

**BY-LAWS
OF
ROYAL OAKS TOWNE HOUSE OWNERS ASSOCIATION, INC.**

Article I. Name, Office, and Stock

- Section 1. The name of this non-profit corporation is Royal Oaks Towne House Owners Association, Inc. ("Association").
- Section 2. The principal office of the Association shall be located at the residence of the President of the Association. The position of President of the Association is elective and the street address will vary from time to time, but may be consistently reached at: Box 60, Old Towne Road, Spartanburg, South Carolina, 29301, or at such other place as the directors of the Association may designate.

Article II. Purposes and Objectives

- Section 1. The powers of the Association are set forth herein in accordance with the provisions of Chapter 31, Title 33 of the South Carolina Code of Laws of 1976.
- Section 2. The Association is not organized for profit, the insurance of life, health, accident or property insurance, or participation in any political campaign either for or against any candidate for public office.
- Section 3. The purposes of the organization include the following: to enforce certain covenants, restrictions and liens of the Association and for the benefit of the homeowners therein and to take any and all such other actions necessary to preserve and maintain the integrity of the Association as the homeowners may direct. This includes, without limitation, (i) to provide for maintenance of all roadways located within the Subdivision until dedicated to the appropriate governmental authority, (ii) to maintain the entrance signs to the Subdivision and landscaping surrounding said sign and entrances and all other street signs or lighting located within the Subdivision, (iii) to maintain the Common Areas, (v) to provide for the enforcement of these restrictions, (v) to provide for any other matters which affect or may affect all or a significant number of the

Owners, and (vi) to assess the Owners amounts sufficient, whether regular or special in nature, to accomplish the foregoing as more particularly set forth in the Covenants and defined therein as Assessments.

Section 4. All provisions of the Declaration of Covenants, Conditions, Restrictions and Easements for Royal Oaks Towne Houses Subdivision dated January 31, 1984, recorded in Deed Book 50D, Page 918, in the Spartanburg County Register of Deeds Office as may be amended from time to time (the "Covenants") are incorporated herein by reference. The provisions in the Covenants shall prevail in the event of any conflict with the provisions contained in these By-Laws. Capitalized terms used in these By-laws but not defined herein shall have the meanings given to such terms in the Covenants.

Article III. Fiscal Year

Section 1. The fiscal year of the Association shall begin the first (1st) day of January and end the last day of December of each year.

Article IV. Income, Assets, and Property

Section 1. The Association shall conduct its business without financial profit to itself or its members.

Section 2. No member, officer, or director of the Association shall receive any payment or compensation except as a reasonable allowance for actual expenditures or services rendered on its behalf.

Section 3. The income, assets and property (if any) of the Association shall be used at the discretion of the Board of Directors solely to serve the stated purposes of the Association and without profit to any of its members as such.

Section 4. The net assets of the Association, in the event of its liquidation or dissolution, shall be distributed only to such organization or organizations as have substantially the same purpose as Royal Oaks Towne House Owners Association, Inc., or if no such organization exists the net assets shall be distributed pro-rata among the members of the Association on the date of dissolution after satisfying all obligations of the Association in accordance with South Carolina law.

Article V. Membership and Voting Rights

Section 1. Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association shall be a member of the Association, provided that any such person or entity, who holds such interest merely as a security for the performance of an obligation, shall not be a member. A Member must also meet all other lawful qualifications as may be determined from time to time by the Board of Directors consistent with the Covenants.

Section 2. Membership in the Association shall not be denied to any person because of sex, race, religion or national origin.

Section 3. Membership in the Association shall entitle a person to hold elective office and to participate in the Association's general meetings and activities.

Section 4. The Association now has one class of voting membership that includes all those Owners defined in Section 1. Members shall be entitled to one (1) vote for each lot in which they hold the interests required for membership. When more than one person hold such interest or interests in any lot, all such persons shall be members, and the vote for such 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 such lot.

(The Class B membership previously held by the Developer (Declarant) has been terminated and the developer is now entitled to execute one vote for each lot owned, and is subject to the same rules as stated in the immediately preceding paragraph.)

Article VI. Meetings of Members

Section 1. The general meetings of the members of the Association shall be held at a time designated by the President and decided upon by a majority vote of the Board of Directors.

Section 2. Members shall receive at least fifteen (15) days notice of a general meeting stating the place and time it is to be held. Members may waive such notice.

Section 3. Special meetings of the members of the Association may be called at any time by the action of the President and Board of Directors upon not less than ten (10) days notice to each member. Members may waive such notice.

Section 4. A quorum at the general meetings of the Association shall consist of the number of members present at a duly called meeting and two (2) officers. The affirmative vote of a majority of members present at a meeting (or by written proxy) and entitled to vote shall be required to approve every proposal submitted at a duly called meeting. Regardless of the number of members who may own an interest in any one (1) lot within, there shall be allowed only one (1) vote per lot.

Article VII. Assessments

Section 1. The assessment for annually budgeted operational costs shall be established by the board and may be increased by the board without approval of the owners. When the Board of Directors fixes assessments, the board shall at the same time, and in connection therewith, prepare or cause to be prepared, a budget showing the services furnished by the Association, and the costs thereof per unit.

Section 2. A special assessment, applicable to that year only, may be established for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement. A special assessment may be established at a duly called meeting of the membership. For a special assessment to pass, the meeting must have the presence of owners or of proxies entitled to cast two-thirds (2/3) of all the votes to constitute a quorum, and two-thirds (2/3) of the lot votes cast in person or by proxy at the meeting duly called for this purpose must assent to the special assessment

Article of VIII. Board of Directors

Section 1. The Board of Directors shall at all times consist of not less than three (3) nor more than seven (7) persons who are owners of lots within Royal Oaks Subdivision.

Section 2. The Board of Directors shall have full power to govern the affairs and property (if any) of the Association subject to the By-Laws and the appropriate provisions of state and federal law.

Section 3. The Board of Directors, pursuant to its powers, may exercise its prerogative to:

- a.) determine the location of corporate offices;
- b.) adopt, make and use a corporate seal;
- c.) decide questions of membership;
- d.) select or remove the officers and agents of the Association;
- e.) appoint committees and appraise their recommendations and actions;
- f.) make such rules, regulations and decisions as they may deem advisable for the efficient conduct of the Association; to include the right to enforce the Covenants against those members who may be in violation of the same;
- g.) hire agents or property management companies to carry out the day to day operations of the Association.

Section 4. The Board of Directors shall be composed of the officers of the Association, the immediate past President of the Association if he/she is willing and able to serve, and such other members in good standing who are willing to serve and are elected by the membership at a scheduled meeting. One (1) non-member of the Association may be a director.

Section 5. Election of Association members to serve as Directors shall be conducted at a duly called meeting annually or earlier if the Board membership drops to less than three members.

Members currently serving on the Board of Directors may be nominated or volunteer for re-election to continue serving on the new Board.

Section 6. The newly elected Board of Directors shall meet as soon as practical after the election and shall elect officers.

The term of the newly elected members of the Board of Directors shall be for two years. The term of the re-elected members of the Board of Directors shall be for one year, however, at the end of this one-year term, such member may again be nominated or volunteer for re-election to continue serving on the new Board.

Section 7. A member of the Board of Directors may be removed

from office because of misconduct, dereliction of duty, or failure to maintain membership in the Association. Such removal shall be by majority vote of the members present at any regular meeting when written notice specifying the reasons for removal has been sent to the challenged director at least one (1) month in advance.

Article IX. Meetings of the Board

Section 1. Meetings of the Board of Directors shall be held at least annually and preferably during each quarter of the fiscal year at the time designated by the President, subject to the approval of a majority of the members of the Board.

Section 2. Members of the Board of Directors shall be given notice of a regular or special meeting at least three (3) days in advance by the Secretary or other officer of the Association.

Section 3. Special meetings of the Board of Directors may be called at any time for any reasonable purpose by the President; or, if he is incapacitated or absent from the state, by anyone duly acting in his stead.

Section 4. Meetings of the Board of Directors must have a majority of the number of board members in order to conduct business, and each member of the Board shall be entitled to one vote on every proposal submitted for consideration at a meeting. A majority of directors voting at a meeting shall be required to approve any and all proposals submitted for consideration.

For the purposes of determining a majority for conducting business in the event the Association has an even number of Board members, and for breaking what would otherwise be a tie vote for matters requiring a majority vote, the presiding officer shall assume an additional one-half (1/2) vote.

Section 5. The President of the Association shall preside at meetings of the Board of Directors; or if he is not present, the presiding officer shall be the Vice President or the Secretary respectively.

Section 6. Members of the Board, or any Committee designated by the Board, may participate in designated meetings by means of conference calls or similar equipment such as cell

phones or the internet by means of which all persons participating in the meeting can communicate with each other in a meeting pursuant to this Bylaw, shall constitute being present at such meeting.

Section 7. Any business which might be transacted at a regular meeting of the members held after due notice may be transacted by unanimous consent of all board members, whether or not a meeting is actually held.

Article X. Corporate Officers

Section 1. The officers of the Association shall be a President, Vice President, and a Secretary and Treasurer and such others as may be determined by the Board of Directors.

Section 2. The officers of the Association shall be elected by the Board of Directors and shall serve in succession. One person may hold more than one office.

Section 3. The Board of Directors may remove any officer for misconduct, dereliction of duty, failure to maintain membership in the Association, or any other reason which in the opinion of the Board of Directors is sufficient for removal of an officer.

Section 4. A vacancy in any office shall be filled by a majority vote of the Board of Directors at the first regular meeting after it occurs.

Article XI. Duties of Officers

Section 1. The President shall be the chief executive officer of the Association. He shall call and preside at meetings of the members and Board of Directors, shall be an ex officio member of all committees, and shall nominate the members and chairmen of such committees for approval by the Board. He shall have the general powers and duties usually vested in the office of The President of a Association including responsibility for planning, supervising and directing the program and operations of the Association; and he shall have such other powers and duties as may be prescribed by the Board of Directors. He shall to the fullest extent possible share his duties and authorities with the Vice President, but in matters of disagreement the opinion of the President shall prevail.

Section 2. The Vice President shall exercise the powers and

perform the duties of the President in the absence or disability of the latter and shall have such powers and duties as may be prescribed for him by the President or Board of Directors. He shall consult with the President to the fullest extent possible and work with him to carry out such duties and responsibilities as the President requests.

Section 3. The Secretary shall keep minutes of the meetings of the members and Board of Directors and shall have general supervision of the records of the Association. He shall serve all notices and make all reports required by law and the By-Laws, and shall sign all papers of the Association as he may be authorized or directed to do by the President or Board of Directors. He shall keep a proper membership record showing the name, address, and telephone number of each member of the Association and shall perform such other duties as may be required by the President or Board of Directors. He shall turn over to his successor all records and property belonging to the Association as he may have in his possession.

Section 4. The Treasurer shall have general supervision of the financial records and transactions of the Association. He shall maintain or supervise the credit and bank accounts of the Association, a regular record of income and expenditures, and a regular record of the contributions and payment of dues. He shall make a financial report at the regular meetings of the Board of Directors and shall make and maintain a written annual financial report for the Association on February 15 of each fiscal year. He shall file or cause to be filed the state and federal tax returns of the Association at the appropriate time each year and shall maintain a copy of the tax returns, the Articles of Incorporation, state and federal tax determination letters and postal permits. He shall assure the payment of bills and reimbursements of expenses authorized by the President or the Board of Directors on a regular and timely basis, and shall secure prices and make purchases at the request of the president or Board of Directors. He shall make the necessary applications for grants, and shall assist the President in preparing the budget of the Association each year for proposal to the Board of Directors. He shall perform such other duties as may be requested by the president or Board of Directors, and shall turn over to his successor all records and property of the Association as he may have in his possession.

Article XII. Limitation of Liability and Indemnification

Section 1. The Association, its directors, officers and members shall not be liable to members, property owners, their lessees, invitees and guests, or to any other person or entity for any damage or injury which results from any rule or regulation promulgated pursuant to these By-Laws or the said Covenants in good faith and with reasonable care. Nor shall they be liable to the aforesaid persons for any personal injury or property damage or other incidental or consequential damages occasioned by any non-negligent act or omission in the inspection, repair or maintenance of any site improvements or portion thereof. Pursuant to the Articles, the Association shall indemnify and hold harmless its agents, officers and directors from all liability, loss, cost, damage and expense, including attorney=s fees, arising or growing out of any and all operations and activities of the Association.

Article XIII. Amendments

Section 1. The By-Laws of the Association may be amended, revised or repealed by a majority vote of the members of the Association present at any regular or special meeting duly called for that purpose if notice has been given pursuant to Article VI hereof and the amendments to be considered sent to the members of the Association at least ten (10) days in advance.

APPROVED BY UNANIMOUS VOTE OF BOARD MEMBERS ON _____
Date

Secretary _____

