

**BY-LAWS OF
SECRET COVE HOMEOWNERS ASSOCIATION**

ARTICLE I

Offices

1. Principal Office

The principal office of the corporation shall be located in Lexington, SC

2. Other Offices

The corporation may have offices at such other places, either within or without the State of South Carolina, as the Board of Directors may from time to time determine, or as the business of the corporation may require.

ARTICLE II

Meetings of Shareholders

1. Place of Meetings

All meetings of the shareholders shall be held at the principal office of the corporation, or at such other place, either within or without the State of South Carolina as shall be designated in the notice of the meeting.

2. Annual Meetings

The annual meeting of shareholders shall be held on the third Tuesday in January of each year, if not a legal holiday, but if a legal holiday, then on the next ensuing day not a legal holiday, for the purpose of electing directors of the corporation and for the transaction of such other business as may properly be brought before the meeting. The name of the corporation is Secret Cove Homeowners Association. The first annual meeting shall be held in 1994.

3. Substitute Annual Meetings

If the annual meeting be not held on the date herein specified or within thirty (30) days thereafter, a substitute meeting may be called in the manner provided in Section 4 of the Article. Such substitute meeting shall for all purposes be deemed to be and treated as the annual meeting.

4. Special Meetings

Special meetings may be called at any time by any one of the following:

- The President
- The Chairman of the Board of Directors
- A majority of the Board of Directors
- The holders of not less than ten (10%) per cent of the shares entitled to vote at the meeting

5. Notice of Meeting

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Written or printed notice stating the time and place of the meeting and, in case of purposes for which a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) nor more than fifty (50) days before the date thereof, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited with postage pre-paid in the United States mail addressed to the shareholder at his address as it appears on the stock transfer books of the corporation.

In the case of an annual or substitute annual meeting, the notice thereof need not specifically state the business to be transacted there unless it is a matter, other than election of directors, on which a vote of shareholders is expressly required by the provisions of the South Carolina Business Corporation Act.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days, notice of the adjourned meeting need not be given if the time and place of the adjournment are announced at the meeting at which the adjournment is taken.

6. Quorum

The holders of a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at meetings of shareholders. If there is no quorum at the opening of a meeting of shareholders, such meeting may be adjourned from time to time by a vote of a majority of the shares voting on the motion to adjourn. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

The shareholders at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

7. Voting of Shares

Each outstanding share having voting rights shall be entitled to one vote on each matter submitted to a vote at a meeting of the shareholders.

Except in the election of directors, the vote of a majority of the shares voted on any matter at a meeting of shareholders at which a quorum is present shall be the act of the shareholders on that matter unless the vote of a greater number is required by law or the Articles of Incorporation or By-Laws of the corporation.

Voting on all matters except the election of directors shall be by voice vote or by show of hands unless the holders of one tenth (1/10) of the shares represented at the meeting shall, prior to the voting on any matter, demand a ballot vote on that particular matter.

8. Informal or Irregular Action by Shareholders

Action taken at any meeting of shareholders, however called and with whatever notice, if any, shall be deemed action of the shareholders taken at a meeting duly called and held on proper notice if:

- All shareholders entitled to vote at the meeting are present in person or by proxy, and no share holder objects to holding the meeting
- A quorum is present either in person or by proxy, no one present objects to holding the meeting, and each absent person entitled to vote at the meeting signs, either before or after the meeting, a written waiver of notice, or consent to holding of the meeting, approval of the action taken as shown by the minutes thereof.
- Any action which may be taken at a meeting of shareholders may be taken without a meeting if a written consent, setting to the action so taken, is signed by the holders of all outstanding shares entitled to vote on such action and is filed with the Secretary of the corporation as part of the corporate records.

ARTICLE III

Directors

1. General Powers

The business and affairs of the corporation shall be managed by the Board of Directors or by such Executive Committee as the Board may establish pursuant to these By-Laws.

2. Number, Term, and Qualifications

The number of the directors of the corporation shall be not less than 3 nor more than 5. Each director shall hold office until the expiration of the term for which he is elected, and until his successor shall have been elected and qualify, or until his earlier resignation, removal, death or incapacity.

3. Election of Directors

Except as provided in Section 6 of this Article, the directors shall be elected at the annual meeting of the shareholders, and those persons who receive the highest number of votes shall be deemed to have been elected. If any shareholder so demands, election of directors shall be by ballot. In the election of directors each shareholder entitled to vote shall have the right to vote in the manner provided in Section 12-16.20 of the South Carolina Business Corporation Act.

4. Removal

Any or all directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of directors, subject to the provisions of the South Carolina Business Corporation Act pertaining to removal of directors.

5. Vacancies

Any vacancy occurring in the Board of Directors may be filled by a majority of the remaining directors, even though less than a quorum, or by the sole remaining director; but a vacancy created by an increase in the number of directors shall be filled only by election at an annual meeting or a special meeting of shareholders called for that purpose.

6. Chair

There may be a Chair of the Board of Directors elected by the directors from among their number at any meeting of the Board. The Chair shall preside at all meetings of the Board of Directors and shall perform such other duties as may be directed by the Board.

7. Compensation

The Board of Directors will receive no compensation for their services.

ARTICLE IV

Meetings of Directors

1. Regular Meetings

A regular meeting of the Board of Directors shall be held immediately after, and at the same place as the annual meeting of shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of South Carolina, for the holding of additional regular meetings.

2. Special Meetings

Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or a majority of the directors. Such meetings shall be held either within or without the State of South Carolina.

3. Notice of Meetings

Regular meetings of the Board of Directors may be held without notice. Special meetings of the Board of Directors shall be held upon at least two (2) consecutive days notice by any usual means of communication. The purpose of such meeting need not be specified in the notice.

A majority of the total number of directors then in office shall constitute a quorum for the transaction of business.

Except as otherwise provided in this section, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

No By-Law may be adopted, amended or repealed except by the vote of a majority of the Directors then holding office. Vacancies in the Board of Directors may be filled as provided in Article III, Section 6 of these By-Laws.

5. Informal or irregular action by Directors

Action taken by a majority of the directors or members of an executive committee without a meeting shall be valid, if:

- Written consent to the action taken is executed, either before or after the action so taken, by all the directors or committee members and is filed with the minutes of the proceedings of the Board or Committee
- All shareholders have actual knowledge of the action taken and no shareholder makes prompt objection thereto.

ARTICLE V

Officers

1. Number

The officers of the corporation shall consist of a President, Secretary, Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, except the offices of President and Secretary. It shall not be necessary for any officer to be a shareholder of the corporation.

2. Election and Term

The officers of the corporation shall be elected by the Board of Directors at its annual meeting, and each officer shall hold his office for one year and until his successor shall be elected and qualify, or until his earlier death, resignation, retirement, removal or disqualification .

3. Removal

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board or by the Executive Committee whenever in its judgment the best interests of the corporation will be served thereby.

4. Compensation

There will be no compensation for officers or the corporation.

5. President

The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall supervise and control the management of the corporation according to these By-Laws.

The President shall sign, with any other proper officer, certificates for shares of the corporation and may deeds mortgages, bonds, contracts or other instruments which may lawfully be executed on behalf of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent; and, in general, he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

6. Vice President

The Vice Presidents in the order of their election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and shall have such other powers as the Board of Directors shall prescribe.

7. Secretary

The Secretary shall keep accurate records of the acts and proceedings of all meetings of shareholders and directors. He shall give all notices required by law and by these By-Laws. He shall have general charge of the corporate records and books and of the corporate seal, and he shall affix the corporate seal to any lawfully executed instruments requiring it. He shall keep at the registered or principal office of the corporation, a record of shareholders showing the name and address of each shareholder. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him from time to time by the Board of Directors.

8. Treasurer

The Treasurer shall have custody of all funds and securities belonging to the corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the corporation in books especially provided for that purpose; and shall cause a true statement of the assets and liabilities as of the close of each fiscal year and of the results of its operations and of changes in surplus for such fiscal year, all in reasonable detail, including particulars as to convertible securities then outstanding, to be made and filed in the registered office of the corporation within five (5) months after the end of such fiscal year. The statement so filed shall be kept available for inspection by

any co-shareholders for a period of ten (10) years; and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any shareholder upon his written request therefore. The Treasurer shall, in general, perform all duties incident to his office and such other duties as may be assigned to him from time to time by the President or by the Board of Directors.

9. Assistant Secretaries and Treasures

The Assistant Secretaries and Assistant Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those offices and shall, in general, perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

10. Bonds

The Board of Directors may, by resolution require any or all officers, agents or employees of the corporation to give bond in such sum and with such sureties as the resolution may specify for the faithful discharge of their duties; and to comply with such other conditions as may from time to time be required by the Board.

ARTICLE VI

Contract, Check and Deposits

1. Contracts

The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the corporation, and such authority may be general or confined to specific instances.

2. Checks and Drafts

All checks, drafts or other orders for the payment of money issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

3. Deposits

All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such depositories as the Board of Directors shall direct.

ARTICLE VII

Transfer of Shares

1. Transfer of Shares

Transfer of shares shall automatically occur when the Lot is sold and closed.

ARTICLE VIII

Indemnification

1. Right of Indemnity

Whenever any present or former Director, Officer, Employee or agent of the Corporation who, by reason of the fact that he is or was serving at the request of the Corporation in such capacity, is made a party to any suit, action or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, he shall be indemnified against reasonable expenses, including attorney's incurred by him in connection with such manner he reasonably believed to be in or not opposed to the best interest of the Corporation. Provided, however; that no indemnification shall be made in respect of any claim, judgments, amounts paid in settlement, issue, fine, matter, attorney's fees for a criminal proceeding, or as to such person guilty of a violation of criminal law, or as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation 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 indemnity for such expenses which the court shall deem proper. Further, that there shall be no indemnification if such conduct involved moral turpitude.

The right of indemnity provided in this Article shall inure to the estate, executor, administrator, legatees, or devisees of any person entitled to such indemnification.

2. Right of Corporation to Insure

Notwithstanding the provisions of Section 1 of this Article VIII, the Corporation may purchase and maintain insurance on behalf of any person who is or was Director, Officer, Employee or Agent of the Corporation, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of the Article.

ARTICLE IX

General Provisions

1. Waiver of Notice

Whenever any notice is required to be given to any shareholder or director under the provisions of the South Carolina Business Corporation Act or under the provisions of the Articles of Incorporation or By-laws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the date of the meeting or other event requiring notice, shall be equivalent to the giving of such notice.

Attendance of a shareholder (in person or by proxy) or director, at a meeting of shareholders or directors, as the case may be, shall of itself constitute a waiver of notice of such meeting, except where a shareholder or director attends a meeting solely for the purpose of stating his objection, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

2. Fiscal Year

Unless otherwise ordered by the Board of Directors, the fiscal year of the corporation shall commence on January 1 and end on December 31st.

3. Amendments

The Board of Directors may adopt, amend, or repeal these By-Laws, subject always to the right of the shareholders to adopt, amend or repeal By-Laws, and to the limitations and exceptions herein provided. No By-Law adopted or amended by the shareholders may be amended by the Board of Directors. No By-Law shall be adopted by the Board of Directors which shall:

- Require for action by the shareholders any quorum or vote which is greater than that which is permitted by law or the Articles of Incorporation
- Provide for the management of the corporation otherwise than Board of Directors or its Executive Committee
- Increase or decrease the number of directors
- Classify or stagger the election of directors

The shareholders may at any regular or special meeting of shareholders, adopt, amend or repeal By-Laws.

Actions by the shareholders with respect to By-Laws shall be taken by a majority of all shares entitled to vote to elect directors, and action by the Board of Directors with respect to By-laws shall be taken by a vote of a majority of all directors then holding office.

Any notice of a meeting of shareholders or of directors at which By-Laws are to be adopted, amended, or repealed shall include notice of such proposed action.