

**BY-LAWS**  
**OF**  
**THE FARM AT CAROLINA FOREST HOMEOWNERS ASSOCIATION, INC.**

**Article I.      Name, Principal Office, and Definitions**

1.1.    Name.

The name of the corporation is The Farm at Carolina Forest Homeowners Association, Inc. ("Association").

1.2.    Principal Office.

The Association's principal office shall be located in Horry County, South Carolina. The Association may have such other offices, either within or outside the state of South Carolina, as the Board of Directors may determine or as the Association's affairs require.

1.3.    Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for The Farm at Carolina Forest Recorded in the Office of the Register of Deeds of Horry County, South Carolina, as it may be amended ("Declaration"), unless the context indicates otherwise.

**Article II.      Association: Membership, Meetings, Quorum, Voting, Proxies**

2.1.    Membership.

The Association shall have two classes of membership as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

2.2.    Place of Meetings.

Association meetings shall be held at the Association's principal office or at such other suitable place convenient to the Members as the Board may designate.

2.3.    Annual Meetings.

The first Association meeting, whether a regular or special meeting, shall be held not later than thirty (30) days after the Declarant Control Period terminates or expires unless otherwise set by the Declarant.

Meetings shall be of the Members. Subsequent regular annual meetings shall be held each year at a time set by the Board.

2.4. Special Meetings.

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed by at least Twenty-five (25%) Percent of the Members. 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.

2.5. Notice of Meetings.

It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of each Unit (as shown in the Association's records) a notice of each annual or special meeting of the Association stating the time and place where it is to be held and in the notice of a special meeting, the purpose thereof. If an Owner wishes notice to be given at an address other than the Unit, the Owner shall designate by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices for annual and special meetings shall be served at least Thirty (30) days but not more than Sixty (60) days in advance of such meeting.

If mailed, the notice of a meeting shall be deemed to be delivered upon the earliest of: (a) the date received; (b) five (5) days after its deposit in the United States mail, as evidenced by its postmark, if mailed with first class postage affixed; (c) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, and signed by or on behalf of the addressee or (d) thirty (30) days after its deposit in the United States mail, as evidenced by the postmark, if mailed with other than first class, registered, or certified postage affixed.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meeting

In any meetings of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting the necessary quorum shall be seventy-five (75%) percent of the Members who were present either in person or by proxy at the original meeting and any business which might have been transacted at the meeting originally called may be transacted without further notice.

2.8 Voting.

The Declaration shall set forth the Member's voting rights; such voting rights provisions are specifically incorporated by this reference.

2.9 Proxies.

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, dated and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Unit, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

2.10. Majority.

As used in these By-Laws, the term "majority" shall mean those votes, Members, or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

2.11. Quorum.

The presence, in person or by proxy, of twenty-five (25%) percent of the total eligible Association vote shall constitute a quorum at all meetings of the Association. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. Any amendment to this Section shall comply with the provisions of Section 33-31-1023 of the South Carolina Nonprofit Corporation Code.

2.12. Conduct of Meetings.

The President shall preside over all Association meetings, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting.

Any action to be taken at a meeting of the Members, or which may be taken at a meeting of the Members, may be taken without a meeting if written consents setting forth the action so taken are signed by Members holding at least eighty (80%) percent of the Association's voting power. Action taken without a meeting shall be effective on the date that the last consent is executed or, if required, the date Declarant consents to the action unless a later effective date is specified therein. Each signed consent shall be delivered to the Association and shall be included in the minutes of meetings of Members filed in the permanent records of the Association.

### **Article III. Board of Directors: Number, Powers, Meetings**

#### **A. Composition and Selection.**

##### **3.1. Governing Body; Composition.**

A Board of Directors, each of whom shall have one equal vote, shall govern the Association's affairs. Except with respect to directors Declarant appoints during the Declarant Control Period, the directors shall be Members or residents; however, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any person eighteen (18) years of age or older whose principal residence is a Unit within the Community. In the case of a Member which is not an individual, any officer, director, partner, member or manager of a limited liability company, or trust officer of such Member shall be eligible to serve as a director unless a written notice to the Association signed by such Member specifies otherwise; however, no Member may have more than one such representative on the Board at a time, except in the case of directors Declarant appoints.

##### **3.2 Number of Directors.**

The Board shall consist of three to seven directors, as provided in Section 3.4 below. The initial Board shall consist of the three directors identified in the Articles of Incorporation.

##### **3.3. Nomination and Election Procedures.**

(a) Nomination of Directors. Except with respect to directors Declarant appoints during the Declarant Control Period, nominations for election to the Board shall be made by a "Nominating Committee." The Nominating Committee shall consist of a Chairman, who shall be a Board member, and three or more Members or representatives of Members. The Board shall appoint the Nominating Committee not less than thirty (30) days prior to each election to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such election. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled as provided in Section 3.4 below. Nominations shall also be permitted from the floor. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

(b) Election Procedures. Each Owner may cast the entire vote assigned to his Unit for each position to be filled. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

##### **3.4. Election and Term of Office.**

Owner elected directors shall be elected and hold office as follows:

- (a) After the Declarant's right to appoint directors and officers terminates, the Association shall call the first annual meeting to be held at which Members shall elect three (3) directors.
- (b) Thereafter, directors shall be elected at the Association's annual meeting. All eligible Members of the Association shall vote on all directors to be elected and the candidate(s) receiving the most votes shall be elected.

At the special meeting in which the Owners initially elect directors, two (2) directors shall be elected to two-year terms and one director shall be elected to a one-year term. At the expiration of the initial term of office of each respective Owner-elected director, a successor shall be elected to serve for a term of two (2) years. The directors shall hold office until their respective successors shall have been elected by the Association.

After the Declarant's right to appoint directors and officers terminates, upon a vote to approve by two-thirds of the Members, the number of directors may be expanded to any odd number up to and including seven (7) directors.

### 3.5. Removal of Directors and Vacancies.

At any regular or special meeting of the Association duly called, any one or more of the directors may be removed, with or without cause, by a vote of a majority of the Members and a successor may then and there be elected to fill the vacancy thus created. A director whose removal has been proposed by the Members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, 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 may be removed by a majority vote of the remaining directors at a meeting.

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

This Section shall not apply to directors Declarant appoints. Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director it has appointed.

## B. Meetings.

### 3.6. Organizational Meetings.

The Board shall hold an organizational meeting within thirty (30) days following each annual Association meeting at such time and place the Board shall fix.

### 3.7. Regular Meetings.

The Board may hold regular meetings at such time and place a majority of the directors shall determine, but the Board shall hold at least four (4) such meetings during each fiscal year with at least one per quarter. The Board shall give notice of the time and place of a regular meeting to directors not less than six

(6) days prior to the meeting; provided, the Board need not give notice of a meeting to any director who has signed a waiver of notice or a written consent to holding the meeting.

3.8. Special Meetings.

The Board may hold special meetings when called by written notice signed by the President, the Vice President, or any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least six business days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic communication shall be delivered or communicated at least seventy-two (72) hours before the time set for the meeting. Notices of such meetings shall also be delivered to the Members contemporaneously with the directors' notices.

3.9. Waiver of Notice.

The transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Telephonic Participation in Meetings.

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

3.11. Quorum of Board of Directors.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless the By-Laws or the Declaration specifically provide otherwise. A meeting at which a quorum is present initially may continue to transact business, notwithstanding the withdrawal of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date of the original meeting. At the reconvened meeting, if a quorum is present the Board may transact without further notice any business which it might have transacted at the original meeting. Any

amendments to this Section shall comply with the provisions of Section 33-31-1024 of the South Carolina Nonprofit Corporation Code.

3.12. Compensation.

Directors shall not receive any compensation from the Association for acting as such. The Association may reimburse any director for expenses incurred on the Association's behalf. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies he or she furnishes to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director makes his or her interest known to the Board prior to entering into such contract and a majority of the Board, excluding the interested director, approves such contract.

3.13. Conduct of Meetings.

The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.14. Open Meetings.

Subject to the provisions of Section 3.15, all Board meetings shall be open to all Members, but attendees other than directors may not participate in any discussion or deliberation unless a director requests permission for that person to speak. In such case, the President may limit the time such person may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors. Only the following matters are open for discussion in executive session:

- (a) matters pertaining to Association employees or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
- (b) consultation with legal counsel regarding disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) investigative proceedings concerning possible or actual criminal conduct;
- (d) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; and
- (e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

3.15. Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

**C. POWERS AND DUTIES.**

3.16. Powers.

The Board shall have all of the powers and duties necessary for managing the Association's affairs and for performing all responsibilities and exercising all of the Association's rights as set forth in the Governing Documents as provided by law. The Board may do or cause to be done all acts and things as are not by the Governing Documents or South Carolina law directed to be done and exercised exclusively by the Members or the membership generally.

3.17. Duties.

The Board's duties shall include, without limitation:

- (a) causing to be prepared and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses and any Neighborhood Expenses;
- (b) levying and collecting such assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility and entering into agreements with adjacent property owners to allocate maintenance responsibilities and costs of certain public rights-of-way and other property within or adjacent to the Community;
- (d) designating, hiring, and dismissing the personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on the Association's behalf in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' business judgment, in depositories other than banks;
- (f) making and amending Rules and Regulations in accordance with the Declaration;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents;



(i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in Section 8.5 of the Declaration;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

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

(m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 6.4;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Community;

(o) indemnifying an Association director, officer, or committee member, or former Association director, officer, or committee member to the extent such indemnity is required by South Carolina law, the Articles of Incorporation, or the Declaration; and

(p) assisting in the resolution of disputes between Owners and others without litigation, as set forth in the Declaration.

### 3.18. Right of Declarant to Disapprove Actions.

So long as Declarant owns any portion of the real property described in Exhibit "A" or "B", Declarant shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee which, in Declarant determines, in its sole and exclusive discretion, would tend to impair rights of Declarant under the Declaration or these By-Laws, interfere with the development or construction of any portion of the Community, or diminish the level of services the Association provides.

(a) The Association shall give Declarant written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Board meetings with Sections 3.7, 3.8, 3.9, and 3.10 and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Association shall give Declarant the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

Declarant, its representatives, or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. Declarant, acting through any officer, director, agent, or authorized representative, may exercise its right to disapprove at any time within ten (10) days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ten (10) days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of the Board, the Association, or any committee. Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

### 3.19. Management.

The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority. Declarant or an affiliate of Declarant may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

### 3.20. Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) the Association's cash accounts shall not be commingled with any other accounts;
- (d) the managing agent shall accept no remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;
- (e) the managing agent shall disclose to the Board promptly any financial or other interest which the managing agent may have in any firm providing goods or services to the Association;

(f) an annual report consisting or at least the following shall be made available to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed or compiled basis, as the Board determines, by an independent public accountant; however, upon written request of any holder, guarantor or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement. During the Declarant Control Period, the annual report shall include certified financial statements.

### 3.21. Borrowing.

The Association shall have the power to borrow money for any legal purpose; however, the Board shall obtain Member approval in the same manner provided in Section 9.2 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous twelve (12) month period, exceeds or would exceed twenty (20%) percent of the Association's budgeted gross expenses for that fiscal year. No Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Members representing at least eighty (80%) percent of the total vote in the Association.

### 3.22. Right to Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with residential or nonresidential owners' associations within and outside the Community; however, any common management agreement shall require the Board's consent.

### 3.23. Enforcement.

In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable monetary fines, which shall constitute a lien upon the Unit of the violator, and to suspend an Owner's right to vote for violation of any duty imposed under the Governing Documents. In addition, the Board may suspend any services the Association provides to an Owner or an Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charges owed to the Association. In the event that any occupant, tenant, employee, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the Association shall first assess the fine against the occupant, tenant, employee, guest, or invitee; however, if the occupant does not pay the fine within the time period the Board sets, the Owner shall pay the fine upon notice from the Association. The Board's failure to enforce any provision of the Governing Documents shall not be deemed a waiver of the Board's right to do so thereafter.

(a) Notice. Prior to imposition of certain sanctions requiring notice under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; however, the Board

may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

3.25. Board Training Seminar.

Each director is encouraged to complete a board training seminar within such director's first six months of directorship. Such seminar shall educate the directors about their responsibilities and duties. The seminar may be in live, video or audio tape, or other format.

**Article IV. Officers**

4.1. Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Board members; other officers may, but need not be Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers; as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. The same person may hold any two or more offices, except the offices of President and Secretary. Moreover, the Secretary shall be responsible for preparing minutes of all directors' and Members' meetings and for authenticating records of the corporation.

4.2. Election and Term of Office.

The Board shall elect the officers of the Association at the first Board meeting following each annual meeting of the Members, to serve until their successors are elected.

4.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the Association's best interests will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

The Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Secretary shall prepare, execute, certify, and Record amendments to the Declaration as provided in Section 17.2 of the Declaration. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other Association instruments shall be executed by at least two officers or by such other person or persons as a Board resolution may designate.

4.7. Compensation.

Officers' compensation shall be subject to the same limitations as directors' compensation under Section 3.12 of the By-Laws.

**Article V. Committees**

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

**Article VI. Miscellaneous**

6.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

6.2. Parliamentary Rules.

Except as may be modified by Board resolution, Robert's Rules of Order (the then current edition) shall govern the conduct of Association proceedings when not in conflict with South Carolina law or the Governing Documents.

6.3. Conflicts.

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

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit any Member or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, By-Laws, and Articles of Incorporation, including any amendments, any Supplemental Declarations, the Rules and Regulations, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within the Community as the Board shall designate.

(b) Rules for Inspection. The Board shall establish rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties the Association owns or controls. The director's right of inspection includes the right to make a copy of relevant documents at the Association's expense.

6.5 Notices.

Unless the Declaration or these By-Laws otherwise provide, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

6.6 Amendment.

(a) By Declarant. During the Declarant Control Period, Declarant unilaterally may amend these By-Laws for any purpose. Thereafter, Declarant or the Board unilaterally may amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; provided, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing Fifty-one (51%) percent of the total vote in the Association, and the consent of Declarant, so long as Declarant has the right unilaterally to annex property pursuant to Section 11.1 of the Declaration or as long as Declarant owns any portion of the real property described in Exhibit "A" or "B". In addition, the approval requirements set forth in Article XVII of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) FHA/VA Approval of Amendments. The U.S. Department of Veterans Affairs (if it is guaranteeing Mortgages in the Community or has issued a project approval for the guaranteeing of such Mortgages) and/or the U.S. Department of Housing and Urban Development (if it is then insuring any Mortgage in the Community or has issued a project approval for the insuring of such Mortgages) shall have the right to veto amendments to these By-Laws for as long as Declarant has the right to appoint and remove the Association's directors and officers.

(d) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon Recordation, unless the amendment specifies a later effective date. Any procedural challenge to an amendment must be made within one year of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws. The Secretary shall prepare, execute, certify, and Record amendments to these By-Laws.

No amendment may remove, revoke, or modify any of Declarant's rights or privileges without its written consent so long as Declarant has the right unilaterally to annex property pursuant to Section 11.1 of the Declaration or as long as Declarant owns any portion of the real property described in Exhibits "A" or "B".

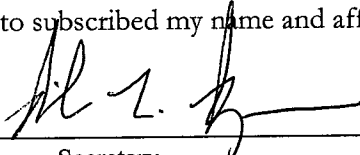
### CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of The Farm at Carolina Forest Homeowners Association, Inc., a South Carolina non profit corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 12<sup>th</sup> day of February, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 12<sup>th</sup> day of February, 2004.

  
Secretary

TMS  
16423,16424,16431,16435,16436

**STATE OF SOUTH CAROLINA**  
**COUNTY OF HORRY**

**) SECOND AMENDMENT TO BY-LAWS OF**  
**) THE FARM AT CAROLINA FOREST**  
**) HOMEOWNERS ASSOCIATION, INC.**

**WHEREAS, D.R. Horton, Inc.** (The "Declarant") recorded that certain Declaration of Covenants, Conditions and Restrictions for The Farm at Carolina Forest on February 13, 2004 in Deed Book 2697 at Page 0128, Horry County records (the "Declaration"); and,

**WHEREAS,** the By-Laws of the Farm at Carolina Forest Homeowners Association, Inc. (the "HOA") were attached to and made a part of the Declaration as Exhibit "D"; and,

**WHEREAS,** pursuant to Article VI , Section 6.6(a) of the By-Laws, during the Declarant Control Period, the Declarant shall have the unilateral right to amend the By-Laws for "any purpose"; and,

**WHEREAS,** the By-Laws were previously amended to set forth the number of Directors to be appointed by the Declarant in that Fifth Amendment to the Declaration recorded on November 3, 2011 in Deed Book 3550 at Page 590, Horry County records; and,

**WHEREAS,** as of the date of this Second Amendment to By-Laws, the Declarant has not turned over the control to the Association to the homeowners; and,

**WHEREAS,** the Declarant now wishes to amend the By-Laws as stated herein.

**NOW THEREFORE,** for and in consideration of the premises herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Declarant and the Association hereby declare and agree that the real property previously submitted to the Declaration, is and shall be held, transferred, sold and conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth and as already set forth in the Declaration, including the By-Laws and all amendments thereto, and that said By-Laws shall be amended as follows:

#### **PROVISIONS IN THE BY-LAWS**

1. It is hereby agreed that the aforesaid Declaration, including the By-Laws and all previous amendments thereto, shall be and the same is hereby ratified, confirmed and adopted in all respects and all particulars as to each and every provision thereof except as to those provisions expressly amended as set forth herein and shall be, and hereby are, binding upon all present and future Owners their mortgagees and lien holders. It is further agreed that this document shall, and does hereby constitute the Second Amendment to the aforesaid Declaration and By-Laws with regard to the matters and things set forth herein.

2. This Second Amendment to the By-Laws shall be binding upon and inure to the benefit of all parties having any right, title or interest in the described properties or any part thereof,



their heirs, successors, successors-in-title and assigns, and shall inure to the benefit of each owner thereof.

### AMENDMENTS

1. Section 3.23(a) of Article III of the By-Laws for the Farm at Carolina Forest attached to the Declaration as EXHIBIT D is deleted in its entirety and replaced with the following:

(a) Courtesy Letter. Prior to imposition of sanctions contained in this Section 3.23, the Board or its Management Company shall provide written notice ("Courtesy Letter") to the alleged violater, via regular mail to the last address of the alleged violater known to the Board or its Management Company, describing the following: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed for non-compliance; and (iii) the action required to cure the alleged violation within ten (10) days of the date of the Courtesy Letter.

(b) Violation Letter. If the alleged violation is not cured with ten (10) days of the date of the Courtesy Letter, the Board or its Management Company shall provide a second written notice to the alleged violater, ("Violation Letter") via regular mail to the last address of the alleged violater known to the Board or its Management Company, describing the following: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) the action required to cure the alleged violation; (iv) the assessment of a twenty-five (\$25.00) Dollar fine; and (v) the right to request an appeal before the Board of Directors and the Property Management Company within ten (10) days of the date of the Violation Letter.

(c) Second Violation Letter. If the alleged violation is not cured with ten (10) days of the date of the Violation Letter and no appeal is requested, the Board or its Management Company shall provide a third written notice to the alleged violater, ("Second Violation Letter") via regular mail to the last address of the alleged violater known to the Board or its Management Company, describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) the action required to cure the alleged violation; (iv) the assessment of an additional Fifty (\$50.00) Dollar fine; and (v) the right to request an appeal before the Board of Directors and the Property Management Company within ten (10) days of the date of the Second Violation Letter.

(d) Third Violation Letter. If the alleged violation is not cured with ten (10) days of the date of the Second Violation Letter and no appeal is requested, the Board or its Management Company shall provide a fourth written notice to the alleged violater, ("Third Violation Letter") via registered mail to the last address of the alleged violater known to the Board or its Management Company, describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) the action required to cure the alleged violation; (iv) the assessment of an additional Fifty (\$50.00) Dollar per week fine beginning on the date of the Third Violation Letter and continuing until the alleged violation is cured; and (v) the right to request an appeal before the Board of Directors and the Property Management Company within ten (10) days of the date of the Third Violation Letter.

(e) Self-Help. In the cases of imminent danger or extreme adverse effect to the

appearance or quality of life within the community, the Board reserves the right to disregard the above stated procedures and proceed under the self-help remedies provided by the Declaration. Any cost or expense incurred by the Board or its Management Company in exercising its rights hereunder shall be assessed against the violator and shall be considered a Specific Assessment as defined in Section 9.3 of the Declaration.

(f) Liens. Any fine, penalty, cost, expense or assessment incurred by the Board or its Management Company under this Section 3.23(a) shall be the violating Owner's personal obligation and a lien on the violating Owner's unit until paid in full and may be collected by the HOA as any assessment provided in the Declaration.

(g) Waiver. No suspension, failure to collect or prosecute any violation by the Board or its Management Company shall be deemed a waiver of the right to sanction future violations by any Person of the same or other provisions of the Declaration, Rules and Regulations and/or ARC Standards.

IN WITNESS WHEREOF, D.R. Horton, Inc. by its duly authorized officer, has executed this Second Amendment to the By-laws of The Farm at Carolina Forest this 17 day of ~~January~~<sup>February</sup>, 2012.

D. R. HORTON, INC.

By: Bradford C. Brundage  
Bradford C. Brundage  
Assistant Vice President

Darwin L. Loefer

Tracy L. Wright

STATE OF SOUTH CAROLINA )  
COUNTY OF HORRY )

ACKNOWLEDGMENT

I, the undersigned, a Notary Public for South Carolina, do hereby certify that Bradford C. Brundage as Assistant Vice President of D.R. Horton, Inc. personally appeared before me this day and acknowledged the due execution of the foregoing instrument as the act and deed of said corporation.

Witness my hand and official seal this 17 day of ~~January~~<sup>February</sup>, 2012

Tracy L. Wright  
Notary Public of South Carolina

My Commission Expires: 9-16-13

Tracy L. Wright  
Notary Public of SC  
Comm. Exp. 09/16/13

By executing below, The Farm at Carolina Forest Homeowners Association, Inc. does hereby acknowledge its obligation to abide by the By-Laws of the Farm at Carolina Fores Homeowners Association as provided herein and acknowledge this the Second Amendment to the By-Laws.

**THE FARM AT CAROLINA FOREST  
HOMEOWNERS ASSOCIATION, INC.**

*Parvinder Kallini*

By: *Bradford C. Brundage*  
Bradford C. Brundage  
President

*Tracy L. Felt*

STATE OF SOUTH CAROLINA   )  
  )  
COUNTY OF HORRY            )

**ACKNOWLEDGMENT**

I, the undersigned, a Notary Public for South Carolina, do hereby certify that Bradford C. Brundage as President of The Farm at Carolina Forest Homeowners Association, Inc. personally appeared before me this day and acknowledged the due execution of the foregoing instrument as the act and deed of said corporation.

Witness my hand and official seal this 17 day of <sup>February</sup>~~January~~, 2012.

**Tracy L. Felt**  
**Notary F**  
**Comm. Exp. 09/16/13**

*Tracy L. Felt*  
Notary Public of South Carolina