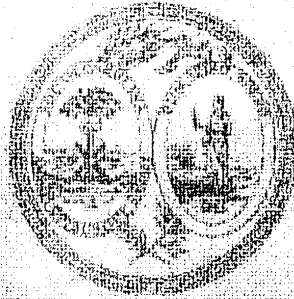


# *The State of South Carolina*



*Office of Secretary of State Mark Hammond*

## **Certificate of Incorporation, Nonprofit Corporation**

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

KARLIE HILL ASSOCIATION, INC.,

a nonprofit corporation duly organized under the laws of the State of South Carolina on January 20th, 2006, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed a Declaration and Petition for Incorporation of a nonprofit corporation for Religious, Educational, Social, Fraternal, Charitable, or other eleemosynary purpose.

Now, therefore, I Mark Hammond, Secretary of State, by virtue of the authority in me vested by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto, do hereby declare the organization to be a body politic and corporate, with all the rights, powers, privileges and immunities, and subject to all the limitations and liabilities, conferred by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto.

Given under my Hand and the Great  
Seal of the State of South Carolina this  
8th day of February, 2006.

*Mark Hammond*

Mark Hammond, Secretary of State

BY-LAWS  
OF  
KARLIE HILL ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is KARLIE HILL ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located in Greenwood, South Carolina, but meetings of members and directors may be held at such places within the State of South Carolina, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to KARLIE HILL ASSOCIATION, INC., a nonprofit South Carolina corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions, and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean and refer to those areas of land and any improvements thereon which are deeded to the Association and designated in said deeds as "Common Properties". The term "Common Area" shall include any personal property acquired by the Declarant or Association if said property is designated as "Common Area". All common area is to be devoted to and intended for common use and enjoyment of the owners/members of the Properties (subject to any fee schedules and operating rules adopted by the Association) and may be, among others, used for sport, enhancement of value of property, engineering necessities, easements, transportation necessities, maintenance, health, general welfare, and enjoyment of any or all owners of the properties. The common area to be deeded to the association shall include, but not be limited to, all of the property except for the lots and "future building" site.

Section 4. "Lot" shall mean and refer to any number plot of land shown upon any recorded or to be recorded subdivision map of the properties, together with the improvements thereon, with the exception of the common area. It is understood and agreed that the lots within the properties shall be substantially at the locations shown on the subdivision map of the properties as recorded; provided, the number of lots, the exact location thereof and the metes and bounds of the lots shall be subject to change and shall be finally fixed and described in a series of revised subdivision maps of the property to be recorded.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities of the fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Karlie Hill Development Co., L.L.C., its successors and assigns, (by way of assignment) if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development. Any such person, firm, or corporation shall be entitled to exercise all rights and powers conferred upon the Declarant by this Declaration, the Articles of Incorporation of the Association, or the By-laws of the Association.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the properties recorded in the office of the Clerk of Court for Greenwood County.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration and in Article III of these By-laws.

### ARTICLE III

#### MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every owner of a lot which is subject to assessment shall be eligible to be a member of the Association and the membership shall be appurtenant to and may not be separated from ownership of any lot subject to assessment payable by all lot owners except Declarant. The voting rights of the members shall be one vote per lot.

Section 2. Property Rights. Each member shall be entitled to the use and enjoyment of the facilities and Common Areas as provided in the By-Laws. Any member may delegate his rights of enjoyment of the common area and facilities to the member of his family, his tenants, or contract purchasers who reside on the property. Such member shall notify the secretary of the Association in writing of the name of the delegate. The rights and privileges of such delegate are subject to suspension to the same extent as those of the member.

### ARTICLE IV

#### MEETING OF MEMBERS

Section 1. Annual Meeting. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the third Monday in November of each year thereafter at 5:00 p.m. If the day for the annual meeting of the members is a legal holiday the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of one-fourth (1/4) of all the members.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by hand delivery or mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such 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 the 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. Waiver by a member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the meeting of a majority of the members entitled to cast, or of proxies entitled to cast, the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

## ARTICLE V

### THE ASSOCIATION

Section 1. Duties of the Association. In addition to the powers delegated to it by its Articles, and without limitation the generality thereof, the Association shall have the obligation to perform each of the following duties:

(a) Operation and Maintenance of Common Area and Easement Area. To operate, maintain, and otherwise manage or provide for the operation, maintenance, and management of the common area and easement area together with all easements for operation and maintenance purposes and for the benefit and enjoyment of the Association or its members over and within the common area and easement area to keep all improvements of whatever kind and for whatever purpose from time to time located thereof in good order, condition, and repair; and to maintain any parking areas free and clear of obstructions and in a safe condition for intended uses at all times.

(b) Water and Other Utilities. To acquire, provide and/or pay for water, sewer, garbage disposal, electrical, telephone, and gas and other necessary utility services for the common area.

(c) Taxes and Assessments. To pay all real and personal property taxes and assessments (if any) separately levied upon or assessed against the Association and/or any property owned by the Association. Such taxes and assessments may be contested or compromised by the Association; provided, however, that they are paid or a bond insuring the payment is posted prior to the sale or other disposition of any property to satisfy the payment of such taxes. Inasmuch as the interest of each owner in the common area is an interest in real property on a proportionate basis appurtenant to each lot, the value of the interest of each owner in such common area shall be included in the assessment for each such lot and as a result any assessment against such common area shall be of a nominal nature reflecting that the full value of the same has been included in the several assessments of the various lots.

(d) Insurance. To obtain from reputable insurance companies qualified to do business in the State of South Carolina, and maintain in force at all times the following policies of insurance: Hazard and liability policies as determined by the Board of Directors of the Association.

## ARTICLE VI

### BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of at least three (3) but no more than nine (9) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting, the members shall elect at least three (3) directors for a staggered term of one, two, and three years, and at each annual meeting thereafter the members shall elect directors for a term of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expense incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining a written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

## ARTICLE VII

### NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nomination Committee. Nominations may also be made from the floor at the annual meeting. The Nomination Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nomination Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nomination Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written 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. Cumulative voting is not permitted.

## ARTICLE VIII

### MEETINGS OF DIRECTORS

Section 1. Regular Meeting. Regular meeting of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Provided, however, any action taken by it shall be valid and binding.

Section 2. Special Meeting. 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 3. 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.

## ARTICLE IX

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

#### Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the common area and facilities and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

(c) exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) employ attorneys to represent the Association when deemed necessary.

#### Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

(c) with respect to Annual Assessments, to:

(i) fix the amount of the annual assessment against each lot subject to assessment at least fifteen (15) days in advance of each annual assessment period;

(ii) send written notice of each assessment to every owner subject thereto at least fifteen (15) days in advance of each annual assessment period; and

(iii) foreclose the lien against any property for which assessments are not paid within fifteen (15) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment had been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

—(e) procure and maintain adequate liability insurance covering the Association, its directors, officers, agents, and employees and to procure and maintain adequate hazard insurance on the real and personal property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the common area to be maintained; and

(h) cause the exterior of the dwellings to be maintained as specified in the Declaration.

## ARTICLE X

### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 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 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed or be otherwise disqualified to serve.

Section 4. Special Appointments. The Board 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 may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. 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.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes.

Vice President

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

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer 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; keep proper books of account; shall make an annual statement 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 annual meeting, and deliver a copy of each to the members.

## ARTICLE XI

### INDEMNIFICATIONS

The Association shall indemnify any director or officer or former director or officer of the Association against expenses actually and necessarily incurred by him in connection with the defense of any action, suit, or proceeding in which he is made a part by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of duty.

## ARTICLE XII

### COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a nominating committee, as provided in these by-laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

## ARTICLE XIII

### 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 By-laws 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 XIV

### ASSESSMENTS

As more fully provided in the Declaration, each member except Declarant is obligated to pay to the Association annual and special assessments which for each lot subject to assessment which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 15% per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his lot.

## ARTICLE XV

### CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: KARLIE HILL ASSOCIATION, INC., Greenwood, South Carolina.

## ARTICLE XVI

### AMENDMENTS

Section 1. These by-laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these by-laws, the articles shall control; and in the case of any conflict between the Declaration and these by-laws, the Declaration shall control.

## ARTICLE XVII

### FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January, and end on the thirty-first day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

## ARTICLE XVIII

### DISSOLUTION

In the event of dissolution the residual assets of the organization shall be divided equally among the members, one share per residence.

## CERTIFICATION

We, the undersigned, do hereby certify:

THAT I, Charles M. McClain, am the Incorporator of the Association and the duly elected and acting President of the Association, a South Carolina Non-profit corporation; and,

THAT I, Jerome B. Boggus, Jr., am the duly elected and acting Manager of Karlle Hill Development Co., L.L.C., the developer; and,