

BY-LAWS
of
RIVER CLUB HOMEOWNERS ASSOCIATION

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BY-LAWS

Article I

Name, Principle Office, and Definitions

Section 1. Name. The name of the Association is River Club Homeowners Association, Inc (hereinafter sometimes referred to as the “Association”).

Section 2. Principle Office. The principle office of the Association shall be located in Aiken County, South Carolina.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions for the Association as amended, renewed, or extended from time to time.

Article II

Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have only one (1) class of membership as defined by the Association Covenants.

Section 2. Place of Meetings. Meetings of the Association shall be held at a suitable place designated by the Board of Directors.

Section 3. Annual Meetings. The regular annual meeting shall be set by the Board so as to occur at least thirty (30) but not more than ninety (90) days after the close of the Association’s fiscal year on a date and at a time set by the Board of Directors.

Section 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 of Directors or upon petition by at least ten percent (10%) of the membership.

Section 5. Notice of Meetings. Written or printed notice stating place, day, and time of any meeting of the membership shall be delivered by mail (electronic or post) to each member not less than ten (10) nor more than sixty (60) days before the meeting date at the direction of any board member. A sign posted at the front entrance to the subdivision may serve as additional notice of the meeting. The purpose of any special meeting shall be stated in the meeting notice. No business other than the business for the special meeting shall be conducted in the special meeting. Notices mailed by post or electronic means to the member’s address shall be deemed to be delivered.

Section 6. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a Majority of the Members who are represented 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 the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed in Section 5 of this article.

The Members present may continue to do business until adjournment unless members leave and result in less than a quorum.

Section 7. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 8. Proxies. Members may vote in person or by proxy. To be valid, a proxy must be signed, dated and filed with the Secretary of the Association prior to the meeting for which it is effective. Every proxy shall be revocable and shall automatically be revoked upon conveyance of the Lot or upon receipt of notice by the Secretary of the death or judicially declared incompetence of the Member, or of written revocation or upon the expiration of eleven (11) months from the date of the proxy.

Section 9. Majority. As used in these By-Laws, the term “Majority” shall mean those votes, owners, or other group as the context may indicate, totaling more than fifty (50) percent of the total number.

Section 10. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of Members holding ten (10) percent of the total votes of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 11. Conduct of Meetings. The President or designated officer shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 12. Action Without A Formal Meeting. Any action to be taken at a meeting of the Members may be taken without a meeting if one (1) or more consents, in writing, setting forth the action so taken, shall be signed by Members holding the voting power required to pass such action. Such action shall be effective upon receipt by the Association of a sufficient number of such consents executed by current Members 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.

Section 13. Action By Written Ballot. Any action to be taken at any annual, regular or special meeting of Members may be taken without a meeting if approved by written ballot as provided herein. The Association shall deliver a written ballot to each Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot of an action shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting held to authorize such action and the number of approvals equal or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements, state the percentage of approvals necessary to approve each matter other than election of directors, and specify the time by which a ballot must be received by the Association in order to be counted. A timely written ballot received by the Association may not be revoked without consent of the Board of Directors. The results of each action by written ballot shall be certified by the Secretary and shall be included in the minutes of meetings of Members filed in the permanent records of the Association.

Article III
Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. The Board shall be composed of five (5) persons (President, Vice President, Architectural Control Committee (ACC) Chairman, Secretary and Treasurer). The directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of an Owner which is a corporation or partnership, the person designated in writing to the Secretary of the Association as the Representative of such corporation or partnership shall be eligible to serve as a director. The Architectural Control Committee (appointed by the Board of Directors, except for its Chairman) of an unspecified number of Owners may function as a separate governing body to approve or reject any new construction on property in the subdivision.

Section 2. Nomination of Directors. Nominations for election to the Board of Directors may be made by a Nominating Committee. The Nominating Committee shall consist of the existing Board of Directors and any past presidents of the Board of Directors who are still Members of the Association. The Chairman of the Nominating Committee shall be the current president or vice president. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. The nominees should be contacted by a member of the Committee to insure that they accept the nomination. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 3. Election and Term of Office. Those directors serving on the date these By-Laws are adopted by the membership of the Association shall remain in office until the terms for which they were elected expire. Successor directors shall be elected by written ballot as provided in Article II, Section 13 of these By-Laws or by the vote of those Members present or represented by proxy, at the annual or other meeting of the membership of the Association, a quorum being present. Those persons receiving the most votes shall be elected to the number of positions to be filled. All successor directors shall be elected for two (2) year terms and shall hold office until their successors are elected. In order to maintain continuity of business, only three directors may be submitted for replacement during an election, one (1) from the President and Vice President directors and two (2) from the ACC Chairman, Secretary, and Treasurer directors.

Section 4. Removal of Directors and Vacancies. Any director elected by the Members may be removed, with or without cause, by the vote of Members holding a Majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the Members entitled to elect such director to fill the vacancy for the remainder of the term of such director. Any director elected by the Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days may be removed by a Majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board which may appoint a successor.

B. Meetings.

Section 5. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within thirty (30) days thereafter at such time and place as shall be fixed by the Board.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of regular meetings shall be communicated to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. Notice of the regular schedule shall constitute notice of such meetings.

Section 7. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or Vice President of the Association. 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 any acceptable confirmed method.

Section 8. Quorum of Board of Directors. At all meetings of the Board of Directors, 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 decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a Majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a Majority of the directors who are 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 the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 9. Compensation. No director shall receive any compensation from the Association for acting as such; provided any director may be reimbursed with proof of receipt expenditures for expenses incurred on behalf of the Association.

Section 10. Conduct of Meetings. The President or Vice President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 11. Open Meetings. Subject to the provisions of Section 12 of this Article, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the Board of Directors may adjourn any meeting and reconvene in the executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation and personnel matters.

Section 12. 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.

Section 13. Telephonic or Electronic Email Participation. One (1) or more directors may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar electronic email communication equipment by means of which all persons participating in the meeting can

hear or see communication at the same time, and those directors so participating shall be present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

C. Powers and Duties

Section 14. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Members or the membership generally.

Section 15. Duties. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of annual budgets in which there shall be established the contribution of each Owner to the Common Expenses;
- (b) establishing annual dues to defray the common expenses, establishing the means and methods of collecting such dues;
- (c) providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility;
- (d) contracting, hiring, and dismissing the personnel or contractors necessary for the maintenance, operation, repair of the Association property, and the Area of Common Responsibility 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) collecting the dues, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) making and amending rules and regulations;
- (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 other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;
- (i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (j) obtaining and carrying insurance against casualties and liabilities and paying the premium cost thereof;
- (k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;
- (l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;
- (m) making available to any prospective purchaser of a Unit, any Owner of a Unit, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Lot and all other books, records, and financial statements of the Association.

Section 16. Accounts and Reports. The following management standards of performance will 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) cash accounts of the Association shall not be commingled with any other accounts.
- (d) no remuneration shall be accepted by the Board of Directors 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) any financial or other interest which any Board member may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and
- (f) financial statements, prepared in accordance with generally accepted accounting principles, shall be prepared annually and shall, not less than one hundred twenty (120) days after the close of the fiscal year of the Association, be made available to all Members. The Board of Directors may, but is not required to, have the financial statement of the Association audited by an independent certified public accountant; provided,

however, the Members, by resolution adopted at the annual meeting, may require that the financial statements be so audited as a Common Expense of the Association.

Section 17. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Area of Common Responsibility without the approval of the Members. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Member approval by two-thirds vote of the members for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 18. Rights of the Association. With respect to the Area of Common Responsibility, and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions.

Section 19. Enforcement. The Board shall have the power to impose reasonable fines according to the following guidelines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association to limit ingress and egress to or from a Lot due to nonpayment of assessments. In the event that any occupant of a Lot violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

GUIDELINES:

- Category 1 - Immediate Action Required (up to 48 hrs for correction) **Fine = \$100/month/violation**
Examples: Uncut lawns; vacant lots not maintained; boats, RV's, watercraft, sports equipment visible on premises.
- Category 2 - Short Term Action Required (up to 1 month for correction) **Fine = \$150/month/violation**
Examples: Home maintenance (appearance), no air conditioner screening, pet violations, operation of business on premises.
- Category 3 - Architectural Rules Violation (no time allowed for remedy) **Fine = \$500/month/violation**
Examples: Architectural changes (see covenants) without a plan approved by the Architectural Control Committee, work started without approval must be stopped immediately, new home construction must be completed within one (1) year from date of building permit issue.

(a) **Notice.** Prior to imposition of any sanction hereunder, 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 to the Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within fifteen (15) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) **Hearing.** If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. No fine or suspension shall be

imposed prior to the date that is five (5) days after the date of the hearing. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the fifteen (15) days 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.

(C) **Appeal.** Following a hearing before the Board of Directors, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association within thirty (30) days after the hearing date.

(d) **Additional Enforcement Rights.** Notwithstanding anything to the contrary herein, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV

Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, ACC Chairman, Secretary, and Treasurer, to be elected from among the members of the Board. The Board of Directors may appoint such other officers as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in *Article III*. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. 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.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, 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.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Article V
Committees

Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. The President shall appoint members of the Committees after giving due regard to their interest in serving.

Article VI
Insurance and Casualty Losses Section

Section 1. Association Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk casualty insurance, if reasonably available, for all insurable improvements, if any, within the Area of Common Responsibility. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. The face amount of such policy shall be sufficient to cover one hundred percent (100%) of the replacement cost in the event of damage or destruction from any insured peril.

The Board shall also obtain a public liability policy covering the Area of Common Responsibility, insuring the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. If generally available at a reasonable cost, the public liability policy shall have at least a One Million Dollars (\$1,000,000.00) combined single limit as respects bodily injury and property damage, and at least a One Million Dollars (\$1,000,000.00) limit per occurrence, if reasonably available.

Premiums for all insurance obtained by the Association shall be Common Expenses of the Association. The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the coverage required hereunder. In the event of an insured loss, the deductible shall be treated as a common expense; provided, if the Board reasonably determines after notice and an opportunity to be heard in accordance with *Article III, Section 20* of these By-Laws that the loss is the result of the negligence or willful conduct of one (1) or more Lot Owners, then the Board may specifically assess the full amount of such deductible against such Owner(s) and their Lots.

All insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefited parties. Such insurance shall be governed by the following provisions:

- (a) All policies shall be written with a company authorized to do business in South Carolina.
- (b) Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.
- (c) In no event shall the insurance coverage obtained and maintained by the Association, hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.
- (d) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one (1) or more qualified persons, at least one (1) of whom must be in the real estate industry and familiar with construction in the Aiken County, South Carolina area.
- (e) The Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

- (i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, the Owners, and their respective tenants, servants, agents, and guests;
- (ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;
- (iii) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any one (1) or more individual Owners;
- (iv) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of the conduct of any director, officer, or employee of the Association without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Owner, or Mortgagee;
- (v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and
- (vi) that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the other insurance required by this Section, the Association shall obtain, as a Common Expense, directors' and officers' liability coverage, if reasonably available, flood insurance, if advisable, and worker's compensation insurance, if and to the extent required by law.

The Association shall, at its option, obtain a fidelity bond or bonds on directors, officers, employees, and other Persons handling or responsible for the Association's funds, if reasonably available. The amount of fidelity coverage shall be determined in the directors' best business judgment. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

Section 2. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless the Members holding at least seventy-five percent (75%) of the total votes of the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to Common Area shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Properties shall be restored to their natural state and maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Section 3. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Area shall be retained by and for the benefit of the Association and placed in the general funds account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in the general funds account.

Section 4. Repair and Reconstruction. If the damage or destruction to the Common Area for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against all Owners on the same basis as provided for Base Assessments. Additional

assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article VII
Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise established by resolution of the Board of Directors.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules or Order (current edition) shall govern the conduct of Association proceedings when not in conflict with South Carolina law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 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.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration and By-Laws, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable 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 rights at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under 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 Lot of such Member

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

Section 6. Amendment. These By-Laws may be amended only by the affirmative vote (in person or by proxy) or written consent, or any combination thereof, of Members holding ten percent (10%) of the total votes of the Association. However, 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. No amendment shall be effective until recorded in the public records of Aiken County, South Carolina.

CERTIFICATION

I, the undersigned, do hereby certify that we are the duly elected and acting Co-secretaries of The River Club Homeowners Association, Inc., a South Carolina corporation; that the foregoing By-Laws constitute the amended and restated By-Laws of said Association, as duly adopted at a meeting of the directors thereof held on the 7th day of November, 2008.

Signature of Co-secretaries:

Stephen P. Donohue /s/ 11/7/08

Patricia B. Donohue /s/ 11/7/08