

BYLAWS OF
Glenn Harbour Property Owners Association, Inc.
A South Carolina Nonprofit Corporation

ARTICLE I
NAME, LOCATION, DEFINITIONS

- 1.1 **Name.** The name of the association is GLENN HARBOUR PROPERTY OWNERS ASSOCIATION, Inc., hereinafter referred to as the "Association". No person, committee or group of Members, other than those elected by the membership, or appointed by the Board of Directors, shall use in their name the legal name "GLENN HARBOUR PROPERTY OWNERS ASSOCIATION, Inc." or any variant thereof, or any other names, words or phrases that would tend to give the general public or the membership the impression that the person, committee, or group of Members is speaking for or on behalf of the Association.
- 1.2 **Location.** The principal office and mailing address of the Association shall be located at 8499 Valley Falls Road, Boiling Springs, South Carolina 29316, a registered agent, or such location as may be designated by the Board of Directors, in accordance with the requirements of the South Carolina Nonprofit Corporation Act of 1994 (S.C. Ann. §§ 33-31-101, *et seq.*) (the "ACT"), but meeting of the Members and Directors may be held at such places as may be designated by the Board of Directors from time to time or as otherwise provided in these Bylaws.
- 1.3 **Definitions.** The capitalized words used in these Bylaws or any amendment hereto (unless the context shall otherwise require or otherwise specified herein or therein) shall have the same meanings as set forth in the RESTRICTIONS FOR GLENN HARBOUR ESTATES OF LAKE BLALOCK PHASES 1 & 2, hereinafter referred to as "Restrictions".
- 1.4 **Declaration.** The Declaration is hereby incorporated herein by this reference and made part hereof.

ARTICLE II
PURPOSES AND POWERS

- 2.1 **Purposes.** The Association shall have the purpose of engaging in any lawful activity; however, without limiting the generality of the foregoing, some of the primary functions of the Association include: (1) to perform those rights, powers, obligations, and functions of the Association set forth in the Restrictions; and (2) to generally promote the well being, safety, and welfare of the owners and residents of the Community.
- 2.2 **Powers.** The Association shall have the power to do all things necessary or convenient, not inconsistent with law, to carry out its affairs and to further the activities and affairs of the Association, including, without limitation:
- (a) All powers, rights, and privileges which a corporation incorporated under the Act may now or hereafter have or exercise; and
- (b) All powers, rights, and privileges provided to the Association in the Restrictions, the Articles of Incorporation, or these Bylaws.

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ARTICLE III
MEMBERSHIP; COMPLIANCE; ENFORCEMENT

- 3.1 **Membership.** Membership in the Association shall be as set forth in the Restrictions, and the provisions of the Restrictions pertaining to membership incorporated herein by this reference. The Association shall have one class of membership, Class A. Class A members shall be entitled to one (1) vote for each lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any lot all such persons shall be members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot.
- 3.2 **Assessment.** Membership assessments shall be imposed, collected, and enforced in accordance with the terms of the Restrictions as such may be amended from time to time and which are hereby by reference.

As provided in the Restrictions, in addition to other remedies available under the Restrictions, the Association may impose sanctions for the violation in accordance with the procedures set forth in the Bylaws, including monetary fines and suspension of the right to vote.

- 3.3 **Written Notice.** Prior to imposing a monetary fine or suspending voting rights for a violation of the Restrictions, the Board of Directors shall provide a written notice to the Owner. Owner has the right to request in writing within ten (10) days of receipt of the notice a hearing before the Board to contest the fine. The right to a hearing to contest any fine or suspension shall be deemed to be waived if a hearing is not requested in writing within then (10) days of receipt of notice from the Board.
- 3.4 **Fines.** The Association shall have the power, as provided in the Restrictions, to impose sanctions for any violation of the Governing Documents, including but not limited to, the right to file suit, based on law or equity, to enforce the terms of the Governing Documents, and/or the right to assess monetary penalties in the form of specific assessments in accordance with the Restrictions for violation of the Governing Documents. Such remedies, including any other remedies authorized by the Restrictions, are not mutually exclusive. Any fines imposed pursuant to this Article shall be deemed to be amounts due to the Association pursuant to the Restrictions and shall be a charge on the land and shall be a continuing lien upon the Lot against which each such fine is imposed.

ARTICLE IV
MEETING OF MEMBERS; VOTING; NOTICE OF MEETING

- 4.1 **Annual Meeting.**
- (a) **Timing & Initial Annual Meeting.** A meeting of Members shall be held annually, and the annual meeting of the Members shall be held at a time, date, and place established by the Board of Directors, but no annual meeting of the Members shall be scheduled on a legal holiday. The first annual meeting of Members shall be held within one (1) year following the date of Association transferred from Developer to Homeowners.
- (b) **Purpose and Agenda for Annual Meeting.** At each annual meeting, the President and Treasurer shall report on the activities and financial condition. Additionally, subject to any other provisions of these Bylaws, the Articles of Incorporation, the Restrictions, or the Act requiring

prior notice before certain matters may be brought before the Members at the annual meeting (including, without limitation, S.C. Code Sections 33-31-705(b) and 33-31-705(c)(2)), the Members may consider and act on any matters or business that may properly come before the annual meeting.

(c) **Notice of Annual Meeting.** Notice of the annual meeting shall be given in accordance with Section 4.3 hereof.

(d) **Failure to Hold Annual Meetings.** The failure to hold an annual meeting at a time stated in or fixed in accordance with these Bylaws does not affect the validity of a corporate action.

4.2 **Special Meetings**

(a) **Called by Board.** Special meetings of the Association's Members may be called by the Board of Directors and shall be held at a time, date, and place established by the Board of Directors. In the event that the number of Directors falls below three (3) for any reason, special meetings of the Members may be called by any officer or Director of the Association during any such period and shall be held at a time, date, and place established by the person(s) calling the special meeting.

(b) **Called by Members.** Additionally, the Association shall hold a special meeting of the Members if the holders of at least fifty percent (50%) of the total eligible votes of the Association sign, date, and deliver to any officer of the Association a written demand for a special meeting describing the purpose or purposes for which it is to be held, or as otherwise proscribed by the Act. If a proper demand is made, the Board of Directors shall have the right to set the time, date, and place of the special meeting, and the Association shall cause notice of the special meeting to be given within thirty (30) days of the date that the written demand was delivered to an officer of the Association. If the Board of Directors does not cause notice of the special meeting to be given within thirty (30) days after the demand is delivered to an officer of the Association, a person signing the demand may thereafter set the time, date, and place of the meeting and give notice thereof in accordance with Section 4.3 hereof.

(c) **Notice of Special Meetings.** Notice of special meetings of Members shall be given in accordance with Section 4.3 hereof. Only those matters that are within the purpose or purposes described in the meeting notice may be conducted at a special meeting of Members.

4.3 **Notice of Meetings of Members: Waiver of Notice.**

(a) **Notice of Meetings of Members – In General.** Written notice specifying the time, date, and place of a meeting of Members and, if required by the Act, the Articles of Incorporation, the Restrictions, or these Bylaws, specifying the purpose or purposes for which such meeting was called, shall be given to all Members of record by sending an email to the email address provided and updated by Association members, at least ten (10) days, but not more than sixty (60) days before the meeting date.

(b) **Address for Notice.** The address of notice shall be to the email address provided and updated as required, by Association members. Members may receive their correspondence by mail and additional fees may be assessed for communication in this manner.

(c) **Effective Date of Written Notice.** Written notice, if in a comprehensible form, is effective at the earliest of the following:

- i. when received (an email shall be deemed to be received/delivered on the date that it is sent, if correctly addressed and if the sender does not receive an automated response indicating that the email was undeliverable).
- ii. five days after its deposit in the United States mail, if mailed correctly addressed and with first class postage affixed; additional fees may be assessed for communication in the manner.

(d) **Annual Meeting of Members.** Unless the Act, these Bylaws, the Restrictions, or the Articles of Incorporation require otherwise, notice of the annual meeting of Members need not include a description of the purpose for which the meeting is called.

(e) **Special Meeting of Members.** The notice of a special meeting of Members must state the purpose or purposes of the meeting. Only those matters that are within the purpose or purposes described in the meeting notice may be conducted at a special meeting of Members.

4.4 **Adjournment of Meeting of Members: Notice of Adjourned Meetings.**

Any meeting of Members, whether or not a quorum is present, may be adjourned to a different date, time, and/or place. In the event that a quorum is not present, the meeting of Members may be adjourned to a different date, time and/or place by the Board of Directors. If a quorum is present, action to adjourn to a different date, time, and/or place shall be approved. Notice need not be given of the new date, time and/or place, if the new date, time, and/or place is announced at the meeting before adjournment, provided that the meeting is adjourned to a date not more than one hundred twenty (120) days after the record date for determining Members entitled to notice of the original meeting; such oral notification shall be considered proper notice and effective as of the date the oral notification is delivered. Members on the date of the adjourned meeting who are otherwise eligible to vote shall be entitled to vote at the adjourned meeting. If the meeting is adjourned to a date more than one hundred twenty (120) days after the record date for determining Members entitled to notice of the original meeting, notice of the adjourned meeting must be given in accordance with Section 4.2 and the record date for such notice shall be established in accordance with Section 4.3.

4.5 **Members' List for Voting.** After fixing a record date for notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all Members who are entitled to notice of the meeting and shall list the Members by classification of membership. The list must show the address and number of votes each Member is entitled to vote at the meeting. The Board of Directors shall maintain a current and updated list of members who are entitled to vote at an upcoming meeting, including new Members that may not have been entitled to notice at the time it was transmitted. The list of Members must be made available for inspection in accordance with the Act.

4.6 **Quorum for Membership Meetings.** Unless otherwise provided by these Bylaws, the Articles of Incorporation, the Restrictions, or the Act, the presence at a meeting, whether in person or by proxy, of Members entitled to cast fifty-one percent (51%) of the total eligible votes in the Association shall constitute a quorum for the transaction of business. For each matter voted on, a quorum must exist at the time the matter is voted on.

4.7 **Voting Requirements.** Unless these Bylaws, the Articles of Incorporation, the Restrictions, or the Act require a greater vote, if a quorum is present, the affirmative vote of two-thirds ($\frac{2}{3}$) of eligible votes cast is required to approve an action. Members entitled to vote on a matter shall have as many votes as specified in the Restrictions. All Members must be in good standing with the Association in order to cast a vote at an Annual or Special Meeting.

With respect to Class A Members, if a Lot is owned by more than one record owner, the vote for such Lot shall be cast as such record owners determine among themselves, and the following shall apply:

- (a) If only one record owner votes, the vote binds all.
- (b) If more than one record owner votes:

- i. If the votes cast are the same in all respects, then they collectively constitute the one (1) vote for the Lot on that matter.

ii. If the votes cast differ in any respect, the vote for the Lot on the matter shall be deemed to be void and shall be treated as an abstention on the matter.

No vote attributable to a Lot may be split or fractionally cast.

4.8 **Proxies.** At all meetings of Members, Members may vote in person or by proxy. All appointments of proxies shall be by written appointment form, signed either personally or by an attorney-in-fact. An appointment of a proxy is effective when received by the Secretary (or other officer or agent authorized to tabulate votes). An appointment is valid for eleven (11) months unless a different period is expressly provided in the appointment form, not to exceed one (1) year. An appointment of a proxy is revocable by the Member as follows: (i) attendance of the meeting by the Member appointing the proxy; or (ii) the signing of, and delivery to the Secretary (or other officer or agent authorized to tabulate votes), a written statement that the appointment is revoked. The death or incapacity of the Member appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary (or other officer or agent authorized to tabulate votes) before the proxy exercises its authority under the appointment form. No more than ten percent (10%) of all Member votes shall vote by proxy in any election.

4.9 **Action by Written or Electronic Ballot.** Unless limited or prohibited by the Restrictions, these Bylaws, the Articles of Incorporation, or the Act, any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting if the Association delivers a written or electronic ballot to every Member entitled to vote on the matter. A written or electronic ballot shall: (1) set forth each proposed action; and (2) provide an opportunity to vote for or against each proposed action. Approval by written or electronic ballot pursuant to this Section is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals 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 or electronic ballot shall: (a) indicate the number of responses needed to meet the quorum requirements; (b) state the percentage of approvals necessary to approve each matter other than election of directors; and (c) specify the time by which a ballot must be received by the Association in order to be counted. A written or electronic ballot may not be revoked.

4.10 **Conduct of Meetings.** Robert's Rules of Order (latest edition) or such other rules as the Board of Directors may adopt shall govern the conduct of corporate proceedings when not in conflict with the Restrictions, the Articles of Incorporation, these Bylaws or with the laws of the State of South Carolina.

ARTICLE V

BOARD OF DIRECTORS

5.1 **Number and Qualifications.** The Board of Directors shall have the ultimate authority over the conduct and management of the business and affairs of the Association. The Board of Directors shall be composed of three (3) Directors, each of whom shall be an Owner and Member in good standing of the Association (good standing determined at the discretion of the Board), in order to seek election to, or continue to hold a position on, the Board of Directors. This number may be increased to five (5) Directors, at a subsequent meeting held after the initial Annual Meeting.

5.2 **Nominations & Nomination Committee.** Nominations may be made by the membership upon call for nominations by the Board and/or from the floor of a physical meeting at which an election is held (nominations from the 'floor' at a virtual annual meeting is not permitted). If an election is being held by written or electronic ballot in lieu of a meeting, the Board must issue a notice for call for nominations to be sent out the Membership at least two (2) weeks prior the transmission of a written or electronic ballot for voting. Such notice of the call for nominations may be sent via mail or email to the Membership. The Board may appoint a Nominating Committee to nominate candidates for election to each position on the Board of Directors which is to be filled by the Members. If the Board does not appoint a Nominating Committee, for any reason, the Board shall serve as the Nominating Committee. If appointed, the Nominating Committee shall consist of a Chairman, who shall be a Director, and at least two (2) Members of the Association. The Board and/or Nominating Committee may make as many nominations for election to the Board as it shall in its discretion determine.

5.3 **Election and Term of Office.**

(a) **Election Generally.** Directors elected shall serve a term of two (2) years or until their successors are elected. Members will elect Directors annually to fill an expiring seat at the scheduled annual meeting or by written or electronic ballot in accordance with Article IV, Section 4.9 to be effective upon the expiration of the incumbent Director's term. One (1) vote per Lot may be cast with respect to each vacant seat to be filled on the Board. There shall be no cumulative voting. The Association thereafter by the affirmative vote of a majority (51%) of all Members' votes, may increase or decrease the number of Directors of the Association so long as there are never less than three (3) Directors at any given point and a maximum of five (5), and so long as the rest of the terms of these Bylaws are adhered to. The Board shall serve a two (2) year term, not to exceed two (2) terms.

(b) **Election by Acclamation.** If the number of vacancies on the Board is equal to the number of qualified candidates, the President may declare that the nominees are elected by unanimous consent.

5.4 **Removal or Resignation.** Any Director appointed by the Board of Directors may be removed at any time by the Board of Directors. Any Director elected by the Members may be removed from the Board of Directors, with or without cause, by the affirmative vote of at least fifty-one percent (51%) of all Member votes in the Association at a meeting of the Members called for the purpose of removing the Director, provided that the meeting notice states that the purpose, or one of the purposes, of the meeting is removal of the Director. The action to remove a Director must be voted on at a meeting of the Members, it cannot be accomplished by written or electronic ballot in lieu of meeting. Any Director who is not in good standing with the Association, or who misses three (3) consecutive Board meetings (unless such absence shall have been excused by the President of the Association or other person(s) authorized to do so), may be immediately removed from the Board of Directors by the remaining Directors and replaced in accordance with these Bylaws.

A Director may resign at any time by delivering written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at a time later specified therein.

5.5 **Vacancies.** Vacancies in the Board of Directors (caused by any reason other than the removal of a Director by a vote of the Members) shall be filled by a vote of a majority of the remaining Directors, even though the Directors present at such regular or special meeting of the Board may constitute less than a quorum. Persons appointed to fill a vacant seat shall serve the

remainder of the term of the Director being replaced or until a successor is elected. A vacancy on the Board of Directors shall not affect the validity of any decision made or action taken by the remaining Directors.

5.6 **Meetings of Directors.**

(a) **Organizational Meeting.** The first meeting of the Board following each annual meeting of the membership shall be held within thirty (30) days thereafter at such time and place as the Board shall fix.

(b) **Regular meetings.** Regular meetings of the Board of Directors shall be held quarterly, or more frequently, and at dates, times and places determined by a majority of the Board of Directors. Without the approval of all the Directors, no meeting shall fall upon a legal holiday. No notice shall be required for regular meetings of the Board of Directors.

(c) **Special meetings.** Special Meetings of the Board of Directors shall be held when called by the President of the Association or any two (2) Directors, after not less than two (2) days' notice is given, either personally, by mail, or by telephone, to each Director, unless waived in writing signed by the Director or waived by attendance or participation of the director at the meeting without objection.

(d) **Executive session.** The Board may hold executive sessions from which others are excluded at a regular or special meeting, by affirmative vote of a majority of the Directors present at a meeting. A motion to go into executive session shall indicate the nature of the business of the executive session, and no other matter shall be considered in the executive session.

5.7 **Participation by Telecommunications.** Any Director may participate in, and be regarded as present at, any meeting of the Board of Directors by means of conference telephone or any other telephonic or video conference means of communication by which all parties participating in the meeting can hear each other at the same time.

5.8 **Quorum.** A majority of the Directors in office immediately before the meeting shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

5.9 **Action.** Every act or decision authorized by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board of Directors. Directors shall not vote by proxy.

5.10 **Action without Meetings.** To the fullest extent permitted by the Act, the Board of Directors may take action without a meeting by written consent as to such matters and in accordance with such requirements and procedures authorized by the Act. Unless otherwise permitted in the Act, such written consent must be signed by all Directors and be included in the minutes filed with the corporate records reflecting the action taken.

5.11 **Compensation.** Directors shall not receive compensation for service on the Board of Directors.

5.12 **Obligation of Confidentiality.** Each Director shall have a continuing obligation to keep confidential any private or privileged information made available to the Director pursuant to his or her role on the Board.

5.13 **Powers and Duties of Board.**

(a) **General Authority.** The Board shall be responsible for conducting the affairs of the Association and shall be authorized to exercise all rights and powers of the Association and to do all acts and things on behalf of the Association except those as to which the Restrictions, the Act or the Articles of Incorporation specifically require to be done or approved by the Members

generally. The Board shall have all powers necessary for the administration of the Association, including but not limited to, the power to:

- i. Appoint committees, including an Architectural Review Committee, by resolution and to delegate the powers and duties appurtenant thereto.
- ii. Adopt, amend and publish Rules and Regulations governing the use of the Property, including Common Areas, roads, rights-of-way, and Lots; and governing the conduct of the Owners, Occupants, Renters, guests and invitees thereon. Such Rules and Regulations shall include the establishment of penalties for violations of the Governing Documents, including monetary fines as Specific Assessments and Costs of Collection thereof, which shall form a lien on the Lot of the responsible Owner(s).
- iii. Adopt, amend and publish Architectural Guidelines or delegate the adoption of guidelines to an Architectural Review Board; provided that any such guidelines shall have been approved by the Board;
- iv. Suspend the voting rights, the right to use all or any portion of the Common Area (with the exception of any streets or access ways), and/or any services provided by the Association, including without limitation architectural review services, during any period in which an Owner shall be in default in the payment of any assessment levied by the Association or for any other violation of the Governing Documents; and
- iv. Employ a manager or other contractor, agent or employee of the Association and prescribe their duties.

(b) **Duties.** The Board shall be responsible for all duties prescribed by the Restrictions, the Act, or other South Carolina or Federal law, including but not limited to the duty to:

- i. Prepare and adopt, in accordance with the Restrictions, an annual budget;
- ii. Provide for the operation, care, upkeep, and maintenance of the Common Areas;
- iii. Enforce the provisions of the Restrictions, Bylaws, Rules and Regulations and Architectural Guidelines, if any, subject to the discretion of the Board pursuant to Section 5.14 below; and
- iv. Obtain and carry property and liability insurance, and pay the cost thereof, and to adjust claims, as necessary or appropriate.

5.14 **Discretion of the Board.** The Board of Directors may determine whether to take enforcement action by exercising the Association's power to impose sanctions or commence an action for violation of the Governing Documents, including whether to compromise any claim for unpaid Assessments or other claims made by or against it. The Board's decision not to pursue enforcement shall not prevent the Board from taking enforcement in the future or under other circumstances, but the Board shall not be arbitrary or capricious in taking enforcement action.

ARTICLE VI **OFFICERS**

6.1 **Designation.** The principal Officers shall be the President, Vice President, Secretary and Treasurer and such other officers as the Board of Directors may from time to time by resolution create. Any two or more offices may be held by the same person, except the offices of President and Secretary. The President, Vice President, and Treasurer must be Members and Directors of

the then-current Board of Directors; the Secretary need not be a Member or a Director of the then-current Board of Directors.

- 6.2 **Appointment and Term.** The initial Board elected shall serve a two (2) year term. The Association thereafter by the affirmative vote of a majority (51%) of all Members' votes, may increase or decrease the number of Directors of the Association so long as there are never less than three (3) Directors at any given point, and so long as the rest of the terms of these Bylaws are adhered to. The Board shall serve a two (2) year term, not to exceed two (2) terms.
- 6.3 **Removal or Resignation of Officers.** Any Officer may be removed from office, with or without cause, by a majority vote of the Board of Directors. Any Officer may resign at any time giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of 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.
- 6.4 **Vacancies.** A vacancy in any office may be filled by appointment by the Board of Directors.
- 6.5 **Powers and Duties of Officers.** The Association's Officers shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically impose upon them. The President shall be the Chief Executive Officer of the Association. The Secretary shall have the duty to ensure that meeting minutes are taken, that membership lists are maintained, and that proper notices are sent; the Secretary may delegate all or part of these duties to a management agent. The Treasurer shall have primary responsibility for preparation of the budget as provided for in the Restrictions and may delegate all or part of the preparation and notification duties to a management agency.
- 6.6 **Special Appointments.** The Board of Directors may appoint such other Officers, agents, or entities to perform duties on behalf of the Association. The Board of Directors shall determine, in its sole discretion, the qualifications, authorities, and duties of such appointees and shall have the authority to remove them in its sole and absolute discretion.
- 6.7 **Compensation of Officers.** No Officer shall receive any compensation from the Association for his or her service as an officer.

ARTICLE VII **ADMINISTRATION**

- 7.1 **Agreements, Contracts, Deeds, Leases, Checks, etc.** All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by the President or by such other person or persons as the Board may designate by resolution.
- 7.2 **Bonds.** At the discretion of the Board of Directors, fidelity bonds may be required on all Directors, Officers, and any other persons, employees, or entities handling or responsible for the funds of the Association such as a managing agent. The amounts of such bonds shall be determined by the Board, but if it is determined that bonds are to be obtained, they shall be at least equal to the amounts to be handled at any point by that person or entity. Unless verification that the bonds have been provided by such person or entity is obtained by or provided for the Board of Directors, the premiums for these bonds shall be paid by the Association as a common expense.
- 7.3 **Management Agent.** The Board may employ for the Association a professional management agency or agent at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate policy-making or decision-making

authority or ultimate responsibility for those duties.

ARTICLE VIII **ACCOUNTING AND FINANCIAL MATTERS**

- 8.1 **Fiscal Year.** The fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.
- 8.2 **Budgets.** The Board shall electronically deliver or mail a summary of the proposed Common Expense Budget and notice of a meeting to consider ratification of the proposed Common Expense Budget to all Members, including a statement of the proposed Annual Assessment. Such ratification meetings shall be held not less than ten (10) nor more than sixty (60) days after the proposed Common Budget summary and notice are mailed or electronically delivered. There shall be no requirement that a quorum be present at the meeting. The proposed Common Expense Budget and Annual Assessment are ratified unless, at that meeting, a majority of all the Members in the Association vote to reject the proposed Common Expense Budget and Annual Assessment. In the event the proposed Common Expense Budget and annual Assessment are rejected, the periodic Common Expense Budget and Annual Assessment last ratified by the Members shall be continued until such a time as the Members ratify a subsequent Common Expense Budget and Annual Assessment as provided herein. Should circumstances warrant an amendment or change in the Common Expense Budget or Annual Assessment during any calendar year, the Board shall formulate a revised Common Expense Budget and Annual Assessment and submit the same to the Members for ratification as provided herein.

Any surplus funds remaining after payment of or provisions for Common Expenses shall be retained by the Association and held as reserves for the payment for future Common Expenses as the Board of Directors, in its sole discretion, deems appropriate.

- 8.2 **Deposits.** All funds of the Association shall be treated as the separate property of the Association and shall be deposited in a bank or other federally insured depository institution as shall be designated from time to time by the Board of Directors. Withdrawal of funds shall only be by checks signed by such persons as are authorized by the Board of Directors or established ACH transfer.
- 8.3 **Reserve.** In the event the Board of Directors uses funds collected and held in the Association's reserve account(s), the Board of Directors shall make reasonable attempts to replenish the reserve account(s) in a reasonable amount by reasonable means authorized by the Declaration, or by allocation of funds in the operating count as reasonable and appropriate.
- 8.4 **Borrowing Funds.** The Association shall have the power to borrow money for any legal purpose; provided that Members representing at least fifty-one percent (51%) of the total eligible votes of the Association shall have approved such action.

ARTICLE IX **COMMITTEES**

The Board of Directors may from time to time by resolution, designate and delegate authority to one or more committees, including, without limitation, an Architectural Review Board and a Nominating Committee. Any such committee shall serve at the pleasure of the Board and shall be chaired by a Director.

**ARTICLE X
BOOKS AND RECORDS**

- 10.1 **Corporate Records.** When consistent with good business practices, any records of the Association required by the Act may be maintained in any format so long as the records can be reproduced in written form in a reasonable time.
- 10.2 **Inspection Rights.** The Members shall have only such rights to inspect records of the Association to the extent prescribed by the Act and according to the procedures and limitations thereof. The Association may charge reasonable fees for the time and cost incurred in providing the records for inspection or copies of the books and records. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association.

**ARTICLE XI
INDEMNIFICATION**

- 11.1 **Scope.** The Association shall indemnify, defend and hold harmless the Association's Directors and Officers to the fullest extent permitted by, and in accordance with the Act. This plan of indemnification shall constitute a binding agreement of the Association for the benefit of the Directors and Officers as consideration for their services to the Association. Such right of indemnification shall not be exclusive of any other right which such Directors, Officers, or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any Bylaw, agreement, vote of Members, insurance, provision of law, or otherwise, as well as their rights under this Article. The Association shall pay for or reimburse the reasonable expenses incurred by the Director or Officer who is a party to a proceeding in advance of a final disposition of the proceeding if the Director or Officer complies with the terms of the Act.
- 11.2 **Insurance.**
- (a) **Liability Insurance/Director and Officers Insurance.** The Board of Directors may cause the Association to purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Association, against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Association would have the power to indemnify such person.
- (b) **Property and Casualty Insurance.** The Association shall obtain and maintain at all times a policy or policies of property insurance covering all Common Elements and all improvements located thereon in an amount not less than one hundred percent (100%) of the replacement cost of such improvements at the time such insurance is purchased and at the time of each renewal thereof, exclusive of the cost of the land and other normally excluded items. The Board shall, at least annually, review the insurance coverage required herein and determine the current replacement costs of such improvements, including without limitations, fixtures, personal property and supplies.
- (c) **Premiums, Deductibles and Insurance Proceeds.** Premiums for insurance policies purchased by the Association, and any amounts paid as a result of a deductible, shall be paid by the Association as a Common Expense of the Association, provided, however, that the deductibles and/or expenses paid or incurred by the Association as a result of the negligent or intentional act or omission of any Owner, or that of his agents, guests, invitees or family members, shall be charged to and paid by the Owner as a Special Individual Assessment. All such premiums shall

be paid by the Association at least thirty (30) days prior to the expiration date of such policies.

The Association shall use the net proceeds of property and casualty insurance to repair and/or replace any damaged or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of property and casualty insurance paid to the Association remaining after satisfactory completion of repair and replacement shall be retained by the Association. If the insurance proceeds received by the Association are insufficient to reimburse, to repair and/or replace any damage or destruction to person or property, the Board may levy a Special Assessment or Special Individual Assessment, as appropriate under the circumstances, to cover the deficiency.

ARTICLE XII **ENFORCEMENT PROCEDURES**

The Association shall have the power, as provided in the Declaration, to impose sanctions for any violation of the Governing Documents, including but not limited to, the right to file suit, based on law or equity, to enforce the terms of the Governing Documents, and/or the right to assess monetary penalties in the form of specific assessments in accordance with the Declaration for violation of the Governing Documents. Such remedies, including any other remedies authorized by the Declaration, are not mutually exclusive.

ARTICLE XIII **MISCELLANEOUS**

13.1 Amendments.

(a) **By the Members.** These Bylaws may be amended by the affirmative vote of two-thirds (2/3) of the total eligible votes in the Association at a duly called annual or special meeting of the Membership; or in lieu of a meeting, by a written or electronic ballot.

(b) **By the Board of Directors.** In addition to the foregoing, the Board of Directors shall, at any time and from time to time, have the right (but not the obligation) to cause the Bylaws to be amended to correct any clerical or scrivener's errors or to conform to the requirements of the Federal Housing Administration or the Veterans Administration or the Federal National Mortgage Corporation, FHLMC and such other secondary market agencies as the same may be amended from time to time.

13.2 Conflicts.

(a) **With Articles or Restrictions.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Restrictions and these Bylaws, the Restrictions shall control.

(b) **With the Act.** In case of any conflict with the mandatory provisions of the Act, the mandatory provisions of the Act shall control.

(c) **Interpretation.** The Board shall interpret the terms of these Bylaws and its interpretation shall be final.

IN WITNESS WHEREOF the undersigned of the Glenn Harbour Property Owners Association, Inc. has hereunto set their hand and seat this 18 day of March, 2022.

WITNESS:

Terry McKelvey

By: Tanya E. Reno

Print Name: Tanya E. Reno

Is: Glenn Harbour P.O.A.

President

WHEREAS, this document is in addition to certain Restrictions have been previously recorded for the Glenn Harbour Subdivision in Deed Book 104-K, page 922 (Phase 1), Deed Book 106-F, page 323 (Phase 1), Deed Book 106-F, page 338 (Phase 2) and Deed Book 108-M, page 183, Spartanburg County Register of Deeds (collectively, the "Restrictions");