

EXHIBIT "D"
BY-LAWS OF
AVALON AT INDIGO RUN OWNERS ASSOCIATION, INC.
ARTICLE I
PLAN OF VILLA OWNERSHIP

Section 1. **HORIZONTAL PROPERTY REGIME.** The Condominium Property (the term "Condominium Property" as used herein means and includes the land, the buildings, all improvements and structures thereon) located in Beaufort County, South Carolina, known as Avalon at Indigo Run Horizontal Condominium Property Regime, has been, by Master Deed, submitted to the provisions of the Horizontal Property Act of South Carolina ("Act"), which said properties shall henceforth be known as Avalon at Indigo Run Horizontal Condominium Property Regime ("Regime").

Section 2. **BY-LAWS APPLICABILITY.** The provisions of these By-Laws are applicable to the Condominium Property, the Regime, and Avalon at Indigo Run Owners Association, Inc. ("Association").

Section 3. **PERSONAL APPLICATION.** All present or future Villa Owners, tenants, future tenants, or their employees, or any other person who might use the facilities of the Condominium 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 or any of the Villas ("Villas") as defined in the Master Deed or the mere act of occupancy of any of said Villas will signify that these By-Laws, the provisions of the Master Deed, and any authorized amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

ARTICLE II
VOTING, MAJORITY OF VILLA OWNERS, QUORUM, PROXIES

Section 1. **VOTING.** Voting shall be on a percentage basis and the percentage of the vote to which the Villa Owner is entitled is the percentage assigned to the Villa(s) in the Master Deed.

Section 2. **MAJORITY OF VILLA OWNERS.** As used in these By-Laws, the term "majority of Villa Owners" shall mean those Villa Owners holding fifty-one (51%) percent or more of the total value of the Condominium Property, in accordance with the percentages assigned in the Master Deed, and any authorized amendments thereto.

Section 3. **QUORUM.** Except as otherwise provided in Section 6 and elsewhere in these By-Laws, the presence in person or by proxy of a majority of Villa Owners as defined in Section 2 of this Article shall constitute a quorum.

Section 4. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting. Any Villa Owner may by his written proxy designate an agent to cast his vote. Otherwise, the proxy shall be deemed to cover the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association. A proxy may be revokable at will unless otherwise stated. No proxy can be honored until delivered in writing to the Secretary of the Association. If at least twenty (20) days prior to a duly called meeting, a Villa Owner is informed by first class mail of (i) the time and place of the meeting, (ii) the agenda for the meeting, (iii) and such data as is then available relative to issues on which there will be a vote, and a proxy form is included in such mailing, but the Villa Owner neither attends the meeting nor returns his other proxy, then such Villa Owner shall be deemed to have given his or her proxy to vote to and for the majority present and voting, and further shall be deemed present when determining a quorum.

Section 5. MAJORITY VOTE. The vote of a majority of the Villa Owners present as a meeting at which a quorum shall be present shall be binding upon all Villa Owners for all purposes except where in the Master Deed or in these By-Laws, or by law, a higher percentage vote is required.

ARTICLE III ASSOCIATION

Section 1. ASSOCIATION RESPONSIBILITIES. The Villa Owners will constitute the Association who will have the responsibility of administering the Condominium Property, approving the annual budget, establishing and collecting periodic assessments, and arranging for the management of the Condominium 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 Villa Owners.

Section 2. PLACE OF MEETING. Meetings of the Association shall be at such place, convenient to the Villa Owners, as may be designated by the Board.

Section 3. ANNUAL MEETINGS. The annual meetings of the Association shall be held at the call of the President of the Association once a year during the month of October or at such other time as a majority of the Villa Owners may agree upon. At such meetings there shall be elected by ballot of the Villa Owners a Board of Directors ("Board"). The Villa 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-Treasurer to call a special meeting of the Villa Owners as directed by resolution of the Board or upon a petition signed by a majority of Villa Owners and having been presented to the Secretary-Treasurer. A notice of any special meeting shall state the time and place of such meeting and the

propose thereof. No business shall be transacted at a special meeting except as stated in the notice except by consent of 75% of the votes present, either in person or by proxy.

Section 5. NOTICE OF MEETINGS. It shall be the duty of the Secretary-Treasurer 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 Villa Owner of record, 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 6. ADJOURNED MEETING. If any meeting of the Association cannot be organized because of a quorum has not attended, the Villa 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 Villa Owners holding at least 25% of the total value of the Condominium Property in accordance with the percentages assigned in the Master Deed are present at said reconvened meeting.

Section 7. ORDER OF BUSINESS. The order of business at all Annual Meetings of the Association shall be as follows:

1. Roll Call.
2. Proof of Notice of Meeting or Waiver of Notice.
3. Reading of Minutes or Preceding Meeting.
4. Reports of Officers.
5. Reports of Committees.
6. Election of Inspectors of Election.
7. Election of Administrators.
8. Unfinished Business.
9. New Business.

The order of business at a Special Meetings of the Association shall include items 1-4 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 composed of three (3) persons. Until succeeded by the Board members elected by the Villa Owners, Board members need not be Villa Owners. So long as the Declarant (as defined in the Master Deed) owns one or more Villas, the Declarant shall be entitled to elect at least one member of the Board, who need not be a Villa Owner. After Declarant has conveyed all Villas and is no longer entitled to elect one member of the Board, all Board members shall be Villa Owners.

Section 2. GENERAL POWERS AND DUTIES. The Board shall have the powers and duties necessary for the administration of the affairs of the Association 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 Villa Owners.

Section 3. OTHER 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 Condominium Property and the Common Elements.
- (c) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the Common Elements.
- (d) Collection of assessments from the Villa Owners.
- (e) 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.
- (f) Obtaining of insurance for the Condominium Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done.
- (g) Grant or relocate easements which are not inconsistent with the Villa Owners' full use and enjoyment of the common properties.
- (h) Making of repairs, additions and improvements to, or alterations of, the Condominium Property and repairs to and restoration of the Condominium Property in accordance with the other provisions of these By-Laws; provided, however, that the Board shall not undertake any repair covered by the warranty without the consent of a majority of the Villa Owners.

Section 4. MANAGEMENT AGENT. The initial management agent shall be Shore Management whose contract extends until June 24, 2000. Thereafter, 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.

Section 5. FIRST BOARD OF DIRECTORS. The first Board consisting of three (3) members shall be designated by the Declarant. These appointments will be temporary and will continue only until the first annual meeting of the Villa Owners held pursuant to the provisions

of these By-Laws. At the first Annual Meeting of the Association, the initial term of office for one (1) member of the Board shall be fixed at three (3) years; the term of office of one (1) member of the Board shall be fixed at two (2) years, and the term of office of one (1) member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected for a period of three (3) years. Any and all of said Board members shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 6 of this Article. During the period in which the Declarant's designees constitute a majority of the Board, the Board shall not enter into any contract having a term which extends beyond the term of the management agreement with Shore Management.

Section 6. VACANCIES. Vacancies in the Board 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 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. The Board member solicited shall serve the remaining term of the member replaced.

Section 7. 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 Villa 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 his term of office, he shall cease to be a Villa Owner (except as provided in Section 5 regarding Declarant's appointee).

Section 8. 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 members 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 9. REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by 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-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 unless such notice is waived by all members of the Board as provided in Section 11.

Section 10. 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 11. **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 such 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 12. **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 13. **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 14. **COMPENSATION.** No member of the Board shall receive any compensation from the Association for acting as such.

Section 15. **LIABILITY OF THE BOARD.** The members of the Board shall not be liable to the Villa Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Villa Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts 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, these By-Laws, or the Horizontal Property Act. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible for the original Board, who are members of or employed by the Declarant to contract with Declarant and affiliated corporations without fear of being charged with self dealing. It is also intended that the liability of any Villa Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the total liability thereunder as his interest in the Common Elements bears to the interest of all Villas Owners in the Common Elements. Every agreement made by the Board or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board, or the managing agent, or the manager, as the case may be, are acting only as agent for the Villa Owners and shall have no personal liability thereunder (except as Villa Owners), and that each Villa Owner's 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 Villa Owners in the Common Elements.

ARTICLE V OFFICERS

Section 1. DESIGNATION. The principal 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 meetings 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 called for such purpose. No officer shall continue to serve as such if, during his term of office, he shall cease to be a Villa 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 an Association, including but not limited to the power to appoint committees from among the Villa 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 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.

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, any manager or Villa Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, be depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board, such manager or such Villa 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 VILLA OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All Villa 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 reconstruction 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 Condominium Property and any authorized additions thereto. Such may include without limitation, any amount for working capital, for a general operating 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 Villa Owners with a copy of the proposed budget for the next calendar 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 budget will be voted on at the annual meeting, and must be approved by a majority of the Villa Owners in attendance in person or by proxy. Declarant will not be liable for the amount of any assessment against completed Villas within the Association which have not been sold, except those expenses provided in the Master Deed, and Declarant shall have all voting rights attendant to the ownership of said Villa(s) until said Villa(s) are sold. Payment of the periodic assessment shall be in equal monthly or quarterly (as determined by the Board) installments on or before the first day of each month or quarter, as appropriate, or in such other reasonable manner as the Board shall designate.

The transfer of ownership of an individual Villa within the Association shall carry with it the proportionate equity of that Villa's ownership in the Association escrow account set aside to provide a contingency fund for the maintenance and repair of the Condominium Property.

Section 2. ASSESSMENTS TO REMAIN IN EFFECT UNTIL NEW ASSESSMENTS ARE 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 Villa 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 Villa Owners and their mortgagees. No Villa 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 Villa.

Section 3. RECORDS. The Manager or Board shall keep detailed records of the receipts and expenditures affecting the Common Elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by any Villa Owner during reasonable business hours.

Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES. The Board shall take prompt action to collect any common charge due from any Villa Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by a Villa Owner in paying to the Board the Common Expenses as determined by the Board, such Villa Owner shall be obligated to pay interest at the rate of one and one-half (1 1/2%) percent of the delinquent amount per month on such unpaid Common Expenses 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 Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Villa Owner, or by foreclosure of the lien on such Villa granted by § 27-31-210, Code of Laws of South Carolina, 1976, as amended.

Section 5. STATEMENT OF COMMON EXPENSES. The Board shall, for a reasonable fee not to exceed Ten (\$10.00) Dollars, promptly provide any purchaser, Villa Owner, encumbrancer or prospective encumbrancer of a Villa so requesting the same in writing, with a written statement of all unpaid Common Expenses due from the Villa Owner of that Villa and the purchaser's liability therefore shall be limited to the amount as set forth in the statement. Any encumbrancer holding a lien on a Villa may pay any unpaid Common Expenses payable with respect to such Villa and upon such payment such encumbrancer shall have a lien on such Villa for the amounts paid of the same rank as the lien of his encumbrance. Any encumbrancer holding mortgages on more than four Villas within the Association shall be entitled, upon request, to receive a statement of account on the Villas securing all of said mortgages once each calendar year without any fee or charge.

Section 6. MAINTENANCE AND REPAIR.

(a) Each Villa Owner must perform work within his own Villa, which, if omitted, would affect the Condominium Property in its entirety or in a part belonging to another Villa Owner, being expressly responsible for the damages and liabilities that his failure to do so may cause.

(b) All the repairs of internal installations of the Villas such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, interior doors, windows, lamps, and all of the accessories belonging to the Villa shall be at the expense of the Villa 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 and the washing of exterior glass shall be made by the Board or its agent and shall be charged to all Villa Owners as a Common Expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of the Villa Owner, in which such case the expense shall be charged to such Villa Owner.

Section 7. WATER CHARGES, GAS CHARGES AND SEWER RENTS. Water shall be supplied to all Villas and the Common Elements through one or more meters and the Board shall, if a majority of the Villa Owners so elect, pay as a Common Expense all charges for water consumed on the Condominium Property, including the Villas, promptly after the bills for the same have been rendered. Sewer services shall be supplied by the utility company or district serving the area and shall likewise, if practicable, be paid by the Board as a Common Expense. Declarant has entered into a Lease Agreement with Suburban Propane ("Suburban") to supply gas tanks and gas to the Condominium Property. Each Villa Owner takes title to his Condominium Property subject to the lease and agrees to be bound by its terms.

Section 8. ELECTRICITY. Electricity shall be supplied by the public utility company serving the area directly to each Villa through a separate meter and each Villa Owner shall be required to pay the bills for electricity consumed or used in his Villa. The electricity serving the Common Elements shall be separately metered, and the Board shall pay all bills for electricity consumed in such portions of the Common Elements, as a Common Expense.

Section 9. USE OF VILLAS - INTERNAL OR EXTERNAL CHANGES

(a) (i) All Villas shall be utilized as single family private dwellings for the Villa Owners and the members of their immediate families, social guests, lessees, and invitees. This shall expressly include the right of the Villa Owner to rent such Villa(s) to others for residential purposes. Moreover, so long as any Villa(s) remain unsold by Declarant, Declarant or its agent shall be authorized to maintain a sale's model within the Regime for purposes of promoting the sale of Villas, and Declarant shall have the right to use one

Villa (either a Villa owned by Declarant or otherwise) for a manager's office. (ii) Notwithstanding the foregoing, nothing in this Master Deed shall be construed to restrict Villa Owners from selling, reconveying or in any other way transferring their Villas at anytime. (iii) A Villa Owner shall not make structural modifications or alterations in his Villa 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. (iv) Villa Owners shall not permit or suffer anything to be done or kept in Villas which will increase the rate of insurance on a Villa or which will obstruct or interfere with the rights of other Villa Owners, nor commit or permit any nuisance, noxious activity, immoral or illegal acts in or about any Villa.

(b) A Villa Owner shall make no changes whatsoever to the exterior of the Villa, any stairs, decks, patio, balconies, or garages appurtenant thereto, or to any of the limited or general Common Elements without approval of two thirds (2/3) of the Villa Owners; provided, however, that the Board shall be authorized to approve minor additions to landscaping and other exterior minor changes or additions of this nature which in their sole discretion will not interfere or conflict with the overall scheme and appearance of the Common Elements.

Section 10. USE OF COMMON ELEMENTS. Except as authorized herein, a Villa Owner shall not place or cause to be placed in the passages, parking areas, roads, or other Common Elements any furniture packages or obstructions of any kind. Such areas shall be held in common for the enjoyment of the Villa Owners and shall be used for no other purpose than for normal transit through or use of them and for normal vehicular parking.

Section 11. RIGHT OF ENTRY.

(a) A Villa 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 Villa, whether the Villa Owner is present at the time or not.

(b) A Villa Owner shall permit other Villa Owners, or their representatives, when so required, to enter his Villa 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 Villa 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 Villas and Common Elements of the Association, the Villa 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 2/3 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 Condominium Property as they may deem necessary. Such Rules of Conduct, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each Villa Owner by posting same with postage prepaid addressed to the Villa Owner at the last registered address of the Villa Owner and shall be binding upon all Villa Owners and the occupants of Villas. The following shall constitute the initial Rules of Conduct for the Association:

- (a) Villa Owners, residents, and lessees 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 Villa Owner, resident, or lessee of the Condominium Property shall:
 - (1) Post any advertisements, signs or posters of any kind in or on the Condominium Property except as authorized by the Association;
 - (2) Hang garments, towels, rugs, or similar objects from the windows or balconies or from any of the facades of the Condominium Property or use any window treatment other than treatment with white or beige backing;
 - (3) Dust rugs, mops or similar object from the windows or balconies or clean rugs or similar object by beating on the exterior part of the Condominium 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 Villas in the Condominium Property;
 - (6) Permit his garage door to remain open when the garage area is not in use;
 - (7) Park any boat, camper, or recreational vehicle on Association Condominium Property unless enclosed in the Villa's garage;
 - (8) Park any vehicle on any landscaped area except in that area designated for parking for the Villa;
 - (9) Permit his child(ren) to feed alligators or play near the lagoon system.

(c) A Villa Owner may keep a domestic pet in his Villa under the regulations promulgated by the Association from time to time. At no time however, may a Villa Owner place a doghouse or chain or fence a domestic animal on the Common Elements of the Condominium Property. A Villa Owner may not keep any other animals, livestock or poultry, nor may any of the same be raised, bred or kept upon any portion of the Condominium Property, including any balcony. Any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Condominium Property upon three (3) days written notice from the Board. A Villa Owner shall be responsible for removal of his pets waste disposed on the Condominium Property

(d) No Villa Owner, resident, or lessee shall install wiring for electrical or telephone installations, television or radio antennae, air conditioning units or similar objects outside of his dwelling or which protrudes through the walls or the roof of his Villa except as authorized by the Board.

(e) Use of the pool facilities must be in strict accordance with the posted rules. Children must be accompanied by an adult. Due to the proximity of some Villas to the pool area, loud stereos and radios are not allowed in the pool area.

Section 13. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY VILLA 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 Villa in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Villa Owner, any structure, thing or condition, that may exist therein contrary to the interest 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 Villa which lien shall be inferior to the lien of all prior mortgages.

ARTICLE VIII AMENDMENTS

Section 1. BY-LAWS. The By-Laws may be amended by the Association in a duly constituted meeting held for such purpose, or in a properly conducted referendum by use of the mails which include proper notice to all Villa Owners, and no amendment shall take effect unless approved by Villa Owners representing at least 2/3 of the total value of the Condominium Property as shown on the Master Deed. So long as the Declarant remains the Villa Owner of any Villa is this Horizontal Condominium Property Association, these By-Laws may not be amended so as to adversely affect the Declarant without the Declarant's consent.

ARTICLE IX MORTGAGES

Section 1. NOTICE TO BOARD. A Villa Owner who mortgages his Villa 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; and the Association shall maintain such information in a book entitled "Mortgages on Villas".

Section 2. NOTICE TO MORTGAGEE. The Board shall give thirty days written notice of the following events to all mortgagees of which it has notice:

- (a) Any change in the condominium documents;
- (b) Any unpaid assessments due the Association from the Villa Owners, which remain unpaid for thirty (30) days;
- (c) Any default by a Villa Owner of a Villa in the performance of such Villa Owners obligations under the condominium documents when such default is not cured within 30 days;
- (d) Any notice of special or annual meetings of the Association.

Section 3. STATEMENTS TO MORTGAGEE. Upon request of any mortgagee listed in the book entitled "Mortgages on Villas", the Board, manager or management agent shall supply such mortgagee with a reasonably current financial statement of the Association.

ARTICLE X

Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

ARTICLE XI COMPLIANCE

These By-Laws are intended to comply with the requirements of the Horizontal Condominium Property Act of South Carolina. In case any of these By-Laws conflict with the provisions of the said Statute, it is hereby agreed that the provisions of the Statute will control.

EXHIBIT "E"

BOOK/PAGE 01380/1739

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