

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

AMENDMENT TO BY-LAWS

WHEREAS, on or about the 25th day of September, 1995, Courtside Associates filed with the Clerk of Court for Beaufort County, South Carolina, in Book 296 at Page 1673, their Master Deed of Courtside Villas Horizontal Property Regime; and

33005

WHEREAS, pursuant to the By-Laws of Courtside Villas Association, Inc., ARTICLE IX, AMENDMENTS, Section 1. AMENDMENTS., "These By-Laws may be amended by the Council in a duly constituted meeting held for such purpose, and no amendment shall take effect unless approved by co-owners representing at least two-thirds (2/3) of the total value of the Property as shown on the Master Deed". and

WHEREAS, the Courtside Villas Association, Inc. now wish to amend provisions of said By-Laws; and

WHEREAS, at a duly called meeting held for such purpose on September 25, 1995, a ballot was taken and the proposed By-Laws Amendments were passed by a sufficient majority and the Council was instructed that the amended and restated By-Laws attached hereto be recorded forthwith.

IN WITNESS WHEREOF, the Amended and Restated By-Laws attached hereto are hereby adopted.

Carl E. L.

Witness

[Signature]
Association President

Shirley K. Stegeman

Notary Public

Mary E. Duckworth

Witness

Betty S. Levens
Association Secretary

Shirley K. Stegeman

Notary Public

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

PROBATE

PERSONALLY APPEARED before me, the undersigned witness, who, upon oath, states that s/he saw Courtside Villas Association, Inc., by and through its Regime President sign the within Amended and Restated By-Laws, and that s/he with the undersigned Notary Public, witnessed the execution thereof.

Carl E. L.

Witness

SWORN TO before me this

25 day of September, 1995.

Shirley K. Stegeman

Notary Public for South Carolina

My Commission Expires: Notary Public, South Carolina State at Large
My Commission Expires Jan. 14, 2001

FILED
JOHN A. SULLIVAN, JR.
R.H.G.
BEAUFORT COUNTY, S.C.
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FOLDER #

WHEREAS, the attachment to the Amendment, recorded October 2, 1995 in Book 807 at Page 246 included an incorrect attachment comprising of pages 248 through 269 and the same is now amended and re-recorded with the correct attachment.

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

PROBATE

PERSONALLY APPEARED before me, the undersigned witness, who, upon oath, states that s/he saw Courtside Villas Association, Inc., by and through its Association Secretary sign the within Amended and Restated By-Laws, and that s/he with the undersigned Notary Public, witnessed the execution thereof.

Mary E. Snodgrass

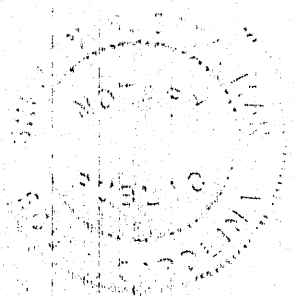
Witness

SWORN TO before me this

25 day of September, 1995.

Shirley K. Stegeman

Notary Public for South Carolina
My Commission Expires: Notary Public, South Carolina State at Large
My Commission Expires Jan 14, 2001



**BY-LAWS
OF
COURTSIDE VILLAS ASSOCIATION, INC.**

a non-profit corporation existing under
the laws of the State of South Carolina

-providing for-

**THE ADMINISTRATION OF
COURTSIDE VILLAS HORIZONTAL PROPERTY REGIME**

ARTICLE I

PLAN OF APARTMENT OWNERSHIP

Section 1. HORIZONTAL PROPERTY REGIME. The Property (the term "Property" as used herein means and include the land, the buildings, all improvements and structures thereon) located in Hilton Head Island, in Beaufort County, South Carolina, known as **COURTSIDE VILLAS HORIZONTAL PROPERTY REGIME** has been, by Master Deed, submitted to the provisions of the Horizontal Property Act of South Carolina, which said Property shall henceforth be known as the **COURTSIDE VILLAS HORIZONTAL PROPERTY REGIME** (hereinafter referred to as "Regime").

Section 2. ASSOCIATION. In conjunction with the creation of the above described Regime there also has been incorporated under the laws of the State of South Carolina an Association known as **Courtside Villas Association, Inc.** (hereinafter referred to as "Association") which shall, pursuant to the provision of the aforementioned Master Deed, constitute the incorporated **Courtside Villas Association, Inc.** (synonymous with the "Council of Co-Owners as used in the Master Deed and the Horizontal Property Act).

Section 3. BY-LAWS APPLICABILITY. The provision of these By-Laws are applicable to the Property and the Regime.

Section 4. PERSONAL APPLICATION. All present or future co-owners, tenants, future tenants, or their employees, or any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed establishing said Regime as they may be amended from time to time. The mere acquisition or rental of any of the Dwellings or Apartments (hereinafter usually referred to as "Apartments" as defined in the Master Deed of the Property) or the mere act of occupancy of any of said Apartments will signify that these By-Laws, the provisions of the Master Deed, the provisions of

that certain Declaration of Rights, Restrictions, Conditions, etc. for Courtside Villas Association, Inc. recorded in Deed Book 296 at Page 1673 in the Office of the Clerk of Court for Beaufort County, South Carolina and any authorized recorded amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. ELIGIBILITY. Any person who acquires title to an Apartment in the Regime shall be a member of the Association. There shall be one membership for each Apartment. Transfer of Apartment ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee. If Apartment ownership is vested in more than one person, then all of the persons so owning such Apartment shall agree upon the designation of one of the co-owners of such Apartment to act as a member of the Association. If Apartment ownership is vested in a Corporation, said Corporation may designate an individual officer or employee of the Corporation to act as a member of the Association.

* **Section 2. VOTING.** Voting shall be on a percentage basis and the percentage of the vote to which the co-owner is entitled is the percentage assigned to the Apartment or Apartments in the Master Deed.

Section 3. MAJORITY OF CO-OWNERS. As used in these By-Laws, the term "majority of co-owners" shall mean those co-owners holding fifty-one percent (51%) or more of the total value of the Property, in accordance with the percentage assigned in the Master Deed, and any authorized amendments thereto.

* **Section 4. QUORUM.** The presence in person or by proxy of thirty (30%) percent of the co-owners as defined in Section 2 of this Article should constitute a quorum.

* **Section 5. PROXIES.** A co-owner may appoint a proxy to vote for the co-owner by signing an appointment form either personally or by an attorney-in-fact. A proxy is effective when received by the secretary, or property manager, of the association and remains effective for eleven (11) months unless a different time period is stated on the appointment form, provided, however, that no appointment may exceed three (3) years. An appointment of a proxy is revocable by a co-owner in the manners specified in S.C. Code §33-31-724. Proxies must be filed with the secretary before the appointed time of each meeting.

* **Section 6. VOTING REQUIREMENTS.** The vote of a majority of

the apartment owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all apartment owners for all purposes except where in the Master Deed or in these By-Laws, or by law, a higher percentage vote is required. Cumulative voting shall not be used for electing directors of the association.

ARTICLE III

Courtside Villas Association, Inc. OWNERS' ASSOCIATION

Section 1. ASSOCIATION RESPONSIBILITIES. The co-owners of the Apartments will constitute the Association of the Co-owners (hereinafter usually referred to as "Association") who will have the responsibility of administering the Property, electing the Board of Directors and arranging for the management of the Property pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of co-owners.

Section 2. PLACE OF MEETINGS. Meetings of the Association shall be at such place, convenient to the co-owners, as may be designated by the Association.

* **Section 3. ANNUAL MEETING.** The annual meeting of the Association shall be held at the call of the President once a year during the month of November or at such other time as a majority of the co-owners may agree upon. At such meetings there shall be elected by ballot of the co-owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. The co-owners may also transact such other business of the Association as may properly come before them. The failure to hold an annual meeting at the time stated or fixed in accordance with the By-laws does not affect the validity of the Association actions taken at such time as the meeting is held.

* **Section 4. SPECIAL MEETINGS.** It shall be the duty of the Secretary to call a special meeting of the co-owners as directed by resolution of the Board of Directors, at the request by a majority of the Directors, or upon a petition signed by a majority of co-owners and having been presented to the Secretary. A notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

* **Section 5. JUDICIALLY ORDERED MEETINGS.** (33-31-160 and 33-31-703). If for any reason it is impracticable or impossible for the Association to call or conduct a meeting of its members in the manner prescribed herein, then upon petition of a Director, Officer

(if not a Director), or member, The Beaufort County Court of Common Pleas may order that such a meeting be called or that a written ballot be prepared in such a manner as the Court finds fair and equitable under the circumstances. The order issued may prescribe the matter of giving notice and the requirements for a quorum and the percentage of vote needed for approval. No business shall be conducted except as specified in the order.

* **Section 6. ACTION BY WRITTEN CONSENT.** Action of the association may be approved by the co-owners without a meeting of the co-owners if the action is approved by not less than eighty (80%) percent of the total authorized vote. The action must be evidenced by a written consent, in counterparts if appropriate, which describes with particularity the action to be taken. The record date of the action is the date the first co-owner signed the consent. Written notice of co-owners approval shall be given to all co-owners and is effective ten (10) days after mailing of such notice.

* **Section 7. NOTICE OF MEETINGS.** It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each co-owner of record, at least fifteen (15), but not more than forty-five (45) days prior to such meeting. The mailing of a notice if correctly addressed and deposited in the United States Mail, shall be considered notice served, five (5) days after the date of deposit.

* **Section 8. WAIVER OF NOTICE.** A co-owner may waive any notice required by the By-laws before or after the date and time stated on the notice. The waiver must be in writing, be signed by the co-owner entitled to notice, and be delivered to the Association. A co-owner's attendance at a meeting waives objection to lack of notice or defective notice, unless the co-owner at the beginning of this meeting objects to holding the meeting or transacting business at the meeting, A co-owners waives objection to consideration of business not within the scope of the meeting unless the co-owner objects when the matter is first presented.

* **Section 9. ADJOURNED MEETING.** If any meeting of the Association cannot be organized because a quorum has not attended, the co-owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. Upon the reconvening of said meeting a quorum shall be constituted of co-owners holding at least ten (10%) percent of the total value of the property in accordance with the percentages assigned in the Master Deed are present at said reconvened meeting.

* **Section 10. ORDER OF BUSINESS.** The order of business at all Annual Meetings of the Association shall be as follows:

- (a) Roll Call with Verifications of Proxies.
- (b) Proof of Notice of Meeting or Waiver of Notice.
- (c) Reading of Minutes of Preceding Meeting.
- (d) Reports of Officers.
- (e) Reports of Committees.
- (f) Election of Inspectors of Election.
- (g) Election of Directors.
- (h) Unfinished Business.
- (i) New Business.

The order of business at a Special Meeting of the Association shall include items (a) through (d) above, and thereafter, the agenda shall consist of the items specified in the notice of meeting.

ARTICLE IV

BOARD OF DIRECTORS

* **Section 1. NUMBER AND QUALIFICATION.** The affairs of the Association shall be governed by a Board of Directors (hereinafter referred to as the "Board") comprised of five (5) persons. All Board Members shall be Apartment Owners in good standing with no outstanding fees due to the regime other than charges for the current month and must be present at the annual meeting in order to be elected.

* **Section 2. GENERAL POWERS AND DUTIES.** The Board shall have the powers and duties necessary for the administration of the affairs of the Association as set forth in §33-31-302 of the South Carolina non-profit Corporation Act (1994), and may do all such acts and things as are not by law, or by these By-Laws, directed to be executed and done by the Association or individual co-owners.

Section 3. OTHER POWERS AND DUTIES. In addition to duties imposed by these By-Laws, or by resolutions of the Association, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and any amendments thereto and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the Common Elements.
- * (c) Establishment of the annual budget. The budget shall be distributed by the Board to all members of the Association at least thirty (30) days in advance of its effective date and at least thirty (30) days in advance of the Association's Annual Meeting. Notwithstanding the responsibilities and

authority of the Board, the budget may be modified by the Association at the Annual Meeting or a Special Meeting of the Association when a quorum is present by a two-thirds (2/3) vote of the co-owners present at such meeting, in person or by proxy.

- (d) As a part of the annual budget described in (d) above, establish and maintain in behalf of the Association an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the common elements.
- (e) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.
- (f) Collection of all assessments and fees from the co-owners.
- (g) Performing repairs caused by any natural disaster or man-made damage from the reserve account and any special assessment, or causing the same to be done.
- (h) Obtaining of insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done as set forth in ARTICLE VIII hereof.

* **Section 4. EMERGENCY POWERS (33-31-207 and 33-31-303).** At any time that an emergency exists because of a catastrophic event, the Directors or the Director present may adopt, amend, or repeal any By-laws to be effective only during the emergency and for such reasonable times thereafter as is required to restore the Association to normal functions. The emergency By-laws, which are subject to amendment and repeal by the members, may provide for special procedures for managing the Association during the emergency including: calling a meeting of the board, quorum requirements for such meeting; and designation of substitute directors. All provisions of regular By-laws that are consistent with the emergency By-laws shall remain in full force and effect. Actions taking pursuant to the emergency By-laws shall be binding upon the Association and may not be used to impose liability upon a director, officer, or property manager for actions taken in good faith.

* **Section 5. MANAGEMENT AGENT.** The Board may employ a management agent at the compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article. Any such Management Contracts shall be for a reasonable term and shall contain reasonable provisions regarding

the right of the Association to terminate said Contracts.

* **Section 6. BOARD OF DIRECTORS TERMS.** The Board of Directors shall consists of five (5) co-owners. The term of office of each director shall be for three (3) years and shall be staggered such that no more than two (2) directors will be elected for full terms at any annual meeting. At the first annual meeting following the adoption of the By-Laws, the term of office of the longest serving Director will terminate and a single Director will be elected to serve a three (3) year term; the term of office of the next two (2) longest serving Directors will continue for one (1) additional year; and the term of office for the remaining two (2) directors will continue for two (2) additional years. Thereafter, either one (1) or two (2) Directors will be elected upon the expiration of each term. Directors may be elected for no more than two (2) three (3) year terms, followed by one (1) year off the board, unless no other candidates are available to serve. Upon the expiration of a Director's term, the Director will continue to serve until a successor has been elected pursuant to those By-laws.

Section 7. VACANCIES. Vacancies in the Board of Directors caused by any reason other than the removal of a member of the Board by vote of the Association shall be filled by vote of the majority of the remaining members, even though they constitute less than a quorum; and each person so elected shall be a member of the Board until a successor is elected at the next meeting of the Association.

* **Section 8. REMOVAL OF MEMBERS OF THE BOARD.** At any annual or special meeting of the Association duly called, any one or more of the members of the Board may be removed with or without cause by a majority of co-owners and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. No Board member shall continue to serve on the Board if during the term of office, he shall cease to be an apartment owner. The failure of any Director to attend two (2) consecutive quarterly meetings of the Board of Directors shall constitute grounds for automatic removal and the Directors attending shall promptly appoint a successor to serve until the next annual meeting.

Section 9. ORGANIZATIONAL MEETING. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board member were elected by the Association, and no notice shall be necessary to the newly elected Board members in order to legally constitute such a meeting, providing a majority of the Board shall be present.

* **Section 10. REGULAR MEETINGS.** Regular meetings of the

Board may be held at such time and place as shall be determined from time to time, by a majority of the Board, but such meetings shall be held each fiscal year. Notice of regular meeting of the Board shall at least quarterly be given by the Secretary-Treasurer or other designated person, to each Board member, personally or by mail, telephone, or telegraph, at least ten (10) days prior to the day named for such meeting.

Section 11. SPECIAL MEETINGS. Special meetings of the Board may be called by the President on three (3) days notice to each Board Member, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), and the purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) Board members.

Section 12. WAIVER OF NOTICE. Before or after any meeting of the Board, any member of the Board may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board Member at the time, place and purpose thereof. If all members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. BOARD QUORUM. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of the Board members present may adjourn the meeting from time to time. At any such adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. COMPENSATION. No member of the Board of Administrators shall receive any compensation from the Regime for acting as such.

Section 15. LIABILITY OF THE BOARD OF DIRECTORS. The members of the Board of Directors shall not be liable to the Apartment owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Apartment Owners shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Master Deed or of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of

the Association. It is intended that the liability of any Apartment Owner arising out of any contact made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors, shall be limited to such proportions of the total liability thereunder as his interest in the Common Elements bears to the interest of all Apartment Owners in the Common Elements. Every agreement made by the Board of Directors or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board of Directors, or the managing agent, or the manager, as the case may be, are acting only as agent for the Apartment Owners and shall have no personal liability thereunder (except as Apartment Owners), and that each Apartment Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interest of all Apartment Owners in the common elements.

ARTICLE V

OFFICERS

Section 1. DESIGNATION. The principle officers of the Association shall be a President, a Vice President, and a Secretary-Treasurer all of whom shall be elected by and from the Board. The Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as, in their judgment, may be necessary.

Section 2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board call for such purpose. No officer shall continue to serve as such if, during his term of office, he shall cease to be an Apartment Owner.

Section 4. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of a Regime or incorporated Association, including but not limited to the power to appoint committees from among the co-owners from time to time as he may, in his discretion, feel appropriate to assist in the conduct of the affairs of the

Association.

Section 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties when the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

* **Section 6. SECRETARY-TREASURER.** The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct; and he shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board. He shall, in general, perform all the duties incident to the office of the Secretary and Treasurer. At the decision of the Board of Directors, an officer will serve as Secretary and a second officer as Treasurer, and the duties and responsibilities divided between them.

ARTICLE VI

NOTICES

Section 1. DEFINITION. Whenever under the provisions of the Master Deed or of these By-Laws notice is required to be given to the Board of Directors, any manager or Apartment Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board of Directors, such manager or such Apartment Owners at such address as appears on the books of the Association. Notice shall be deemed given as of the date of mailing.

Section 2. SERVICE OF NOTICE WAIVER. Whenever any notice is required to be given under the provisions of the Master Deed, or law, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VII

OBLIGATIONS OF CO-OWNERS

* **Section 1. ASSESSMENTS FOR COMMON EXPENSES.** All co-owners

shall be obligated to pay the periodic assessments imposed by the Association to meet all Association common expenses, which shall include, among other things, liability insurance policy premiums and an insurance policy premium to cover repair and reconstructions work in case of hurricane, fire, earthquake and other hazards. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Property and any authorized additions thereto. Such may include without limitations, any amount for general working capital, for a general operation reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. No less than thirty (30) days prior to the Annual Meeting, the Board shall furnish all Apartment Owners with a copy of the budget for the next fiscal year and shall likewise advise them of the amount of the common charges payable by each of them, respectively, as determined by the Board as aforesaid. The assessment shall be for a full year from and after the date the budget is mailed to all co-owners, or, if the budget is not mailed as herein required to be done, the annual assessment then in effect shall be renewed on the date the new budget should have been mailed and shall remain in effect until amended or replaced by subsequent action of the Board of Directors and the co-owners. Notwithstanding the fact that common expenses are assessed annually, payment may be made in monthly installments, each such installment being due on the first day of each month. Upon the sale of an Apartment, the obligation to pay the annual assessment for common expenses shall be prorated between the purchaser and seller upon the date of closing or such other date as the purchaser and seller agree.

Section 2. ASSESSMENTS TO REMAIN IN EFFECT UNTIL NEW ASSESSMENTS MADE. The omission by the Board of Directors before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the Master Deed and By-Laws or a release of any Owner from the obligation to pay the assessments, or an installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. Amendments to this paragraph shall be effective upon unanimous written consent of the Owners and their mortgagees. No Owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the General or Limited Common Elements or by abandonment of his Apartment.

Section 3. RECORDS. The Manager or Board of Directors shall keep detailed records of the receipts and expenditures affecting the General and Limited Common Elements and any other expenses involved shall be available for examination by the Owner during reasonable business hours.

* **Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES.** The Board shall take prompt action to collect any common charges due

from any Apartment Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Apartment Owner in paying to the Board the common charges as determined by the Board, such Apartment Owners may, in the discretion of the Board, and in addition to a fixed late charge of Twenty-Five and No/100 (\$25.00) Dollars per month, be obliged to pay a late charge of one and one-half (1 1/2%) percent of the delinquent amount per month on such unpaid common charge from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with interest therein, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Apartment Owner, or by foreclosure of the lien on such Apartment granted by §27-31-210, Code of Laws of South Carolina, 1976. With regard to the subordinate nature of such liens as it relates to any purchase money mortgage, the provisions of §27-31-210, Code of Laws of South Carolina, 1976, as amended, shall be controlling.

* **Section 5. STATEMENT OF COMMON CHARGES.** The Board shall for a reasonable fee not to exceed Twenty-Five and No/100 (\$25.00) Dollars, promptly provide any purchaser, Apartment Owner, encumbrancer or prospective encumbrancer of an Apartment so requesting the same in writing, with a written statement of all unpaid common charges due from the Owner of that Apartment and the purchaser's liability therefore shall be limited to the amount as set forth in the statement. Any encumbrancer holding a lien on an Apartment may pay any unpaid common charges due payable with respect to such Apartment and upon such payment such encumbrancer holding mortgages on more than five (5) Apartment within the Association shall be entitled, upon request, to receive a statement of account on the Apartments securing all of said Mortgages once each calendar year without any fee or charge.

Section 6. MAINTENANCE AND REPAIR

(a) Each Co-owner must perform work within his own Apartment, which, if omitted, would affect the Property in its entirety or in a part belonging to another co-owner, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the Apartments such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, interior doors, windows lamps, and all other accessories belonging to the Apartment shall be at the expense of the co-owner.

* (c) All maintenance, repair and replacement to the common elements as defined in the Master Deed, the painting and decorating

of the exterior doors and exterior window sash shall be made by the Board or its agent and shall be charged to all the Apartment Owners as a common expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of the Apartment Owner, in which such case the expense shall be charged to such Apartment Owner.

* (d) Should any Co-Owner fail to perform such repairs and maintenance as required hereunder, the Board shall get the Co-Owner written notice of the defect and a demand that the same be cured within fifteen (15) days of the date of notice. Upon the failure of Co-Owner to cure the defect within the prescribed time, the Board may, but shall not be obligated, cause the needed repairs or maintenance to be done with the cost thereof to be charged to the Co-Owner as though a common expense and collected as herein provided along with late charges, attorney's fees and costs.

Section 7. WATER CHARGES AND SEWER RENTS. Water shall be supplied to all Apartments and the common elements, through one or more meters and the Board shall, if practicable, pay as a common expense all charges for water consumed on the Property, including the Apartments, promptly after the bills for same have been rendered. Sewer services shall be supplied by the utility company or district serving the area and may like wise, if practicable, be paid by the Board as a common expense.

* **Section 8. ELECTRICITY.** Electricity shall be supplied by the public utility company serving the area. It shall be supplied to all Apartments and the common elements through one meter for each apartment and one or more meters for the common elements. Charges for the Apartments shall be billed to the Co-Owner, or occupier, and charges for the common elements to the Board or to Management Agent.

Section 9. USE OF APARTMENTS - INTERNAL OR EXTERNAL CHANGES.

* (a) All Apartments shall be utilized for residential purposes only. This shall expressly include the right of the Owner to rent such Apartments to others for residential purposes.

(b) A co-owner shall not make structural modifications or alterations in his Apartment or installations located therein without previously notifying the Association in writing, through the Management Agent, if any, or through the President if no Management Agent is employed. The Association shall have the obligation to answer within thirty (30) days from the actual receipt of such notice and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

(c) A co-owner shall make no changes or additions whatsoever to the exterior of the Apartment, any stairs, decks, hallways, patio or balconies appurtenant thereto, or to any of the general or limited common elements without prior written approval of the Board. The Board may also approve minor additions to landscaping and other minor exterior changes or additions of this nature which in its sole discretion will not interfere or conflict with the overall scheme and appearance of the common areas. If any changes as described herein are approved by the Board, the co-owner requesting such change shall be totally financially responsible for the cost of such changes and the incurred costs, if applicable, of the maintenance and repair of such change. The Board, through its agent, may include this additional maintenance cost in the periodic assessment for the Apartment in question.

Section 10. USE OF COMMON ELEMENTS. Except as authorized by Section 9(c) a co-owner shall not place or cause to be placed in the passages, parking areas, roads, hallways, stairways, or other common areas any furniture, packages or obstructions of any kind. Such area shall be held in common for the enjoyment of the co-owners and shall be used for no other purpose than for normal transit through or use for normal vehicular parking. Boats, trailers of any kind, motor homes, and trucks larger than a standard pick-up shall not be parked upon the property. Any Co-Owner, tenant, guest, or invitee violating this restriction shall have the offending vehicle towed from the premises at the expense of the Co-Owner, tenant, guest or invitee.

Section 11. RIGHT OF ENTRY.

(a) A co-owner shall grant the right of entry to the management agent or to any person authorized by the Board in case of any emergency originating in or threatening his Apartment, whether the co-owner is present at the time or not.

(b) A co-owner shall permit other co-owners, or their representatives, when so required, to enter his Apartment for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services, provided that such requests for entry are made in advance and that such entry is at a time convenient to the co-owner. In case of emergency, the right of entry shall be immediate.

Section 12. RULES OF CONDUCT. In order to assure the peaceful and orderly use and enjoyment of the Apartments and common elements of the Association, the co-owners may from time to time adopt, modify, and revoke in whole or in part by a vote of the members present in person or represented by proxy whose aggregate interest in the common element constitutes two-thirds of the total interest, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules of Conduct, governing the conduct of persons on said property of the

Association as it may deem necessary. Such Rules of Conduct, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each owner by posting same with postage prepaid addressed to the owners at the last registered address of the owners and shall be binding upon all Apartments Owners and the occupants of Apartments in the Regime. The following shall constitute the initial Rules of Conduct for the Regime:

(a) Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, televisions and amplifiers that may disturb other residents.

(b) No co-owner of the Property shall:

- (1) Post any advertisements or posters of any kind in or on the Property except as authorized by the Association;
- (2) Hang garments, towels, rugs, or similar objects from the windows, patio walls or balconies or from any of the facades of the Property;
- (3) Clean dust mops, rugs or similar objects from the windows or balconies by beating on the exterior part of the Property;
- (4) Throw trash or garbage outside the disposal installation provided for such purpose in the service areas;
- (5) Act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Apartments in the Property;
- (6) Maintain any pets upon the property. It is acknowledged that at the time of adoption of the By-Laws a number of Co-Owners and tenants have pets. No additional pets will be permitted upon the property. With regard to Co-Owners and tenants with pets, upon the permanent removal of the pets from the property, the pet shall not be replaced. No new occupant of any Apartment, whether as Co-Owner or tenant may bring any pet upon the premises. Any violation of this restriction will be strictly enforced under Section 13. hereof.

(c) No co-owner, resident, or lessee shall install wiring for electrical or telephone installations, television or radio antennae, air conditioning fixtures, or similar objects

outside of his Apartment or which protrudes through the walls or the roof of his Apartment except as authorized by the Board.

* **Section 13. ABATEMENT AND ENJOYMENT OF VIOLATIONS BY APARTMENT OWNERS.** The violation of any rules or regulations adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provisions of the Master Deed, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the Apartment in which or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Apartment Owner, any structure, thing or condition, that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorneys fees, and until such expense is recovered it shall be a lien upon said Apartment as though a part of the annual assessment and shall be collectible as provided herein.

ARTICLE VIII

INSURANCE

The Board of Directors shall be required to obtain and maintain, as set forth below, in forms and amounts as hereinafter prescribed and which are also satisfactory to any mortgagee holding mortgages in five or more apartments, the following insurance, without prejudice of the right of the co-owner to obtain additional individual insurance at his own expense.

(1) Hazard Insurance. The Board shall insure the Property, as it may be constituted from time to time, against loss or damage due to fire, windstorm, lightning, and flood, with extended coverage, in an amount not less than the maximum insurable replacement value of the Property as determined by an periodic appraisal of the Property for finance valuation purposes which the Board shall require to be conducted by a qualified appraiser not less frequently than every other year, or in the amount reasonably obtainable as it relates to the flood coverage. The Board of Directors shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Property. All hazard insurance shall cover the entire Property, exclusive only of the contents and furnishings of the individual Apartments.

(a) All hazard insurance policies obtained by the Board of Directors shall designate the Board of Directors as the named insured as Insurance Trustee for the benefit of all the Owners and their mortgagees collectively, as their respective interest may appear. In the event of loss or damage, all insurance proceeds

shall be paid jointly to the Board of Directors as Insurance Trustee under the provisions of this Master Deed and to any mortgagee holding mortgages on five or more Apartments, or being understood and acknowledged that the distribution of such proceeds shall be controlled by the Horizontal Property Act and the provisions of this Master Deed.

(b) All hazard insurance policies obtained by the Board of Directors shall provide for the issuance of Certificates of Insurance to each Apartment Owner. Each Certificate shall evidence the issuance of the Master Policy and shall indicate the amount of insurance covering the building within which the respective Apartment is located. If an Apartment is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

(c) If obtainable, all hazard insurance policies upon the Property shall include provisions waiving (i) any rights of the insurer to subrogation against the association, its agents and employees, and against the individual Owners and their servants, agents, and guests; and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Apartment Owner upon the contents and furnishings of their Apartments.

(d) Each Mortgagee of which the Board has notice as herein provided shall be entitled to receive upon request a copy of each appraisal as called for in paragraph 1 above. If any such Mortgagee disagrees with the values assigned to the Apartments by such appraisal and presents an appraisal prepared at such Mortgagee's expense showing higher values which has been performed by a qualified appraiser, then the Board shall cause a reappraisal to be made by a qualified appraiser approved by each of the appraisers who conducted the prior appraisals and the findings of the third appraiser shall be conclusive to determine the value for insurance purposes.

(e) Each hazard insurance policy shall contain a loss payee provision designating the interest of the various mortgagees as to the various Apartments with the Regime which are covered by the Master Policy. Such policies shall also provide that they shall not be cancelled without giving thirty (30) days prior written notice to all such mortgagees about which the insurer has been given written notice.

(2) Public Liability Insurance. The Board of Directors shall obtain comprehensive public liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability if interest clauses or endorsements extending coverage to liabilities of the Association to an individual Apartment Owner and to liabilities of one Apartment Owner to another Apartment Owner.

(3) Worker's Compensation Insurance. The Board of Directors, as necessary, shall obtain Worker's Compensation Insurance to meet the requirements of law.

(4) Premiums. All premiums upon insurance policies purchased by the Board of Directors shall be assessed as Common Expenses to be paid by the Apartment Owners through periodic assessment as herein provided.

(5) Adjustment. Each Apartment Owners shall be deemed to have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Association, subject to the rights of mortgagees of such Apartment Owners.

(6) Insurance by Apartment Owners. Each Apartment Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal property, wallcoverings, decorations, and furnishings within his own Apartment and the additions and improvements made by him to the Apartment. Each Apartment Owners shall also be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Apartment. All such insurance policies shall include, however, provisions waiving (i) any right of the insurer to subrogation claims against the Association and against individual Apartment Owners, as well as their agents, servant, employees, and guest; and (ii) any right of the insurer to contribution or pro-rata because of the master hazard policy.

(7) Substitution of Insurance Trustee. The Board of Directors, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in Beaufort County, South Carolina. Any substitute Insurance Trustee appointed by the Board of Directors shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of the Master Deed.

ARTICLE IX

RECONSTRUCTION AND REPAIR

In the event of casualty loss or damage to the Property, the Board of Directors shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Property in accordance with the provisions of this ARTICLE IX. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Property is destroyed or substantially damaged. If two-thirds or more of the Property is destroyed or substantially damaged reconstruction shall not be mandatory and unless reconstruction is unanimously agreed upon by all Apartment Owners, the insurance indemnity received by the Board of Directors shall be

distributed pro-rata to the Apartment Owners and their mortgagees jointly in proportion to their respective interest in Common Elements. The remaining portion of the Property shall be subject to an action for partition at the suit of any Apartment Owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and distributed pro-rata among all Apartment Owners and their mortgagees jointly in proportion to their respective interests in the Common Elements. If less than two-thirds (2/3) of the Property is destroyed or substantially damaged, then such Property shall be repaired in the following manner:

(1) Any reconstruction or repair must follow substantially the original plans and specifications of the Property unless the Apartment Owners holding seventy-five (75%) percent or more of the total interest in Common Elements and their mortgagees, if any, vote to adopt different plans and specifications and all Owners whose Apartments are being reconstructed or repaired unanimously consent to the adoption of such different plans and specifications.

(2) The Board of Directors shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include such professional fees and premiums for bids as the Board of Directors deem necessary.

(3) If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Apartment Owners whose units are being reconstructed or repaired in proportion to the damage done to their respective Apartments.

(4) The insurance proceeds received by the Board of Directors and the mortgagees, and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board of Directors and the mortgagees, shall disburse payment of the costs of reconstruction and repair. The first disbursements from the construction fund shall be insurance proceeds; and if there is a balance in the fund after payments of all costs of reconstruction and repair, its shall be distributed to the Apartment Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be retained by the Association.

ARTICLE X

INSURANCE TRUST

In the event of casualty loss to the Property, all insurance proceeds indemnifying the loss or damage shall be paid jointly to

the Board of Directors as Insurance Trustee and to any mortgagee holding mortgages in five or more Apartments. The Board of Directors, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purpose stated in this ARTICLE X, and for the benefit of the Association, the Apartment Owners, and their respective mortgagees in the following share:

(1) Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportions as the undivided interest in the Common Elements which are appurtenant to each of the Apartments.

(2) Insurance proceeds paid on account of loss or damage to less than all of the Apartments, when the damage is to be restored, shall be held for the benefit of Apartment Owners of the damaged Apartments and their respective Mortgagees in proportion to the cost of repairing each damaged Apartment.

(3) Insurance proceeds paid when the Property is not to be restored shall be held for the benefit of all Apartment Owners, and their respective Mortgagees the share of each being equal to the undivided share or interest in Common Elements appurtenant to the applicable Apartment.

(4) In the event a Certificate of Insurance has been issued to an Apartment Owner bearing a mortgagee endorsement, the share of the Apartment Owners shall be held in trust for the mortgagee and the Apartment Owner as their interest may appear; provided, however, that nor mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and not mortgagee shall have any right to apply or have applied to the reductions of a mortgage debt any insurance proceeds except for insurance proceeds required by the loan documents to be paid jointly to the Apartment Owners and their respective mortgagees pursuant to the provisions of this Master Deed.

ARTICLE XI

MORTGAGES

Section 1. NOTICE TO BOARD. A co-owner who mortgages his Apartment shall notify the Board through the Management Agent, if any, or the President if there is nor Management Agent, of the name and address of his Mortgagee; and the Association shall maintain such information in a book entitled "Mortgages on Apartments."

* **Section 2. NOTICE TO MORTGAGEE.** The Board shall give reasonable advance written notice of the following events to all mortgagees of which it receives a written request. Such written request must identify the name and address of the holder, insurer or guarantor and the Apartment number and address:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Apartment on which there is a first mortgage held, insured, or guaranteed by such eligible insurer or guarantor, as applicable;

(b) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in these By-Laws or in the Master Deed.

ARTICLE XII

AMENDMENTS

* **Section 1. REQUIREMENTS FOR AMENDMENTS.** Except where a greater percentage is expressly required, either herein, in the Master Deed or by the Horizontal Property Act, these By-Laws or the Master Deed to which it is attached may be amended only with the approval of sixty (60%) percent of the co-owners present in person or by proxy at a meeting called for such purpose, and provided that not less than a majority of the votes of the Association are present in person or by proxy at such a meeting.

ARTICLE XIII

MISCELLANEOUS MATTERS

Section 1. GENDER; NUMBER. The use of the masculine gender in these By-Laws include the feminine gender, and when the context requires, the use of the singular includes the plural.

Section 2. DEFINITIONS. The definitions contained in ARTICLE IV and elsewhere in the Master Deed also apply to these By-Laws.

Section 3. EXECUTION OF DOCUMENTS. The President or Vice President and Secretary or Assistant Secretary are responsible for preparing, executing, filing and recording amendments to the Master Deed and By-Laws (other than those amendments admitting additional Phases pursuant to the reserved right to do so in the Master Deed, which amendments shall be executed by Sponsor), and shall be authorized to execute any other document which the Association may from time to time be required to execute.

Section 4. CAPTIONS. The captions contained in these By-Laws are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision of the By-Laws.

Section 5. INVALIDITY. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 6. CONFLICT. These By-Laws are set forth to comply with the requirements of the Horizontal Property Act of South Carolina, as amended. In the event of any conflict between these By-Laws and the provisions of such Statute or the Master Deed, the provisions of such Statute or the Master Deed, as the case may be, shall control.

Section 7. WAIVER. No restriction, condition, obligation, or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violations or breaches thereof which may occur

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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) FIRST AMENDMENT TO RESTATED
) BYLAWS OF COURTSIDE VILLAS
) HORIZONTAL PROPERTY REGIME

THIS AMENDMENT to the Restated Bylaws of Courtside Villas Horizontal Property Regime is made this 6 day of November, 2004.

WITNESSETH

WHEREAS, Courtside Associates submitted the condominium property to master deed recorded February 21, 1980 in Book 296 at Page 1693; and

WHEREAS, the master deed was thereafter amended to incorporate additional phrases, first in Book 303 at Page 1466 and second in Book 319 at Page 181; and

WHEREAS, amended and restated bylaws were adopted by document dated September 25, 1996 and originally recorded in Book 807 at Page 246 and then re-recorded to replace an incorrect attachment in Book 814 at Page 237; and

WHEREAS, pursuant to Article XII of the restated bylaws the bylaws could be lawfully amended in a meeting called for such purpose at which a quorum is present when approved by not less than sixty (60%) percent of the co-owners present in person or by proxy; and

WHEREAS, at the annual meeting of owners held on November 6, 2004 the co-owners approved amending the bylaws to establish occupancy limits.

NOW, THEREFORE, Article VII, Section 9(a) of the restated bylaws of September 25, 1996 are amended as follows:

Section 9(a). USE OF APARTMENT - INTERNAL OR EXTERNAL CHANGES

All apartments shall be utilized for residential purposes only. This shall expressly include the right of the Owner to rent such Apartments to others for residential purposes. No owner shall permit occupancy by more persons for short term or long term usage that is shown below. Should the occupancy be allowed to exceed the stated limits the regime will issue a notice of right to cure. If the number of occupants is not reduced within ten

(10) days or if reduced and then exceeded any time thereafter, the regime will enforce this bylaw provision through injunction and shall be entitled to recover its attorney's fees in such sum as actually expended. The occupancy limits are as follows:

For Two Bedroom Apartments:

- A. Long Term Rentals (30 days or more) - not to exceed 4
- B. Short Term Rentals (30 days or less) - not to exceed 8
- C. Year Round Resident Owner - not to exceed 4

For Three Bedroom Apartments:

- A. Long Term Rentals (30 days or more) - not to exceed 6
- B. Short Term Rentals (30 days or less) - not to exceed 10
- C. Year Round Resident Owner - not to exceed 6

IN WITNESS WHEREOF this amendment is adopted the date first above written.

COURTSIDE VILLAS HORIZONTAL PROPERTY REGIME

Carolyn L. Neely
Witness

By: R. Logan Talks
Its Secretary

Janna R. Land
Notary

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

PROBATE

PERSONALLY appeared before me the undersigned witness who, being duly sworn, deposed and said that s/he saw the within Logan Talks, its Secretary, sign, seal and deliver the foregoing Easement Agreement and that s/he, together with the other witness whose name appears as witness, witnessed the execution thereof.

Carolyn L. Neely
Witness

Sworn to and subscribed before me this
4 day of January, 2005

Janna R. Land
Notary Public for South Carolina

My Commission Expires: ~~01/01/2005~~
01/01/2006