

EXHIBIT "E"

BY-LAWS

OF

THE CLIFFS AT KEOWEE VINEYARDS COMMUNITY ASSOCIATION, INC.

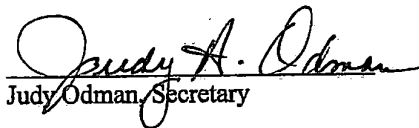
CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of The Cliffs at Keowee Vineyards Community Association, Inc. a South Carolina corporation;

That the foregoing Bylaws constitute the original Bylaws of said Association and as of the date hereof remain in full force and effect.

IN WITNESS WHEREOF I have subscribed my name this 14th day of January 2009.


Judy Odman, Secretary

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BY-LAWS
OF
THE CLIFFS AT KEOWEE VINEYARDS COMMUNITY ASSOCIATION, INC.

Article I
Name, Principal Office, and Definitions

1.1. **Name.** The name of the Association shall be The Cliffs at Keowee Vineyards Community Association, Inc. (hereinafter the "Association").

1.2. **Principal Office.** The initial principal office of the Association shall be 40 Cliffs Parkway, Landrum, South Carolina. The Association may have such other offices, either within or outside the State of South Carolina, as the Board may determine or as the affairs of the Association may require.

1.3. **Definitions.** The words used in these By-Laws shall be given their normal, commonly understood meanings. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for The Cliffs at Keowee Vineyards (said Declaration, as amended, renewed, or extended from time to time, is hereinafter called the "Declaration"), unless the context indicates otherwise.

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

2.1. **Membership.** The Association shall have two (2) classes of membership, Class "A" and Class "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

2.2. **Place of Meetings.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board either within the Properties or as convenient thereto as possible and practical.

2.3. **Annual Meetings.** The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur at least fifteen (15) before, but not more than sixty (60) days after, the close of the Association's fiscal year on a date and at a time set by the Board of Directors.

2.4. **Special Meetings.** The President of the Association 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 Members holding at least ten percent (10%) of the total Class "A" votes of the Association.

2.5. Notice of Meetings. *Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.*

In the case of a special meeting or when required by law or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his or her address as it appears on the records of the Association, with postage thereon prepaid.

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 of any meeting of the Members, either before or after such meeting. Attendance at any meeting by a Member in person or by proxy 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 at a special meeting shall also be deemed waiver of notice of all business transacted 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 Meetings. *If any meeting 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 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 for regular meetings in Section 2.5.*

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.

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

2.9. Proxies. *At all meetings of the Members, Members may vote in person or by proxy. Each proxy shall be in writing, dated, signed and filed with the Secretary of the Association prior to the meeting for which it is to be effective. Proxies may be delivered to the Secretary by personal delivery, United States mail or telecopy*

to any director or the Association's management agent. Except as otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two (2) or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. No proxy shall be valid more than eleven (11) months after its execution unless otherwise provided in the proxy. Every proxy shall be revocable and shall automatically cease upon conveyance of the Member's Lot.

2.10. **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 percent (50%) of the total number.

2.11. **Quorum.** Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of Members holding at least thirty percent (30%) of the total vote of the Association shall constitute a quorum at all meetings of the Association; provided, if a quorum is not present at any meeting when initially called, then the meeting may be adjourned and reconvened within thirty (30) days after the date originally called and the quorum requirement upon such reconvening shall be reduced to twenty percent (20%) of the total vote of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

2.12. **Conduct of Meetings.** The President 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.

2.13. **Action Without A Meeting.** Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if written consent setting forth the action so taken is signed by all of the Members entitled to vote with respect to the subject matter thereof, and any such consent shall have the same force and effect as a unanimous vote of the Members.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1. **Governing Body: Composition.** The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) vote. Except with respect to directors appointed by the Class "B" Member, 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 a Member which is not a natural person, the person designated in writing to the Secretary of the Association as the representative of such Member shall be eligible to serve as a director.

3.2. Directors During Class "B" Control Period. Subject to the provisions of Section 3.6, the directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

(a) when 450 Lots have been submitted to the terms and provisions of the Declaration and have been conveyed to Persons other than the Declarant or Builders;

(b) December 31, 2003; or

(c) when, in its discretion, the Declarant so determines.

3.3. Right To Disapprove Actions. So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove actions of the Board and any committee, as is more fully provided in this Section. This right shall be exercisable only by the Class "B" Member, its successors, and assigns who specifically take this power in a recorded instrument. The right to disapprove shall be as follows:

No action, policy or program authorized by the Board or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Class "B" Member shall have been given written notice of all meetings and proposed actions approved at meetings of the Association, the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies with the requirements for Board meetings set forth in Sections 3.9, 3.10, and 3.11 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 Class "B" Member shall be given 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 to be implemented by the Board, any committee thereof, or the Association. The Class "B" Member, its representatives or agents may make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee and/or the Board. The Class "B" Member shall have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Association, the Board or any committee thereof if Board, committee, or Association approval is necessary for such action. This right may be exercised by the Class "B" Member, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association. The Class "B" Member 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.

3.4. Number of Directors. *The number of directors in the Association shall be not less than three (3) nor more than seven (7), as provided in Section 3.6. The initial Board shall consist of three (3) members as identified in the Articles of Incorporation.*

3.5. Nomination of Directors. *Except with respect to directors selected by the Class "B" Member, nominations for election to the Board may be made by a Nominating Committee. The Nominating Committee shall, if established, consist of a chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association, with at least one (1) representative from each Neighborhood, if Neighborhoods are established. The Nominating Committee shall be appointed by the Board 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 as it shall in its discretion determine, but in no event less than the number of positions to be filled. In the event Neighborhoods are established, the Nominating Committee shall nominate separate slates for the directors to be elected at large by all Members, and for the director(s) to be elected by and from each Neighborhood. Nominations for each slate 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.*

3.6. Election and Term of Office. *Notwithstanding any other provision in these By-Laws:*

(a) Within thirty (30) days after the time Class "A" Members, other than the Declarant or a Builder, own five hundred (450) Lots subject to the Declaration or whenever the Class "B" Member earlier determines, the Board shall be increased to five (5) directors. The Association shall call a special meeting at which Class "A" Members shall elect two (2) of the five (5) directors, who shall serve as at-large directors and shall be elected for a term of two (2) years or until the happening of the event described in subsection (b) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (b) below, successors shall be elected for a like term. The remaining three (3) directors shall be appointees of the Class "B" Member.

(b) Within thirty (30) days after termination of the Class "B" Control Period, the Association shall call a special meeting at which Class "A" Members shall elect three (3) of the five (5) directors, who shall serve as at-large directors and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting occurs within thirty (30) days after termination of the Class "B" Control Period, this subsection shall not apply and directors shall be elected in accordance with subsection (c) below. The remaining two (2) directors shall be appointees of the Class "B" Member.

(c) At the first annual meeting of the membership after the termination of the Class "B" Control Period, the directors shall be elected at large by the Class "A" and Class "B" Members. Three (3) directors shall be elected for a term of two (2) years and the remaining directors shall be elected for a term of one (1) year. Setting the initial term for each such director shall be in the sole discretion of the

Nominating Committee. At the expiration of the initial term of office of each member of the Board and at each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years.

Each Member shall be entitled to cast one (1) vote with respect to each vacancy to be filled from each slate on which such Member is entitled to vote. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The directors elected by the Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

3.7. Removal of Directors and Vacancies. Any director elected by the Class "A" 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, but shall not be subject to removal by the Class "B" Member acting alone. 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 the director so removed to fill the vacancy for the remainder of the term of such director.

Any director, with the exception of those directors appointed in the sole discretion of the Class "B" Member, 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, and it may appoint a successor. If applicable, any director appointed by the Board shall be selected from the Neighborhood represented by the director who vacated the position and shall serve for the remainder of the term of such director.

B. Meetings.

3.8. Organizational Meetings. The Board shall hold its first meeting within ten (10) days after each annual meeting of the membership.

3.9. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by resolution of the Board, but at least one (1) such meeting shall be held during each 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.

3.10. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by a majority of the 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 one (1) of the following methods: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, including telecopy, 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) telegram, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

3.11. Waiver of Notice. The transactions of any meeting of the Board of Directors, 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 shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.12. 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 ten (10) 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.

3.13. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Members holding a majority of the total votes of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses authorized by the Board to be incurred on behalf of the Association.

Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested director.

3.14. Conduct of Meetings. The 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 and all transactions and proceedings occurring at such meetings.

3.15. Open Meetings. Subject to the provisions of Section 3.16, 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 President may adjourn any meeting of the Board and reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.16. 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.

3.17. Conference Call Meetings. A member or members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment, as long as all persons participating in the meeting can hear each other. Such participation shall constitute presence in person at such meeting.

C. Powers and Duties.

3.18. Powers. The Board 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 or cause to be done 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.

The Board may delegate to one (1) of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties otherwise imposed, the Board shall have the power to establish policies relating to, and shall be responsible for performing or causing to be performed, the following, in way of explanation, but not limitation:

(a) preparation and adoption, in accordance with Article X of the Declaration, of budgets in which there shall be established the contribution of each Owner to the expenses of the Association;

(b) making assessments to defray the Common Expenses and Neighborhood Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments, if any, of the annual assessment;

(c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;

(d) **designating, hiring, and dismissing the personnel necessary for the operations of the Association and 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 assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;**

(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 of the Association 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, as provided in the Declaration, 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 Lot, any Owner of a Lot, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules and regulations and all other books, records, and financial statements of the Association;**

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

(o) **Assisting in the resolution of disputes between Owners and others without litigation, as set forth in the Declaration.**

3.19. Management. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board

to perform such duties and services as the Board shall authorize. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

Any management contract executed on behalf of the Association during the Class "B" Control Period must contain a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

3.20. 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 managing agent 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 the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;*
- (f) commencing at the end of the month in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:*
 - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;*
 - (ii) a statement reflecting all cash receipts and disbursements for the preceding period;*
 - (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;*
 - (iv) a balance sheet as of the last day of the preceding period;*
- and*
- (v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent; and*

(g) an annual report consisting of 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. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant; provided, however, upon written request of any holder, guarantor or insurer of any first Mortgage on a Lot, the Association shall provide an audited financial statement. During the Class "B" Control Period, the annual report shall include certified financial statements.

3.21. **Borrowing.** The Association, acting through 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 of the Association. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Member approval in the same manner provided in Section 10.6 of the Declaration 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. Notwithstanding anything to the contrary contained in the Declaration, these By-Laws, or the Articles of Incorporation, during the Class "B" Control Period, 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 holding at least a majority of the total votes in the Association.

3.22. **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. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents associations, both within and without the Properties.

Any contract, lease or other agreement (including any management contract) entered into by the Association with a third party must require such third party to maintain adequate liability and worker's compensation insurance, if applicable, as determined in the sole discretion of the Board.

3.23. **Enforcement.** The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or any person's right 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. In the event that any occupant, guest or invitee 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 with notice to the Owner; 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.

(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 Covenants Committee, if any, or Board 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 ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice may be imposed by the Board.

The Board or the Covenants Committee 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.

(b) **Hearing.** If a hearing is requested within the allotted ten (10) day period, 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.

(c) **Appeal.** Following a hearing before the Covenants Committee, 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 manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

(d) **Additional Enforcement Rights.** Notwithstanding anything to the contrary in the By-Laws, the Association, acting through the Board, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) 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 thereof, including reasonable attorneys fees actually incurred.

Article IV **Officers**

4.1. **Officers.** The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one (1) or more Assistant

Secretaries and one (1) or more Assistant Treasurers, 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. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

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

4.3. Removal. Any officer may be removed by the Board with or without cause.

4.4. 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. 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, management agent, or both.

4.5. 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.

4.6. 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.

4.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.13.

Article V

Committees

5.1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution of the Board. Each committee shall operate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board of Directors.

5.2. Covenants Committee. In addition to any other committees which may be established by the Board pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at least five (5) and no more than seven (7) Members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall

be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.22.

5.3. **Neighborhood Committees.** In addition to any other committees appointed as provided above, each Neighborhood which has no formal organizational structure or association may elect a Neighborhood Committee to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Neighborhood Committee may advise the Board on any issue, but shall not have the authority to bind the Board of Directors. Neighborhood Committees, if created, shall consist of three (3) to five (5) members as determined by a majority vote of the Owners within the Neighborhood.

Upon written petition signed by Owners of a majority of the Lots within any Neighborhood, the Board shall call for an election of a Neighborhood Committee for such Neighborhood no later than 60 days from receipt of such petition. Election of a Neighborhood Committee may be held by mail-in ballot sent out by the Board for the initial election and after the initial election by the Neighborhood Committee. Each Owner shall have the number of votes assigned to his or her Lot(s) in the Declaration. Committee members nominated in such manner shall be appointed by the Board for a term of one (1) year and until their successors are appointed. Any director elected to the Board from a Neighborhood shall be an ex officio member of the Committee.

The Owners of Lots within the Neighborhood holding at least a majority of the total votes in the Neighborhood shall constitute a quorum at any meeting of the Neighborhood. In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the procedures and requirements applicable to the Board set forth in Sections 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 3.14, 3.15, and 3.16; provided, however, the term "Member" shall refer to the Owners of Lots within the Neighborhood and the term "directors" or "Board" shall refer to the members of the Neighborhood Committee. Each Neighborhood Committee shall elect a chairman from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors.

Article VI Miscellaneous

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

6.2. **Parliamentary Rules.** Except as may be modified by Board resolution, Robert's Rules of 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.

6.3. **Conflicts.** If there are conflicts between the provisions of South Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, then 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 Declaration, By-Laws, and Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the annual report, and the minutes of meetings of the Members, the Board, and committees shall be made available, at the office of the Association or at such other place within the Properties as the Board shall prescribe, for inspection by any holder, insurer or guarantor of a first Mortgage on a Lot, by any Member of the Association, or by 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 the Lot.*

(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 right 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 in furtherance of such director's duties as a director.*

6.5. 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; or*

(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.*

6.6. Amendment.

(a) By Declarant. The Declarant may unilaterally amend these By-Laws at any time and from time to time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots; or (d) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Lots; provided, however, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing. So long as it still owns property described in Exhibits "A" or "B" of the Declaration for development as part of the Properties, the Declarant may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any substantive right of any Owner, unless the affected Owner shall consent thereto in writing.

(b) By Owners. Except as otherwise specifically provided herein, these By-Laws may be amended only upon a resolution duly adopted by the Board and approved by the affirmative vote or written consent, or any combination thereof, of Members holding seventy-five percent (67%) of the total votes in the Association, including seventy-five percent (67%) of the votes held by Members other than the Declarant, and the consent of the Class "B" Member, so long as such membership exists. In addition, the approval requirements set forth in Article XIV 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. Any amendment to be effective must be recorded in the RMC office for Pickens County and must be accompanied by the certification attached hereto.

If an Owner consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of The Cliffs At Keowee Vineyards Community Association, Inc., a South Carolina 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 day of ____, 19__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of ____, 19__.

_____, Secretary

[SEAL]

EXHIBIT "E"
DECLARATION AND PETITION FOR INCORPORATION
OF
CLIFFS AT KEOWEE VINEYARDS
COMMUNITY ASSOCIATION, INC.
(A South Carolina Nonprofit Corporation)

The Undersigned being two (2) or more of the officers appointed to manage the affairs of Cliffs at Keowee Vineyards Community Association, Inc., which has been duly and regularly organized for the purposes hereinafter to be set forth, due affirm and declare:

That at a meeting of the aforesaid organization, held pursuant to the By-Laws of said corporation, they were authorized and directed to apply for incorporation.

That the said organization holds, or desires to hold, property in common for a Religious, Educational, Social, Fraternal, Charitable or other eleemosynary purpose, or any two (2) or more said purposes, and is not organized for profit or gain to the members, otherwise than is above-stated, or for the insurance of life, health, accident or property; and that the three (3) days notice in The Pickens Sentinel, a newspaper published in the County of Pickens, has been given that the aforesaid Declaration would be filed.

The undersigned further declare and affirm:

Article 1. Name. The name of the corporation is Cliffs at Keowee Vineyards Community Association, Inc. ("Association").

Article 2. Nonprofit Corporation. The Association is formed as a non-stock, nonprofit, mutual benefit corporation under the laws of the State of South Carolina, Title 33, Chapter 31, Article 1, Code of Laws of South Carolina, 1976.

Article 3. Principal Office. The mailing address of the initial principal office of the Association is 40 Cliffs Parkway, Landrum, SC 29356.

Article 4. Definitions. All capitalized terms used herein which are not defined shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions for The Cliffs At Keowee Vineyards Community Association, Inc , to be recorded in the RMC office for

Pickens County, South Carolina; including all amendments thereto. ("Declaration").

Article 5. Purposes. The purposes for which the Association is organized are:

(a) to be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the By-Laws, and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the Owners of Units subject to the Declaration.

Article 6. Powers. The powers of the Association shall include and be governed by the following provisions:

(a) The Association shall have all of the common law and statutory powers conferred upon nonprofit corporations under South Carolina law and all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the By-Laws, or the Declaration, including, without limitation, the power:

(i) to fix, collect, and enforce payment, by any lawful means, of assessments and other charges to be levied against the Units;

(ii) to manage, control, operate, maintain, repair, and improve property subject to the Declaration and any other property for which the Association by rule, regulation, covenant, or contract has a right or duty to provide such services;

(iii) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or By-Laws;

(iv) to engage in activities which will actively foster, promote, and advance the common interests of all Owners of Units subject to the Declaration;

(v) to buy or otherwise acquire, sell, dedicate for public use, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, own, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association, subject to such limitations as may be set forth in the Declaration or By-Laws;

(vi) to borrow money for any purpose, subject to such limitations as may be contained in the Declaration or By-Laws;

(vii) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of

the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals;

(ix) to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such By-Laws may not be inconsistent with or contrary to any provisions of the Declaration; and

(x) to provide any and all supplemental municipal services to the real property subject to the Declaration as may be necessary or proper.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other rights and powers which may now or hereafter be permitted by law; the powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph of this Article.

(b) The Association shall make no distributions of income to its Members, directors, or officers.

Article 7. Members.

(a) The Owner of each Unit shall be a Member of the Association and shall be entitled to vote in accordance with the terms of the Declaration and the By-Laws.

The Association shall have two classes of membership, Class "A" and Class "B". The Class "A" Members shall be all Owners, except the Class "B" Member, if any. The Class "B" Member shall be the Declarant. The Class "B" Member's rights are specified in the Declaration and By-Laws. Except as set forth herein, the manner of exercising voting rights shall be as set forth in the Declaration and in the By-Laws of the Association.

(b) Change of membership in the Association shall be established by recording in the Public Records a deed or other instrument establishing record title to real property subject to the Declaration. Upon such recordation, the owner designated by such instrument shall become a Member of the Association and the membership of the prior owner shall be terminated.

(c) The share of a Member in the privileges, rights and assets of the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance of its Unit.

(d) The presence of Members representing sixty-seven (67%) percent of the total Class "A" votes in the Association shall constitute a quorum at all meetings of the Association.

Article 8. Dissolution.

(a) *The Association may be dissolved only upon a resolution duly adopted by the board of directors and the affirmative vote of members who are Owners of not less than 2/3 of the Units and the consent of the Declarant so long as the Declarant owns any property subject to the Declaration or which may be unilaterally subjected to the Declaration by the Declarant. Upon dissolution of the Association, if and so long as the VA is guaranteeing and/or HUD is insuring any mortgage on any Unit, and unless otherwise agreed in writing by HUD or VA, as applicable, any remaining real property of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that acceptance of such dedication is refused, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes. No such restriction shall exist if VA is not guaranteeing or HUD is not insuring any mortgage on any Unit; provided, however, HUD and/or VA shall be notified of such dissolution.*

(b) Should the provisions of paragraph 8 (a) above be inapplicable upon an event of dissolution, liquidation or winding up of the Association, and subject to the Declaration, the Association's assets remaining after payment, or provisions of payment, of all known debts and liabilities of the Association shall be divided among and distributed to the Members thereof in accordance with their respective rights therein.

Article 9. Directors and Officers.

(a) The affairs of the Association shall be conducted, managed, and controlled by a Board of Directors. The initial Board shall consist of three directors. The number of directors may be increased in accordance with the By-Laws.

(b) The names and mailing addresses of the initial directors, who shall hold office until their successors are elected and qualified, or until removed, are as follows: James B. Anthony

40 Cliffs Parkway
Landrum, SC 29356

Gary L. Johnsen

40 Cliffs Parkway
Landrum, SC 29356

Greg Sirmans

40 Cliffs Parkway
Landrum, SC 29356

Each of the foregoing persons has consented to be a director.

(c) The method of election, removal, and filling of vacancies on the Board of Directors and the term of office of directors and officers shall be as set forth in the By-Laws.

(d) The Board may delegate its operating authority to such corporations, individuals, and committees as it, in its discretion, may determine.

Article 10. By-Laws. The By-Laws of the Association shall be adopted by the Board of Directors and may be altered, amended, or rescinded in the manner provided in the By-Laws. The quorum requirements for meetings of Members, Voting Members, and directors shall be set forth in the Declaration and By-Laws.

Article 11. Liability of Directors, Officers and Committee Members. To the fullest extent that South Carolina law, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, officers and committee members, no director, officer or committee member of the Association shall be personally liable to the Association or its Members for monetary damages for breach of duty of care or other duty as a director, officer or committee member. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director, officer or committee member of the Association for or with respect to any acts or omissions of such director, officer, or committee member occurring prior to such amendment or repeal.

Article 12. Amendments. The Board of Directors may amend these Articles without Member approval for those specific purposes permitted under South Carolina law.

Other amendments to these Articles of Incorporation may be adopted by the approval of Voting Members representing sixty seven (67%) percent of the total Class "A" votes in the Association and the consent of the Declarant, so long as the Declarant owns any portion of the Properties or any Private Amenity or has the right to annex property pursuant to Section IX of the Declaration; provided, no amendment may be in conflict with the Declaration, and provided, further, no amendment shall be effective to impair or dilute any rights of Members that are governed by such Declaration. For so long as required under South Carolina law, notice of any amendment to these Articles shall be sent to Voting Members by registered mail or published in a newspaper in Pickens County, South Carolina not less than five days before the time set for the vote on such amendment.

Article 13. HUD/VA Approval. As long as the Declarant has the right to appoint and remove the directors and officers of the Association as provided in the By-Laws, the following actions shall require the prior approval of the U.S. Department of Veterans Affairs ("VA"), so long as it is guaranteeing mortgages, and the U.S. Department of Housing and Urban Development ("HUD"), so long as it is insuring mortgages: annexation of additional property, except for annexation by Declarant in accordance with Section IX of the Declaration pursuant to a plan of annexation previously approved by the VA and/or HUD, as applicable; mergers and consolidations; mortgaging of Common Area (as such term is defined in the Declaration); dedication of Common Area to any public entity; dissolution; and amendment of these Articles of Incorporation.

Article 14. Incorporators/Organizers. The name and mailing addresses of the Incorporators and Organizers of the Association are as set forth in Article 9 (b) hereinabove.

Article 15. Registered Agent and Address. The Association hereby appoints Jeffrey H. Gray, Attorney At Law, 1710 Highway 11, Landrum, SC 29356, as its lawful statutory agent upon whom all notices and processes, including service of summons, may be served, and which when served, shall be lawful, personal service upon this corporation. The Board may, at any time, appoint another agent for such purpose and the filling of such appointment shall revoke this or any other previous appointment of such agent.

Wherefore your petitions pray that the Secretary of State do issue to the aforesaid:

CLIFFS AT KEOWEE VINEYARDS COMMUNITY ASSOCIATION, INC.

A Certificate of Incorporation, with all rights, powers, privileges and immunities, and subject to all the limitations and liabilities conferred by Title 33, Chapter 31, 1976 Code and Acts amendatory thereto, to provide for the incorporation of Religious, Education, Social, Fraternal or Charitable Churches, Lodges, Societies, Associations, or Companies, and for amending the Charters of those already formed and to be formed.

IN WITNESS WHEREOF, the Undersigned as Incorporators, Organizers, and your Petitioners have executed these Articles of Incorporation, ____ this day of , 1997.

James B. Anthony

Gary L. Johnsen

Greg Sirmans

STATE OF SOUTH CAROLINA)
)
COUNTY OF PICKENS)

The undersigned Petitioners hereby certify that they are the officers or persons signing the petition for incorporation of a non-profit corporation having no capital stock, that all the facts in the petition are true and correct and that the corporation will not operate for a profit for itself or any of its members.

James B. Anthony

Gary L. Johnsen

Greg Sirmans

Sworn to before me this
day of , 1997.

Notary Public for South Carolina
My commission expires: _____