

the affirmative vote of 75.45 percent of all owners, in person or by proxy, as is authorized by a motion marked as Exhibit A attached hereto and made a part hereof for all pertinent purposes.

NOW THEREFORE, The Amended and Restated By-Laws of the South Beach Club Horizontal Property Regime are hereby adopted and will become effective upon being recorded and distributed to owners of record on the date of distribution.

IN WITNESS WHEREOF, and intending that the document attached hereto be the applicable By-Laws on and after the date of recordation of the same as required by law, I certify that the stated percentage is accurate and that approval is by a sufficient majority.

Bonnie H. Bozorg
Witness

SOUTH BEACH CLUB
HORIZONTAL PROPERTY REGIME

Melissa J. Jentemski
Notary

James E. Dout
Director

STATE OF: South Carolina)
)
COUNTY OF: Beaufort)

PROBATE

Personally appeared before me the undersigned witness who, upon oath says that s/he saw the Director, James E Dout, sign the amendment, and that s/he with the undersigned notary public witnessed the execution thereof.

Bonnie H. Bozorg

SECRETARY

SWORN to before me this
24 day of May, 2011.

Melissa J. Jentemski
Notary Public for Beaufort Co South Carolina
My Commission Expires: _____

**My Commission Expires
October 29, 2014**

**AMENDED AND RESTATED
BY-LAWS OF
SOUTH BEACH CLUB HORIZONTAL PROPERTY REGIME
AND
SOUTH BEACH CLUB OWNERS' ASSOCIATION, INC.**

ARTICLE I

PLAN OF UNIT OWNERSHIP

Section 1. **HORIZONTAL PROPERTY REGIME.** The Property (the term "Property" as used herein means and includes the land, the buildings, all improvements and structures thereon) located on Hilton Head Island, in Beaufort County, South Carolina, which has been, by Master Deed, submitted to the provisions of the Horizontal Property Act of South Carolina, and which shall henceforth be known as the SOUTH BEACH CLUB 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, a nonprofit corporation known as SOUTH BEACH CLUB OWNER'S ASSOCIATION, INC. (hereinafter referred to as "Association") which shall, pursuant to the provisions of the aforementioned Master Deed, the By-Laws adopted March 9, 1983, as amended up to the date of these By-Laws, and these amended and restated By-Laws, constitute the incorporated Council of Co-Owners of the Regime.

Section 3. **BY-LAWS APPLICABILITY.** The provisions of these amended and restated By-Laws are applicable to the Property, the Regime and the Association.

Section 4. **PERSONAL APPLICATION.** All present or future Co-Owners, tenants, invitees, 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 the Master Deed establishing said Regime and in the By-Laws adopted March 9, 1983 as amended (the "Prior By-Laws") and by these amended and restated By-Laws (the "Present By-Laws") as they may be amended from time to time. The acquisition, rental or mere occupancy of any of said Units will signify that the Property is taken subject to these Present By-Laws, the provisions of the Master Deed, the provisions of that certain Declaration of Covenants, Restrictions, Conditions, and Affirmative Obligations applicable to all Class "B" Multi-Family Residential Areas by the Sea Pines Plantation Company, dated July 9, 1964, and recorded in the Official Records for Beaufort County in Book

124 at Page 35 and any authorized and recorded amendments thereto.

As to any conflict between these amended and restated By-Laws and any By-Law herein before adopted by the Co-Owners', it shall be presumed that such earlier conflicted provision, is, and the same is hereby amended to conform herewith.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. **ELIGIBILITY.** Any person who acquires title to a Unit in the Regime shall be a member of the Association of Co-Owners. There shall be one membership for each Unit owned. Transfer of a Unit ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership will become vested in the transferee. If Unit ownership is vested in more than one person, then all of the persons so owning such Unit shall agree upon the designation of one of the Co-Owners of such Unit to both act as a member of the Association and be a candidate for election to the Board of Directors. If a Unit ownership is vested in a corporation, partnership, limited liability company, or other entity said organization shall designate an individual to act as the member of the Association and candidate for elections. As provided in the Prior By-Laws, should one or more Units be combined to create one large Unit, the large Unit shall constitute one membership.

Section 2. **VOTING.** Voting shall be on a percentage basis and the percentage of the vote to which each co-owner (Unit) is entitled is the percentage assigned to the Unit 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 percentages assigned in the Master Deed.

Section 4. **QUORUM.** The presence in person or by proxy of a majority of Co-Owners as defined in Section 3 of this Article shall 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 any of 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 percentage of those Co-Owners present either in person or by proxy at an Annual Meeting at which a quorum is present shall be binding upon all Co-Owners for all proposes except where in the Master Deed or in these By-Laws, or by law, a higher percentage vote is required.

ARTICLE III

SOUTH BEACH CLUB OWNER'S ASSOCIATION

Section 1. ASSOCIATION RESPONSIBILITIES. The Co-Owners of the Units constitute the Association of Co-Owners (hereinafter usually referred to as "Association") who have the responsibility of administering the Property and electing the Board of Directors. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of the Association.

Section 2. PLACE OF MEETINGS. Meetings of the Association shall be at such place as may be designated by the Board.

Section 3. ANNUAL MEETING. The Annual Meeting of the Association shall be held at the call of the President once a year on such date and at such time, within 45 days before or after the end of the fiscal year of the corporation, as directed by resolution of the Board of Directors or upon a petition signed by a majority of the Co-Owners and having been presented to the Secretary. At such meetings there shall be elected by ballot of the Co-Owners a Board of Directors in accordance with the requirements of Section 6 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.

Section 4. SPECIAL MEETINGS. It shall be the duty of the Secretary to notify all Co-Owners of a Special Meeting of the Co-Owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the 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. (S.C. Code §33-31-160 and 33-31-703). If for any reason it is impracticable or impossible for the Board to call or conduct a meeting of the Association in the manner prescribed herein, then upon petition of a majority of Co-Owners, The Beaufort County Court of Common Pleas may order that such a meeting be called or that a written ballot be prepared and distributed 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 seventy percent (70%) of the total value of the Property, in accordance with the percentages assigned in the Master Deed.. 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 on the day of mailing, at least fifteen (15), but not more than forty-five (45) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 8. WAIVER OF NOTICE. A co-owner may waive any notice required by the By-Laws before or after the date and time of the meeting stated on the notice. The waiver must be in writing, be signed by the co-owner entitled to notice, and be delivered to the Secretary. 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 the meeting objects to holding the meeting or transacting business at the meeting. A co-owner 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 if Co-Owners holding at least thirty-three percent (33%) of the total value of the Property in accordance with the percentages assigned in the Master Deed are present.

Section 10. ORDER OP BUSINESS. The order of business at all Annual Meeting of the Association shall be as follows:

- (a) Roll Call.
- (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) though (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 at least three (3) but not more than nine (9) persons, divided into three Classes; A, B and C. Each class shall consist of at least one (1) but not more than three (3) persons.. For purposes of this Article, "person" shall include an individual, corporation, partnership, council, trust or other legal entity, or any combination thereof that owns the Unit. In the case of a non-individual Unit co-owner, an instrument must be presented to the Association naming the officer, partner, member or fiduciary as the "person" eligible for election to the Board. All Board members shall be Unit Co-Owners in good standing with no outstanding dues or assessments other than the dues for the current

month at the time of the Annual Meeting. Not more than one person representing a given Unit may serve simultaneously on the Board.

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 Nonprofit Corporation Act 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 of Co-Owners 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 strict enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the common elements.
- (c) Establish the annual operating budget.

Establish and update annually a ten year capital asset life cycle cash flow budget for the periodic maintenance, repair and replacement of improvements to the common elements.

Establish and maintain a reserve fund for use in emergencies.

- (d) The operating, capital reserve and emergency budgets for the ensuing fiscal year shall be distributed by the Board to all members of the Association at least thirty (30) days in advance of their effective date and in advance of the Association's Annual Meeting. Notwithstanding the responsibilities and authority of the Board, the budgets may be modified by the Association at the Annual Meeting or a Special Meeting of the Association called for such purpose at which a quorum is present, by a sixty-six percent (66%) or greater vote of the Co-Owners present at such meeting, in person or by proxy. Except in the case of emergencies or any action the Board deems necessary for the Health, Safety or Welfare of the Regime, any assessment in the excess of \$250,000 will be submitted for approval by a majority of the owners.
- (e) Employment, dismissal and control of the personnel or agents necessary for the maintenance and operation of the common elements.
- (f) Collection of all assessments, fines and fees from the Co-Owners.
- (g) Contracting for repairs caused by any natural disaster, deterioration or man-made damage from the reserve account or from a special assessment to be assessed by the administrators or Board in such sum as shall be required with payment as specified by the administrators or Board.
- (h) Obtaining insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed.

- (i) Granting or relocating easements which are not inconsistent with the Co-Owners full use and enjoyment of the common properties.
- (j) Making of repairs, additions and improvements to, or alterations of the Property and repairs to and restoration of the property in accordance with the provisions of these By-Laws.
- (k) To make available, for inspection, upon request during normal working hours or under other reasonable circumstances, to Unit Co-Owners, current copies of the Master Deed, By-Laws, Rules and Regulations and resolutions of the Association, and the books, records and financial statements of the Regime.
- (l) To establish and promulgate specific rules and regulations relating to the use of the common elements and limitations on the use of Units.
- (m) To establish and promulgate specific rules and regulations relating to the renovation of individual units, including but not limited to all work in individual units which requires a Town of Hilton Head building permit, any change to the floors in the unit, including new wall-to-wall carpeting, any interior painting, plastering, wall papering or changing the wall surface material such as installing tile on a wall, and any work which involves the electrical, plumbing and/or structural elements of the unit.
- (n) To assess and collect fines assessed for the violation of Rules and Regulations duly adopted by the Board or the Association.

Section 4. **EMERGENCY POWERS.** (S.C. Code §33-31-207 and 3-31-303). At any time that an emergency exists because of a catastrophic event the Board or such person acting under Color of Law 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 administrators. All provisions of regular By-Laws that are consistent with the emergency By-Laws shall remain in full force and effect. Action taken pursuant to the emergency By-Laws shall be binding upon the Association and may not be used to impose liability upon an administrator, officer, or Property manager for actions taken in good faith.

Section 5. **MANAGEMENT AGENT.** The Board may employ a certified and licensed 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 of the Board listed in Section 3 of this Article and the duties of the officers listed in Sections 4, 5, 6 and 7 of Article V.

Section 6. **BOARD OF DIRECTORS - TERMS.** The Board of Directors shall consist at least three (3) but not more than nine (9) persons, divided into three Classes; A, B and C. Each class shall consist of at least one (1) but not more than three (3) persons. At the Meeting of the Association at which these Amended and Restated By-Laws of the Association are adopted, the Board consists of six Directors, whose terms expire in three groups of two Directors in each of the next three years. At the Meeting of the Association at which this Amended and Restated By-

Laws of the Association is adopted, or at any subsequent special or regular meeting of the Association, each new Director elected shall serve an initial term of not more than three (3) years, depending upon which Classes have vacancies. Upon the expiration of a Director's term, the Director will continue to serve until a successor has been elected and seated pursuant to these By-Laws. Any Board member shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 7 of this Article.

Section 7. VACANCIES. Vacancies on the Board of Directors caused by reason other than the removal of a member of the Board by a vote of the Association shall be filled by vote of the majority of the remaining Board members, even though they constitute less than a quorum; and each person so elected shall serve only until the next meeting of the Association at which a Director will be elected to complete the unexpired portion of the term of the vacating Director.

Section 8. REMOVAL OF MEMBERS OF THE BOARD. At any regular 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 present 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 his term of office, he shall cease to be a Unit co-owner.

Section 9. ORGANIZATIONAL MEETING. The first meeting of the Board following the election by the Association of a new Board member shall be held within ten (10) days of the election at such place as shall be fixed by the Board at the meeting at which such Board member was elected by the Association, and no notice shall be necessary to the newly elected Board member 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 at least one (1) such meeting shall be held each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary, to each Board member, personally or by mail, telephone, facsimile or e-mail, at least ten (10) days prior to the day named for such meeting. Nothing shall prevent the Board members from having informal meetings by telephone when the circumstances so warrant. Voting and attendance by telephonic means is hereby expressly authorized and a Board member attending a Board meeting by telephonic connection shall be entitled to vote as though present in person. All Board members, excepting the President, shall be entitled to one vote. In the case of any tie vote, the President shall cast the deciding vote.

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, facsimile or e-mail, which notice shall state the time, place, and the purpose of the meeting. Special Meetings of the Board may also be called in like manner on the written request of at least two (2) Board members. Special Meetings may be informal as stated for regular meetings. As earlier noted, voting by telephonic means is hereby expressly authorized.

Section 12. WAIVER OF NOTICE. Before or at 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 notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of 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 called pursuant to notice and 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 Board members present may adjourn the meeting from time to time. At any such adjourned meeting, and when a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice. Any Board member who is connected to any such meeting telephonically shall be treated as being present and shall be counted a part of the quorum.

Section 14. **INFORMAL ACTION.** The Board may do any act that it is empowered to do at a regular or Special Meeting of the Board by informal written consent to such action signed by all members of the Board.

Section 15. **FIDELITY BONDS.** The Board may require that any and all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 16. **COMPENSATION.** No member of the Board shall receive any compensation from the Regime for acting as a Director or attending Board meetings.

Section 17. **LIABILITY OF THE BOARD OF DIRECTORS.** The members of the Board shall not be liable to the Unit Co-Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Co-Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contacts made by the Board 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 shall have no personal liability with respect to any contact made by them on behalf of the Association. It is intended that the liability of any Unit co-owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportions of the total liability thereunder as his interest in the common elements bears to the interest of all Unit Co-Owners in the common elements. Every agreement made by the Board or by the managing agent on behalf of the Association shall provide that the members of the Board or the managing agent, as the case may be, are acting only as agent for the Unit co-owner and shall have no personal liability thereunder (except as Unit Co-Owners), and that each Unit Co-Owners' contractual liability thereunder shall be limited to such proportion of the total liability as his interest in the common elements bears to the interest of all Unit Co-Owners in the common elements.

ARTICLE V

OFFICERS

Section 1. DESIGNATION. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer all of whom shall be elected by the Board and all of whom shall be Co-Owners. The Board may elect 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 its first meeting following the Annual Meeting of the Association and they shall hold office at the pleasure of the Board. One person may be elected as both Secretary and Treasurer.

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 called for such purpose. No officer shall continue to serve as such if during his/her term of office, he shall cease to be a Unit co-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 corporation, 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. The Secretary 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. He shall, in general, perform all the duties incident to the Office of the Secretary.

Section 7. TREASURER. The Treasurer shall have responsibility for Regime 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 Treasurer.

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, or Unit co-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 envelope, addressed to the Board, Association or such Unit Co-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 THE CO-OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All Co-Owners shall be obligated to pay the periodic assessments imposed by the Board to meet all common expenses, as well as assessments to meet other things, including but not limited to liability insurance premiums and an insurance premium to cover repair and reconstruction work in case of hurricane, fire, earthquake, flood and other hazards. The common expenses may 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 limitation, any amount for general working capital, for a general operating reserve, for a reserve fund for replacements, for emergencies, to make up any deficit in the common expenses for any prior year. No less than thirty (30) days prior to the effective date of the budget and prior to the Annual Meeting, the Board shall furnish all Unit Co-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 the full fiscal 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. Common expenses are assessed annually. Payments are to be made in monthly installments, with each installment being due on the first day of each month. Upon the sale of a Unit, 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.

The transfer of ownership of an individual Unit within the Regime shall carry with it the proportion of that Unit's ownership in the Regime reserve account set aside to provide a contingency fund for the maintenance and repair of the Regime Property.

Section 2. ASSESSMENTS TO REMAIN IN EFFECT UNTIL NEW ASSESSMENTS MADE. The omission by the Board 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 co-owner from the obligation to pay the assessment or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. No co-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 Unit.

Section 3. **DEFAULT IN PAYMENT OF COMMON CHARGES.** The Board shall take prompt action to collect any common charge due from any Unit co-owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Unit co-owner in paying the common charges as determined by the Board such Unit co-owner shall be obligated to pay a late charge to offset the cost of such delinquency at a monthly rate to be determined annually by the Board, together with all expenses, including attorney's fees, incurred by the Board in collecting such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with late charges, and attorney's fees, in an action to recover the same brought against such co-owner, or by foreclosure of the lien on such Unit granted by Section 27-31-210, Code of Laws of South Carolina, 1976,

Section 4. **STATEMENT OF COMMON CHARGES.** The Board shall, for a reasonable fee, not to exceed an amount determined by the Board from time to time, promptly provide any purchaser, Unit co-owner, encumbrancer or prospective encumbrancer of any Unit so requesting the same in writing, a written statement of all unpaid common charges due from the co-owner of that Unit and the liability of the purchaser, Unit co-owner, encumbrancer or prospective encumbrancer therefor shall be limited to the amount as set forth in such statement. Any encumbrancer holding a lien on a Unit may pay any unpaid common charges payable with respect to such Unit and upon such payment such encumbrancer shall have a lien on such Unit for the amounts paid of the same rank as the lien of his encumbrance. Any encumbrancer holding mortgages on more than five (5) Units within the Regime shall be entitled, upon request, to receive a statement of account on the units securing all of said Mortgages once each calendar year without any fee or charge.

Section 5. **MAINTENANCE AND REPAIR.**

(a) Each co-owner must perform work within his own Unit, 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. This is a contractual allocation of responsibility and extends to reimbursing the Regime for any deductible that the Regime is required to pay.

(b) All the repairs of internal installations of the Units such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, interior doors, windows, lamps, and all other accessories belonging to the Unit 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 of the exterior doors and exterior window sashes shall be made by the Board or its agent and shall be charged to the Co-Owners as a common expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of a co-owner, in which such case the expense shall be charged to such co-owner.

(d) Should any co-owner fail to perform such repairs and maintenance as required hereunder, the Board shall give 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 or such other period as the Board may determine. Upon the failure of the 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 and collected as herein provided along with late charges, attorneys fees and costs.

Section 6, WATER AND SEWER CHARGES. Water and sewer services for the Units shall be supplied to all Units through one or more master meters and each Unit owner shall pay for water and sewage services as part of the common Regime expenses. Water and sewer services for the common elements shall be supplied through one or more meters and the Board shall pay as a common expense all charges for such service.

Section 7. ELECTRICITY. Electricity shall be supplied by the public utility company serving the area directly to each Unit through meters and each co-owner shall be required to pay the bills for electricity used in his Unit. The electricity serving the common element shall be separately metered and the Board shall pay all bills for electricity used in the common elements as a common expense.

Section 8. PROPANE GAS. Propane gas shall be supplied to all Units and each Unit owner shall pay for propane gas service as part of the common Regime expenses.

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

(a) All Units shall be utilized for residential purposes only as described in ARTICLE V, Section 1 of the Master Deed. This shall expressly include the right of the co-owner to rent such Unit to others for the allowable uses. Business and commercial use of any nature is expressly prohibited.

(b) No alteration of a Unit, including an alteration of a Unit boundary pursuant to Section 6 of ARTICLE V of the Master Deed, which either affects the structural integrity or mechanical systems of the building or results in changes visible from outside the Unit, may be undertaken without the prior written approval of the Board. However, the Board shall approve any proposed alteration unless it determines that the proposed alteration would adversely affect the exterior appearance of the building or any common elements therein, or the health, safety or quiet enjoyment of other Unit Owners. Any Unit owner altering said unit in accordance with Article V of the Master Deed shall: (1) provide for waivers of all mechanics lien rights which may arise as a result of the alteration; (2) provide certificates of insurance insuring against all losses commonly insured against arising out of the work, naming the Association as an additional insured; (3) indemnify and hold the Association and other Unit Owners harmless from the effect of the work; (4) minimize the disturbance of other Unit Owners during the work; and, (5) display the Association's Unit Renovations Permit outside the Unit during the renovation work. The Association shall have the obligation to answer within thirty (30) days from the actual receipt of a properly completed South Beach Club Application For Unit Renovations Permit to alter or modify a Unit and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

(c) A Unit Owner may make any improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems, or lessen the support of any portion of the building, alter the exterior appearance, or adversely affect neighboring Units.

(d) A Unit Owner shall make no changes whatsoever to any of the limited common

elements without approval of the Board.

Section 10. **USE OF COMMON ELEMENTS.** A co-owner shall not place or cause to be placed in the walkways, deck areas, parking areas, roads, or other common areas any furniture, packages or obstructions of any kind without the consent of the Board. Such areas shall be held in common for the enjoyment of the Co-Owners and shall be used for no other purposes than for normal transit and 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.** The Association of Co-Owners shall have the irrevocable right to be exercised by the Board of Directors, to have access to each Unit from time to time during reasonable hours and upon reasonable notice, as may be necessary for the maintenance, repair or replacement or any of the common elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the common elements or to another Unit or Units, or for inspecting a Unit to assure compliance with the Master Deed, By-Laws and Renovation Permits.

Section 12. **RULES OF CONDUCT.** In order to assure the peaceful and orderly use and enjoyment of the Units and common elements of the Regime, 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 elements constitutes sixty-seven (67%) percent of the total interest, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules and Regulations, governing the conduct of persons on said Property of the Association as it may deem necessary. Such Rules and Regulations, 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 owner at the last registered address of the owner and shall be binding upon all Unit Owners and the occupants of Units in the Regime. The following shall constitute the initial Rules and Regulations for the Association:

(a) Each Unit Owner shall keep his Unit in a good state of preservation and cleanliness. He shall not allow anything whatsoever to hang or fall from the windows or doors of the premises, nor shall he sweep or throw from the premises any dirt or other substance into any of the corridors or halls, ventilators or elsewhere in the building or upon the grounds. Refuse shall be placed in containers in such manner and at such times and places as the Board or its agent may direct.

(b) The parking areas, entrances and stairways, must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the Units.

(c) Unit Owners shall not cause or permit any distributing noises, or objectionable odors to be produced in, upon or to emanate from their Units.

(d) Unit Owners shall not permit or keep in their Unit any flammable, combustible or explosive material, chemical or substance, except such products as are required in normal residential use.

(e) Water closets and other water apparatus in the building shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rags or other articles be thrown into same. Any damage resulting from misuse of any water closets or other apparatus in a Unit shall be repaired and paid for by the owner of such Unit.

(f) No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Unit Owner on any part of the outside of the Unit or Building, hung from windows or placed on window sills or placed in the inside of windows facing out.

(g) No awnings, radio or television aerials or other projections shall be attached to the outside walls of the building and no blinds, louvers, shades or screens shall be attached to, hung or used on the exterior of any window or door of the Unit, without the prior written consent of the Board. No blinds, louvers, shades, screens, draperies or drapery backing which are visible through the exterior windows other than one previously Board approved, shall be hung or used without the prior written consent of the Board.

(h) No vehicle belonging to a Unit Owner or to a friend or visitor of a Unit Owner shall be parked in such manner as to impede or prevent ready access to any entrance to or exit from the building or parking areas by any other vehicle.

(i) Unit Owners, friends and/or visitors shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of a building; provided, however, that repair personnel may enter upon the roof for the purpose of maintenance or repair of same or maintenance and repair of items located on said roof.

(j) The Board or its designee shall have the right of access to any Unit for the purpose of making inspections, repairs, replacements or improvements, or to remedy certain conditions which would result in damage to other portions of the building. In the event it finds vermin, insects or other pests, it may take such measures as it deems necessary to control or exterminate same.

(k) Agents and employees of the Association are employed to deal with the common Property only, and such agents or employees of the Board or its agent shall not be sent out of the building or off the Property by any Unit Owner at any time for any purpose.

(l) Complaints regarding the services for the common Property shall be made in writing to the Board or its agent, except in the case of an emergency.

(m) Any consent or approval given under these rules and regulations may be added to, amended or repealed at any time by resolution of the Board.

(n) Use of the Unit by a Unit Owner shall not be changed to any unauthorized use.

(o) No Unit Owner, or lessee shall install wiring for electrical or telephone installation, air conditioning units, or similar objects outside of his Unit or which protrude

through the walls of his Unit or the roof of a building except as authorized by the Board.

(p) Each Unit Owner shall comply with any parking rules and regulations as may be adopted by the Board from time to time including, but not limited to, the establishment of designated parking for specific Units.

(q) Each Unit shall be used for residential use which shall be deemed to mean the normal situation and circumstances of individuals and of families occupying the units as a home, or temporary home in the case of resort guests or other friends or visitors but shall specifically exclude any use for the purpose of timesharing, or interval ownership, lease, license or similar plans as those or similar terms are utilized in the real estate industry or as those of similar terms are expressed or defined in the Code of Laws of South Carolina, 1976, as amended.

Section 13. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS. The violation of any rule and regulation adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provision 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 Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit co-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 such breach and to recover the cost of either enforcement, including attorneys fees, and until such expense is recovered it shall be a lien upon said Unit which shall be collected in the same manner as common expenses.

Section 14. RECORDS. The manager or Treasurer shall keep detailed records of the receipts and expenditures affecting the general and limited common elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by any co-owner during reasonable business hours upon not less than five (5) business days notice in writing stating the records to be inspected and the purpose of the inspection.

ARTICLE VIII

INSURANCE

The Board of Directors shall be required to obtain and maintain, to the extent reasonably obtainable in forms and amounts as hereinafter prescribed and which are also satisfactory to any mortgagee holding mortgages on five or more Units, 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 of Directors 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 annual 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 Units and any and all additions and improvements made to individual units or upgrades of their appliances and fixtures.

(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 interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the Board of Directors as Insurance Trustee under the provisions of the Master Deed and these By-Laws, it being understood and acknowledged that the distribution of such proceeds shall be controlled by the Horizontal Property Act and the provisions of the Master Deed.

(b) All hazard insurance policies obtained by the Board of Directors shall provide for the issuance of Certificates of Insurance to each Unit 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 Unit is located. If a Unit is mortgaged, a Certificate of Insurance shall also 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 Unit Owner upon the contents and furnishings of their Units.

(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 Units 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 such 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 Units within 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 of interest clauses or endorsements extending coverage to liabilities of the Association to an individual Unit Owner and to liabilities of one Unit Owner to another Unit Owner and of an individual Unit Owner to third persons.

(3) **WORKMEN'S COMPENSATION INSURANCE.** The Board of Directors, as necessary, shall obtain Workmen'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 Unit Owners through periodic assessment as herein provided.

(5) ADJUSTMENT. Each Unit Owner 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 or mortgagees of such Unit Owners.

(6) INSURANCE BY UNIT OWNERS. Each Unit Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal Property, wall coverings, decorations, and furnishings within his own Unit and the additions and improvements made by him to the Unit. Each Unit Owner shall also be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Unit. All such insurance policies shall include, however, provisions waiving (i) any right of the insurer to subrogation claims against the Association and against individual Unit Owners, as well as their agents, servants, employees, and guests; 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 this 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, in which case reconstruction shall not be mandatory and, unless reconstruction is unanimously agreed upon by all Unit Owners and their mortgagees, the insurance indemnity received by the Board of Directors shall be distributed pro-rata to the Unit Owners and their mortgagees jointly in proportion to their respective interests in Common Elements. The remaining portion of the Property shall be subject to an action for partition at the suit of any Unit Owner or lien or 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 Unit Owners and their mortgagees jointly in proportion to their respective interest 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 Unit Owners holding seventy-five percent (75%) 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 Units 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 Unit Owners whose Units are being reconstructed or repaired in proportion to the damage done to their respective Units.

(4) The insurance proceeds received by the Board of Directors and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board of Directors 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 payment of all costs of reconstruction and repair, it shall be distributed to the Unit 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. The Board of Directors, acting as insurance trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this ARTICLE X, and for the benefit of the Association, the Co-Owners, and their respective mortgagees as follows:

(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 Units.

(2) Insurance proceeds paid on account of loss or damage to less than all of the Units, when the damage is to be restored, shall be held for the benefit of the damaged Units and their respective mortgagees in proportion to the costs of repairing each damaged Unit.

(3) Insurance proceeds paid when the Property is not to be restored shall be held for the benefit of all Unit Co-Owners, and their respective mortgagees, the share of each being equal to the undivided share or interest in common elements appurtenant to the applicable Unit.

(4) In the event a certificate of insurance has been issued to a Unit co-owner bearing a mortgagee endorsement, the share of the Unit co-owner shall be held in trust for the mortgagee and the co-owner as their interest may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged Property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds paid jointly to the Co-Owners and their respective mortgagees pursuant to the provisions of the

ARTICLE XI

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 may be amended only with the consent of the owners of at least 67% or more of the total value of the Property, in accordance with the percentages assigned in the Master Deed.

ARTICLE XII

MORTGAGES

(1) NOTICE TO BOARD. A co-owner who mortgages his Unit shall notify the Board, through the management agent, if any, or the President if there is no management agent, of the name and address of his mortgagee.

(2) NOTICE OF MORTGAGEE. The Board shall give reasonable advance written notice to all mortgagees of which it receives a written request of any condemnation loss or casualty loss which affects a material portion of the Property or any Unit on which there is a first mortgage held, insured, or guaranteed. Such written request must identify the name and address of the holder and the Unit number.

ARTICLE XIII

RESTRICTIONS UPON LEASES OF UNITS

Section 1. LEASES. No Unit owner may lease his unit or any interest therein except by complying with the provisions of section 2 of this article.

Section 2. PROVISIONS IN LEASE. Any lease of any unit within the Regime shall be for a use consistent with the use provisions of these By-Laws and shall provide that the terms and conditions of the Master Deed and all exhibits shall be complied with by the tenant and that the Association shall have the power to terminate such lease, and bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of default by the tenant in the performance of said lease, or failure by the tenant to perform an obligation in the Master Deed, By-Laws and/or Rules and Regulations.

ARTICLE XIV

MISCELLANEOUS MATTERS

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

Section 2. **EXECUTION OF DOCUMENT.** The Secretary is responsible for preparing, executing, filing and recording amendments to the By-Laws and shall be authorized to execute any other document which the Association may from time to time be required to execute.

Section 3. **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 4. **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 5. **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 any By-Law is not explicitly consistent with the provisions of a statute, the provisions of the statute shall control.

Section 6. **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 number of violations or breaches thereof which may have occurred.

EXHIBIT A

MOTION TO AUTHORIZE THE EXECUTION OF BY-LAWS

The President of the South Beach Club Horizontal Property Regime (herein the 'SBC'), or such other Officer or Director of the SBC as is duly selected by the President to so act, is hereby authorized and directed to execute the By-Laws (the 'Subject By-Laws') amending and re-enacting prior By-Laws adopted by the SBC and the Owners thereof (the 'Prior By-Laws'), the former being duly adopted at the Annual Meeting of the South Beach Club Owners held on April 26, 2011, with such insertions, deletions and changes as he/she deems necessary to carry out and implement the adoption and implementation of such Subject By-Laws.

The motion was approved by 75.45% of the Ownership present in person or by proxy.

Attest: Bonnie H. Bozorgi
Secretary

Date: 5/29/11