification Against Third Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by an adverse judgment, order or settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

6.2 Indemnification Against Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgement in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.

6.3 Determination. To the extent that a director, officer, employee, or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.01 or 6.02 hereof, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith. Any other indemnification under Section 6.01 or 6.02 hereof shall be made by the Association only upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth respectively in Section 6.01 or 6.02

hereof. Such determination shall be made either (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding or (ii) by the Members by the affirmative vote of at least fifty percent (50%) of the total votes of the Association at any meeting duly called for such purpose.

6.4 Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon a majority vote of a quorum of the Board and upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount or amounts unless it ultimately be determined that he or she is entitled to be indemnified by the Association as authorized by this Article.

6.5 Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Association's Certificate of Incorporation, Bylaws, agreements, vote of disinterested members or directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification authorized by this Article shall apply to all present and future directors, officers, employees and agents of the Association and shall continue as to such persons who cease to be directors, officers, employees or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

6.6 Insurance. The Association may purchase and maintain insurance on behalf of any person who was or is a director, officer, employee or agent of the Association, or who was or is serving at the request of the Association as a director, officer, employee or agent of another corporation, entity or enterprise (whether for profit or not for profit), against any liability asserted against him or her or incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the laws of the state of South Carolina as the same may hereafter be amended or modified.

6.7 Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this Article shall constitute expenses of the Association.

## ARTICLE VII

### Miscellaneous

7.1: Fiscal Year. The fiscal year of the Association shall be January 1st to December 31st.

7.2 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.

7.3 Conflicts. If there are conflicts between the provisions of South Carolina law, the Master Declaration, the Master By-laws; the Master Articles of Incorporation, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of South Carolina law, the Master Declaration, the Master Articles of Incorporation, the Master By-laws, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

7.4 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 Lot: the Declaration, the By-Laws, and the Articles of Incorporation, 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 any relevant committees. The Board 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 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.

7.5 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 Lot of such Member; or

(b) if to the Association, the Board, or the managing agent, at the principal 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 Members pursuant to this Section.

7.6 Amendment.

(a) By Class B Member. Until termination of the Class B membership, the Class B Member 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 into compliance with any applicable governmental statute, rule, or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Lots; or (iv) to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Lots; provided, however, any such amendment shall not adversely affect the title to any Lot unless the Member 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 Member.

(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 a Member consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Member has the authority to so consent and no contrary provision in any Mortgage or contract between the Member 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 Development Company, L.L.C. as Declarant, the Class B Member as such, or the assignee of such right of privilege without the respective written consent of Declarant, the Class B Member, 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 the Dye Estates Homeowners 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 \_\_\_\_ day of July, 2000.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this \_\_\_\_ day of July, 2000.

  
Secretary [SEAL]