

**BYLAWS  
OF  
JORDAN SPRINGS TWO HOMEOWNERS ASSOCIATION, INC.**

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JORDAN SPRINGS TWO HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE 1  
NAME AND LOCATION**

Section 1.1 Name. The name of the corporation is JORDAN SPRINGS TWO HOMEOWNERS ASSOCIATION, INC. hereafter referred to as the "Association."

Section 1.2 Location The principal office of the Association shall be located in Spartanburg County, South Carolina.

Section 1.3 Registered Agent. The registered agent for the Association shall be the President of Hinson Management, Inc. as from time to time selected, unless otherwise agreed upon by the Board of Directors. The registered office of the Association must be located in Spartanburg County, South Carolina and may be, but need not be, identical with the principal office.

Section 1.4 Purpose. The purpose for which the Association is organized is to: (i) manage and maintain the street lighting services to the Owners; (ii) manage and maintain the Common Area within the Subdivision; and (iii) administer and enforce all covenants, conditions and restrictions applicable to the Property known as Jordan Springs Two Subdivision located in Spartanburg, South Carolina as identified with the Declaration of Covenants and Restrictions For Jordan Springs Two Subdivision and to engage in other activities allowed by law which are necessary for the Association to carry out its rights, duties and responsibilities set forth in the Declaration.

**ARTICLE 2  
DEFINITIONS**

The words used in these Bylaws shall have the same meaning as set forth in the Declaration as duly recorded in the Office of the Register of Deeds for Spartanburg County, South Carolina, as the same may be supplemented and amended from time to time, unless the context shall prohibit.

**ARTICLE 3  
MEETINGS OF MEMBERS**

Section 3.1 Membership. The Members of the Association, hereinafter referred to as "Members", shall at all times be limited to: (1) Hearthstone Realty, Inc. (the "Declarant") as long as it holds title to any Lot, (2) any builder to whom Declarant may convey a Lot for construction of a home for sale (an "Approved Builder") as long as such builder holds title to any Lot, and, (3) other Owners of Lots in Jordan Springs Two Subdivision.

Section 3.2 Annual Meetings. The first annual meeting of the Members shall be held on such date as determined by the Management Company assigned by the Declarant within one year from the date of incorporation of the Association or during the first year that Assessments are charged to the Owners. Each subsequent annual meeting of the Members shall be held on such date and time as determined by the Board of Directors.

Section 3.3 Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the association if so directed by resolution of the Board or upon a petition signed by at least one half (50.0%) of the Total Association Vote (the consent of the Declarant shall not be required). The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 3.4 Place of Meetings. All meetings of the Members shall be held at such a place within Spartanburg County, South Carolina, as shall be determined by the Board of Directors of the Association to be suitable to the Members, either in the Community or as convenient thereto as possible and practical.

Section 3.5 Notice of Meetings. Written notice of each meeting of the Members shall be given by mailing a copy of each such notice by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the date of the meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such member to the Association for purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.6. Membership List. An alphabetical list of names of all Members who are entitled to vote and their addresses shall be prepared by the Secretary and shall be available for inspection by any Member beginning on the next business day after notice of any meeting is given and continuing through the meeting, at the Association's principal office or at a place identified in the meeting notice in the city where the meeting will be held. This list shall also be available at the meeting for inspection by any member.

Section 3.7. Voting Rights. The voting rights of the Membership shall be appurtenant to the ownership of Lots. Each Lot shall entitle the Owners of said Lot to one (1) vote. Where more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves determine but in no event shall more than one (1) vote be cast with respect to any Lot. No fractional votes shall be allowed.

Section 3.8. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty-five percent (25%) of the votes appurtenant to the Lots shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at the first meeting, the first meeting may be closed and a second meeting may be held thirty (30) minutes later at which meeting the twenty-five percent (25%) quorum requirement shall be reduced by fifty percent (50%). If no quorum is reached at the second meeting, the Board shall continue to conduct business in the same fashion as previous years when a quorum was reached.

Section 3.9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing dated within eleven (11) months prior to the Meeting and filed with the Secretary. Every proxy shall be recoverable by: (i) appearing at the Meeting and voting in person; (ii) filing a valid substitute proxy or cancellation of proxy with the Secretary prior to the call to order of the Meeting, or (iii) conveyance by the Member of his or her Lot.

Section 3.10. Action by Members. Except as provided otherwise in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a vote of no

Less than two-thirds (2/3) of all Lots represented at a duly held meeting of the Members at which a quorum is present shall be regarded as the act of the Members. The Members present at a duly called or held meeting at which a quorum is present may continue to do business at the meeting or any adjournment thereof notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 3.11. Waiver of Notice. Any Member may, at any time, waive notice of any meeting of Members in writing and such waiver shall be deemed equivalent to giving of such notice. Attendance by a Member at any meeting of the Members shall constitute a waiver of notice by him of the time and place thereof except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Members are present at any meeting of the Members, no notice shall be required and any business may be transacted at such meeting.

Section 3.12. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if: (i) a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Association's minute book; or(ii) such action is approved by written ballot as authorized by Section 33-31-708 of the Code of Laws of South Carolina (1976), as amended.

Section 3.13. Action by Written Ballot. Any action to be taken at any annual, regular or special meeting of members may be taken without a meeting if approved by written ballot as provided herein. The Association shall deliver a written ballot to each member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot of an action shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting held to authorize such action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; and specify the time by which a ballot must be received by the Association in order to be counted. A timely written ballot received by the Association may not be revoked without consent of the Board of Directors. The results of each action by written ballot shall be certified by the Secretary and shall be included in the minutes of meetings of members filed in the permanent records of the association.

## ARTICLE 4 BOARD OF DIRECTORS

Section 4.1 Number. The business and affairs of the Association shall be managed by a Board of no fewer than three (3) directors who must reside in the Community and 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.

Section 4.2 Nomination of Directors. Elected directors shall be nominated from the floor. All candidates shall have reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 4.3 Election. Directors shall be elected at the annual meeting of the Members by written or oral ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

Section 4.4. Term of Office. The term of directors elected by the Members shall expire at the next annual meeting of Members; provided, however, the directors shall continue to serve until their successors are elected and qualified or until their earlier resignation, removal from office, incapacity, or death.

Section 4.5 Removal of Directors. Any director may be removed from the Board of Directors, with or without cause, by a two-thirds (2/3) majority vote of the Members of the Association at an annual or special meeting. The Board of Directors shall have power, acting alone on a two-thirds (2/3) majority, to remove any director who has three (3) consecutive unexcused absences from Board Meetings or who is delinquent in the payment of an assessment for more than thirty (30) days. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board of Directors and shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 4.6 Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of required duties.

Section 4.7. Salaries of Employees and Agents. Except as provided elsewhere in the Declaration or Bylaws, the Board of Directors shall set the salaries of all employees and agents of the Association.

## ARTICLE 5 MEETINGS OF DIRECTORS

Section 5.1 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 5.2. Special Meetings. Special Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 5.3. Open Meetings. All meetings of the Board shall be open to all members, but members other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

Section 5.4. Notice of Meetings. Notice of each special meeting of the Board of Directors stating the time, manner and place of the meeting, shall be given by, or at the direction of the Secretary of the Association by mailing the same to each director at his or her residence or business address not fewer than three (3) days before such meeting, or by giving the same personally or by telephone at the respective residence or business address not later than the day before the day on which the meeting is to be held.

Section 5.5. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors

present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors and shall be binding on all members of the Association.

Section 5.6. Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 5.7 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 one or more consents in writing, set forth the action so taken, shall be signed by a majority of the directors and delivered to the Association for inclusion in the minutes for filing in the corporate records.

Section 5.8. Telephone Participation. One or more directors may participate in and vote during any regular or special meeting of the Board of Directors by telephone conference call or similar communication equipment by means of which all Persons participating in the meeting can hear each other at the same time, and those directors so participating shall be considered present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

Section 5.9. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Members or to the Association for any mistake of judgment, negligence, or otherwise except for: (i) a breach of the director's duty of loyalty to the Association or Members; (ii) their own individual willful misconduct or bad faith; or (iii) for any transaction from which a director derived an improper personal benefit. The Members shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Members(s).

## ARTICLE 6 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 6.1. Powers. The Board shall be responsible for the affairs of the Association and shall have all powers and duties necessary for administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these Bylaws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;
- (b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments except as outlined in the Declaration for the first year the Association is established.
- (c) providing for the operation, care, upkeep, and maintenance of all common areas

which are the maintenance responsibility of the Association;

- (d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association either directly or through a management company agent as it so chooses;
- (f) making and amending use restrictions and rules and regulations as adopted by the Board of Directors and confirmed by two-thirds of the Members with consent of the Developer;
- (g) opening of bank accounts on behalf of the Association and designing the signatories required either directly or through a management company as it so chooses;
- (h) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it, and bring any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (i) procure and maintain adequate liability insurance covering the Association and the directors and officers thereof and adequate hazard insurance on the property owned by the Association, and paying the premium costs thereof either directly or through a management company agent;
- (j) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (k) paying, either directly or through a management company agent, the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;
- (l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying any expenses incurred ; this may be done either directly by the Board or through a management company agent; and
- (m) contracting with any Person for the performance of various duties and functions.

Section 6.2 Management Agent. The Board may employ for the Association a professional management agent or agents at a compensation established by the Declarant, in the first year of the Association, or by the Board in subsequent years, to perform such duties and services as the Board shall authorize. The term of any management agreement shall not exceed one (1) year and shall be subject to termination by either party, without cause and without penalty, upon not more than ninety (90) days written notice.

Section 6.3. Fining Procedure. Neither the Board nor the Management Company agent shall impose a fine (a late charge shall not constitute a fine) until the following procedure is followed:

(a) Notice. Written notice shall be served upon the violator by first-class mail for the first notice and certified mail thereafter for continuance of the same violation, which is to be sent to the last address of the member shown on the Association's records, specifying:

- (i) the nature of the violation and the fine to be imposed and the date, not less than fifteen (15) days from the date of the notice, that the fine will take effect;
- (ii) that the violator may, within ten (10) days from the date of the notice, request a hearing of the Board regarding the fine imposed;
- (iii) the name, address and telephone numbers of a person to contact to challenge the fine;
- (iv) that any statements, evidence, and witnesses may be produced by the violator at the hearing; and
- (v) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of notice.

Section 6.4. Dollar Amounts for Fines. The Board shall determine the structure and amounts of fines for violations.

## ARTICLE 7 OFFICERS AND THEIR DUTIES

Section 7.1. Officers. The officers of the Association shall be a President, a Vice President and a Secretary/Treasurer, who shall at all times be members of the Board of Directors and elected by vote of same.

Section 7.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 7.3. Term. Each officer of the Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year or until his or her death, resignation, retirement, removal, disqualification, or his or her successor is elected and qualifies.

Section 7.4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board of Directors may, from time to time, determine.

Section 7.5. Resignation, Removal and Vacancies. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President, Vice President, or the Secretary/Treasurer. Such resignation shall take effect on the date of 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. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the

remainder of the term of the officer he or she replaces.

Section 7.6.Duties. The duties of the officers are as follows:

(a)The President shall be the principal executive officer of the Association, and subject to the control of the Board of Directors, shall supervise and control the management of the Association. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out ; shall sign all legal documents and other written instruments and shall co-sign all checks and promissory notes as required for the business of the Association.

(b)The Vice President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

(c)The Secretary/Treasurer directly or through a contracted management company, shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members, shall keep the corporate seal of the Association and affix it on all papers requiring said seal, shall serve notice of meetings of the Board of Directors and of Members, shall keep appropriate current records showing the members of the Association together with their addresses and contact information, and shall perform such other duties as required by the Board of Directors either directly or through a contracted management company. The Secretary/Treasurer directly or through a contracted management company shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Association, shall keep or monitor proper books of account, shall cause an annual audit of the Association books at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members.

## ARTICLE 8 BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

## ARTICLE 9 COMMITTEES

Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

## ARTICLE 10 ASSESSMENTS

As provided in the Declaration, each Member is obligated to pay to the Association Annual Assessments and Special Assessments, as defined in the Declaration. Any assessments (including

but not limited to Special Individual Assessments) which are not paid when due shall be delinquent. If an assessment is not paid by its due date, as set forth in the Declaration, the assessment shall bear interest from such due date, at the rate of twelve percent (12%) per annum or the highest rate then permitted by law, whichever is lower, plus such late charge as may be established by the Board of Directors, and the Association may bring an action at law against the Member personally obligated to pay the same and/or foreclose the lien on the Lot. The late charges, costs of collection and reasonable attorney's fees related to any such action shall be added to the amount of such assessment.. No Member may waive or otherwise escape liability for the assessments provided for herein by non-use of the Property.

#### ARTICLE 11 CORPORATE SEAL

The Association at its option shall have a seal in circular form having with its circumference the words Jordan Springs Two Homeowners Association, Inc.

#### ARTICLE 12 AMENDMENTS

Section 12.1 These Bylaws may be amended, at a regular or special meeting of the Members, by a Vote of at least two-thirds (2/3) of the Lots represented at a duly held meeting of the Members at which a quorum is present in person or by proxy i.e. a designated lot owner authorized in writing to represent another homeowner who is unable to attend the meeting. Notwithstanding anything in this Section 12.1 to the contrary, the Declarant may at its option amend these Bylaws without obtaining the consent or approval of any other person or entity if such amendment is necessary to cause these Bylaws to comply with the requirements of the FHA, VA, Federal National Mortgage Association or similar agency.

Section 12.2. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

#### ARTICLE 13 FISCAL YEAR

The fiscal year of the Association shall be the calendar year and shall begin on the first day of January and end on the 31<sup>st</sup> day of December of every year.

#### ARTICLE 14 INDEMNIFICATION OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorney's fees ) or liabilities actually and reasonably incurred by him or her in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he or she is made a party or was (or is threatened to be made) a party by reason of being or having been such director or officer, except in relation to matters as to which he or she shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty, or in relation to a proceeding by or for the right of the Association in which a director or officer was adjudged liable to the Association or in relation to a proceeding where a director or

officer was adjudged liable on the basis that personal benefit was improperly received by that director or officer.

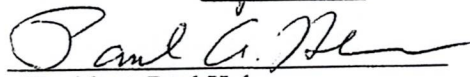
The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

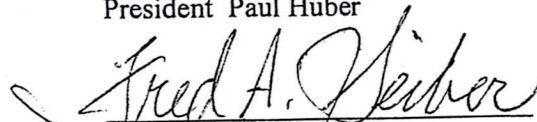
The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in 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.

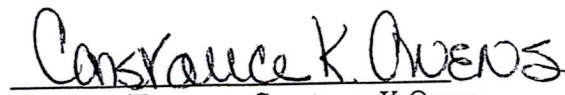
The Association's indemnity of any person who is or was a director or officer of the Association, or is or was serving at the request of the Association as a director or officer of the Association, or is or was serving at the request of the Association as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification: (i) under any policy of insurance purchased and maintained on his or her behalf by the Association; or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article 14, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

Approved by the Board of Directors on April 3, 2006

  
President Paul Huber

  
Vice President Fred Seiber

  
Secretary/Treasurer Constance K Owens