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STATE OF SOUTH CAROLINA            )  
  )  
COUNTY OF BEAUFORT                )  
  )  
  )    **SEA PINES GOLF VILLAS HORIZONTAL**  
  )    **PROPERTY REGIME III AMENDED AND**  
  )    **RESTATED BYLAWS**

**WHEREAS**, the Lighthouse Road Villas III Condominium Association, Inc. ("Association") was created pursuant to the terms of the Master Deed for the Sea Pines Golf Villas Horizontal Property Regime III ("Regime") which was recorded in the Beaufort County Register of Deeds Office in Deed Book 136 at Page 123 ("Master Deed"); and

**WHEREAS**, attached to the Master Deed were the original Bylaws of the Association, which Bylaws were amended by Bylaw Amendment recorded in the Beaufort County Records in Official Record Book 260 at Page 706, as amended again by Bylaw Amendment recorded in the Beaufort County Register of Deeds Office in Official Record Book 363 at Page 1232; as amended again by Bylaw Amendment recorded in the Beaufort County Register of Deeds Office in Official Record Book 515 at Page 788, as amended again by Bylaw Amendment recorded in the Beaufort County Register of Deeds Office in Official Record Book 1231 at Page 2334; and

**WHEREAS**, the Association proposed Amended and Restated Bylaws to the Co-Owners of the Association for approval by Special Meeting; and

**WHEREAS**, the Association's Bylaws may be amended by the Co-Owners when approved by those Co-Owners representing at least two thirds (2/3's) of the total value of the Regime as assigned in the Master Deed; and

**WHEREAS**, 81.26% of the Co-Owners' percentage interests as reflected in the Master Deed voted in favor of the Amended and Restated Bylaw at said Special Meeting; and

**WHEREAS**, attached to this Certification as Exhibit "A" are the Revised and Restated Bylaws of the Association passed by the Co-Owners of the Regime pursuant to the terms and conditions of the Master Deed and Bylaws. Henceforth, the Association's Bylaws shall be as set forth in Exhibit "A" attached hereto as the Amended and Restated Bylaws of the Association.

HILTONHEAD 714277v1

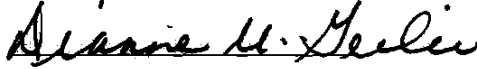
IN WITNESS WHEREOF, the Association has caused this Certification to be executed by its duly authorized officer on this 27<sup>th</sup> of January, 2010.

WITNESSES:

LIGHTHOUSE ROAD VILLAS III  
CONDOMINIUM ASSOCIATION, INC.



  
By: Wilson B. Reynolds  
Its: President



STATE OF SOUTH CAROLINA )  
)  
COUNTY OF BEAUFORT )

ACKNOWLEDGMENT

I, the undersigned Notary Public, do hereby certify that **Wilson B. Reynolds** a duly authorized officer of **LIGHTHOUSE ROAD VILLAS III CONDOMINIUM ASSOCIATION, INC.** personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 27 day of January, 2010

 (SEAL)  
Notary Public for South Carolina

My commission expires: January 24, 2015

Dianne U. Geiler  
My Commission Expires  
January 24, 2015

EXHIBIT "A"

BYLAWS

FOR

LIGHTHOUSE ROAD VILLAS III CONDOMINIUM ASSOCIATION, INC.

1. **ASSOCIATION.** The following Bylaws shall govern the operation of Lighthouse Road Villas III Condominium Association, Inc., a nonprofit South Carolina corporation charged with the administration of the condominium referenced below:

1.1 Association. The Lighthouse Road Villas III Condominium Association, Inc. ("Association") was created under the Master Deed for the Sea Pines Golf Villas Horizontal Property Regime III recorded in the Beaufort County Register of Deeds Office in Deed Book 136 at Page 123 ("Condominium") pursuant to the Horizontal Property Act of South Carolina, South Carolina Code Sections 27-31-10 et. seq. (the "Act").

1.2 Association. In conjunction with the creation of the Condominium, a South Carolina nonprofit corporation known as Lighthouse Road Villas III Condominium Association, Inc. was formed. The offices of the Association shall be located at the offices of Property Administrators, Inc., 307 WatersEdge at Shelter Cove, Hilton Head Island, South Carolina 29928, or such other place as may be subsequently designated by the Board of Directors of the Association.

1.3 Bylaws Applicability. The provisions of these Bylaws are applicable to the Condominium. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Master Deed or the Act, as may be amended.

1.4 Personal Application. All present or future Co-Owners, tenants, or their employees, or any other person who might use the Condominium in any manner, are subject to the regulations set forth in these Bylaws and in the Master Deed establishing said Condominium, dated March 28, 1966 and recorded in the Beaufort County Register of Deeds Office in Deed Book 136 at Page 123, as they may be amended from time to time. The acquisition or rental of any of the Apartments as defined in the Master Deed, or the act of occupancy of any of any Apartments, will signify that these Bylaws, the provisions of the Master Deed, and any authorized amendments to the foregoing are accepted and ratified, and will be complied with by the Co-Owner, renter, their guests or invitees.

2. **VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES**

2.1 Eligibility. Any Co-Owner is deemed to have consented to be a Member of the Association. There shall be one membership for each Apartment owned. Transfer of ownership of an Apartment, either voluntary or by operation of law, shall terminate membership in the Association, and said membership becomes vested in the transferee. If the Apartment ownership is vested in more than one Co-Owner, then all of the Co-Owners so owning such Apartment shall agree upon the designation of one of the Co-Owners of such Apartment to act as a Member of the Association. If Apartment ownership is vested in a corporation, partnership, limited liability company, or other entity, said entity must designate one individual to act as a Member of the Association.

2.2 Voting. Voting shall be on a percentage basis and the percentage of the vote to which the Co-Owner is entitled is the statutory percentage assigned to the Apartment or Apartments in the Master Deed.

2.3 Majority Of Co-Owners. As used in these Bylaws, the term "Majority of Co-Owners" shall mean those Co-Owners holding fifty-one percent (51%) or more of the total value of the Condominium, in accordance with the statutory percentages assigned in the Master Deed, and any authorized amendments thereto.

2.4 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a Majority of Co-Owners shall constitute a quorum.

2.5 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.

2.6 Voting Of Members. The vote of a majority of the Members present at any meeting at which a quorum shall be present shall be binding upon all Co-Owners for all purposes except where in the Master Deed, or in these Bylaws, or by law, a higher percentage vote is required.

### 3. ASSOCIATION MEETINGS

3.1 Association Responsibilities. The Association shall have the responsibility of maintaining the Condominium General Common Elements, approving the annual budgets, establishing and collecting periodic assessments and arranging for the management of the Association through a property management agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent.

3.2 Place Of Meetings. All meetings of the Association shall be at the offices of the Association, or at such other place as designated by the Board of Directors or the Management Agent and stated in the notice of meeting.

3.3 Annual Meetings. The annual meetings of the Association shall be held on the first Friday of February each year, or at such other time as the Board of Directors may agree upon. At such meetings there shall be elected by ballot of the Co-Owners a Board of Directors in accordance with the requirements of Section 4 of these Bylaws, and there shall be a report by the President or Secretary-Treasurer on the activities and financial condition of the Association. The Co-Owners may also transact such other business of the Association as may properly come before them.

3.4 Special Meetings. It shall be the duty of the Secretary to call a special meeting of the Co-Owners as directed by: (i) resolution of the Board of Directors; (ii) at the request by a majority of the Directors; (iii) or upon a petition signed by twenty five percent (25%) of the Co-Owners and presented to the Secretary. A notice of any special meeting shall state the time and place of such meeting and the purpose or purposes thereof. No business shall be transacted at a special meeting except as stated in the notice. If a Co-Owner intends to raise a matter at a special meeting, said Co-Owner shall submit such request in writing to the Secretary or President at least ten (10) days before the date notice is to be mailed to the Co-Owners in order for such matter to be included in the Notice of Special Meeting.

3.5 Notice Of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purposes thereof as well as the time and place where it is to be held, to each Co-Owner of record at least fifteen (15), but not more than sixty (60) days prior to such meeting. The mailing of a notice in the manner provided in these Bylaws shall be considered notice served. The notice of meeting shall include any matters the Members intend to raise at the meeting if a request is submitted to the Secretary or President in writing at least ten (10) days prior to notice being mailed, which requests sets forth the matters to be raised.

3.6 Quorum Requirements. The presence in person or by proxy of fifty-one percent (51%) of the Members at any meeting shall constitute a quorum. If the required quorum is not present at a meeting, the meeting shall be adjourned and a second meeting shall be called, subject to the giving of proper notice. The required quorum at the second meeting shall be the presence in person or by proxy of twenty-five percent (25%) of the Members.

3.7 Order Of Business. The order of business at all Annual Meetings 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) Financial Reports and Budget Presentation.
- (e) Reports of Committees.
- (f) Election of Directors.
- (g) Unfinished Business.
- (h) New Business.

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

3.8 Record Date. The Board of Directors shall fix a record date for determining Co-Owners entitled to notice of and to vote at each annual or special meeting. Such record date shall be at least ten (10) days, but not more than forty (40) days before the meeting. Only Members holding title to Apartments as reflected in the Beaufort County records on the record date shall be entitled to notice.

3.9 Action By Written Consent. Whenever the vote of Members at a meeting is required or permitted by these Bylaws to be taken in connection with action of the Association, the meeting and vote of Members may be waived if a majority of Members who would have been entitled to vote consent in writing to such action being taken. Notice of such action shall be given to all Members, unless all Members participated in the approval of such action.

3.10 Waiver And Consent. Any Member may waive any notice of meeting required by these Bylaws if the waiver is submitted in writing, signed by the Member entitled to notice, and delivered to the Association prior to the date of the meeting. A Member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting unless the Co-Owner objects to holding the meeting or transacting business at the meeting at the beginning of the meeting. Further, a Member's attendance at a meeting waives objection to considerations of a particular matter at the meeting that is not within the purpose described in the notice for the meeting, unless the Member objects to the consideration of the matter at the time when it is presented at the meeting.

3.11 Membership List. After a record date for a notice of meeting has been fixed by the Board of Directors, a complete list of Members of the Association shall be prepared by the Secretary or Treasurer. This Membership list shall include the addresses and voting power of each Member entitled to vote at the meeting. Any Co-Owner or Member who is in default of their assessment obligation under the Master Deed and these Bylaws shall not be entitled to vote at any meeting and shall not be counted for quorum purposes at any such meeting. Such list shall be maintained in the office of the Association beginning the day after notice is given of the meeting for which the list was prepared and continuing through the meeting.

#### 4. BOARD OF DIRECTORS

4.1 Number And Qualification. The affairs of the Association shall be governed by a Board of Directors ("Board") comprised of three (3) or five (5) persons. All Directors shall be Members of the Association.

4.2 General Powers And Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association.

4.3 Specific Powers And Duties. In addition to the general powers referenced above, 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 and upkeep of the General and Limited Common Elements.
- (c) Establishment of the annual budget. A proposed budget shall be available to all Members at least fifteen (15) days in advance of the Association's annual meeting. The budget may be modified by the Association at the annual meeting or a special meeting of the Association by a majority vote of the Members present at such meeting, in person or by proxy.
- (d) As a part of the annual budget described in (c) above, establishment and maintenance on behalf of the Association of an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the General and Limited Common Elements.
- (e) Employment, dismissal and control of the Management Agent and any personnel necessary for the maintenance and operation of the Common Elements.
- (f) Collection of all assessments and fees from the Members.
- (g) Obtaining of insurance for the Condominium, pursuant to the provisions of the Master Deed.
- (h) Grant or relocate easements which are not inconsistent with the Co-Owners' full use and enjoyment of the General and Limited Common Elements.
- (i) Making of, or causing to be made, repairs, additions and improvements to or alterations of, the General and Limited Common Elements and repairs to and restoration of the General and Limited Common Elements in accordance with the Master Deed and these Bylaws.
- (j) To make available for inspection, upon request during normal working hours or under other reasonable circumstances, to Co-Owners, the holders, insurers or guarantors of any first mortgage on any

Apartment, current copies of the Master Deed, Bylaws, other rules or regulations pertaining to the Association, and the books, records and financial statements of the Association.

(k) To adopt and implement a policy regarding resale of Apartments, the purpose of said policy to assist Co-Owners to provide timely information to prospective buyers while not burdening the Association financially.

4.4 Special Assessments. The Board of Directors may impose special assessments without a vote of the Co-Owners. However, capital improvements requiring a special assessment for the Condominium costing in excess of \$80,000.00 shall require approval of no less than two-thirds ( $2/3^{\text{ds}}$ ) of the total value of the Condominium in accordance with the statutory percentages assigned in the Master Deed. The \$80,000.00 special assessment amount shall increase in each year beginning 2010 according to any increases in the cost of living as reflected in the Federal Bureau of Labor Statistics, Consumer Price Index ("CPI") for all urban consumers (1982-84=100) or any other index which may substituted for in the future. The increase in the CPI for the twelve month period preceding each calendar year shall be the percentage upon which the \$80,000.00 special assessment amount shall be adjusted annually beginning with the year 2010.

4.5 Prohibition of Time Sharing. The use or establishment of time sharing, time interval ownership or timesharing lease agreements, as described in South Carolina Code Sections 27-32-10 et. seq. shall be prohibited within any Apartment or the Condominium.

4.6 Management Agent. The Board of Directors may retain 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 above in this Section 4. Any contracts with the Management Agent shall be for a reasonable term and shall contain reasonable provisions regarding the right of the Association to terminate said contracts.

4.7 Board Of Directors. The directors of the Board shall hold office until their successors have been elected. Each director shall be elected to serve a term of three (3) years. All directors shall be subject to replacement, in the event of resignation or death, in the manner set forth in this Section.

4.8 Vacancies. Vacancies in the Board of Directors caused by reason other than the removal of a director of the Board by a vote of the Members shall be filled by vote of the majority of the remaining directors. Each person so elected shall be a director of the Board until a successor is elected at the next meeting of the Association. If a quorum cannot be achieved due to vacancies in the Board, only a majority of the remaining Board shall be required to elect successor Board members.

4.9 Removal Of Director. At any annual or special meeting of the Association, any Director may be removed with or without cause by a majority of Members and a successor may then be elected to fill the vacancy. Any Director whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. If a Director ceases to be a Member, said Director shall either resign or be removed by the Board. Notwithstanding any other provision contained herein, a Director may be removed by the Members at a meeting only if the purpose, or one of the purposes, as stated in the Notice of Meeting, is the removal of said Director. Notwithstanding the preceding, any Director may be removed by the Board by a vote of the majority of the Directors then serving at any duly organized Board meeting.

4.10 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 two (2) such meetings shall be held each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary or Treasurer, or other designated person to each Board member personally, by mail, or facsimile at least two (2) days prior to the day of the meeting.

4.11 Special Meetings. Special meetings of the Board may be called by the President, on three (3) days prior notice to each Director, given personally, by mail, or facsimile, which notice shall state the time, place, and the purpose or purposes of the meeting.

4.12 Waiver Of Notice. Before or at any meeting of the Board, a Director may waive in writing notice of such meeting. Attendance or participation by a Director at any meeting of the Board shall constitute a waiver of notice. If all Directors are present at a meeting of the Board, no notice shall be required.

4.13 Action Without A Meeting. Actions of the Board may be taken without a meeting if the action is taken by all Directors of the Board and evidenced by one or more written consents describing the action taken, signed by each Director, and included in the corporate records of the Association.

4.14 Board Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business. Actions and resolutions approved by a vote of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. Directors may participate in a regular or special meeting by, or conduct the meeting through any means of communication by which all Directors participating may hear each other simultaneously during the meeting, and Directors so participating by this means shall be deemed to be present in person at the meeting. If at any meeting of the Board there is less than a quorum present, the majority of the Directors present may adjourn the meeting to another 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. Proxies shall not be available for either a Board quorum or for voting purposes.

4.15 Fidelity Bonds. The Board may require that any Management Agent, officers or employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

4.16 Compensation. No Director shall receive any compensation from the Association. However, a Director may be reimbursed for actual expenses incurred in the performance of his or her duties.

4.17 Liability Of The Board Of Directors. Except as required under the laws of South Carolina, the Directors shall not be liable to the Co-Owners or Members for any mistake of judgment, negligence, or otherwise, except for willful misconduct. To the extent permitted under the laws of South Carolina, the Co-Owners and Members shall indemnify and hold harmless the Board of Directors against all contractual liability to others arising out of contracts entered into by the Board of Directors on behalf of the Association, unless any such contract is contrary to the provisions of the Master Deed or of these Bylaws. Directors who are members of, or employed by Declarant, are authorized and allowed to contract with Declarant and affiliated corporations without being charged with self-dealing.



## 5. OFFICERS

5.1 Designation. The principal officers of the Association shall be a President, a Vice President, and a Secretary and/or Treasurer all of whom shall be elected by the Board. The Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as, in their judgment, may be necessary. One person may hold more than one office.

5.2 Election Of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

5.3 Removal Of Officers. Upon an affirmative vote of a majority of the Directors of the Board, any officer may be removed either with or without cause, and a 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 he or she shall cease to be a Member.

5.4 Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the office.

5.5 President. The President shall be the Chief Executive Officer of the Association. The President shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of President of a Association or incorporated Association, including but not limited to, the power to appoint committees from among the Co-Owners as appropriate to assist in the conduct of the affairs of the Association. The President shall sign all leases, mortgages, deeds and other written contracts and instruments and promissory notes, and perform all of the duties which may be delegated from time to time by the Board of Directors.

5.6 Vice President. The Vice President shall take the place of the President and perform the President's 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 Director of the Board to perform such duties on an interim basis. The Vice President shall also perform other duties as requested by the Board.

5.7 Secretary And Treasurer. The offices of Secretary and Treasurer may be combined or separated. The Secretary or Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association. The Secretary or Treasurer shall have charge of the record books and papers of the Association and shall authenticate the records of the Association. The Secretary or Treasurer 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 and 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. The Treasurer shall authorize all checks in excess of \$1,000.00 in writing by first class mail, email, or fax to the Property Manager or other issuing authority.

6. **NOTICES.** Whenever under the provisions of the Master Deed or these Bylaws notice is required to be given to the Board of Directors, the Management Agent or a Member, it shall not be construed to require personal notice; but such notice may be given in writing by first class, certified or registered mail, by depositing the same in a post office or letter box, in a postpaid sealed envelope, addressed to the Board of Directors, the Management Agent or the Member, at such address as appears on the books and records of the Association. Upon prior written request by any Co-Owner, notices may be given electronic mail or email. Notice shall be deemed given as of the date of mailing or emailing.

## 7. **OBLIGATIONS OF THE CO-OWNERS**

7.1 Assessments For Common Expenses. All Co-Owners shall be obligated to pay the Assessments, both regular and special, imposed by the Association and to meet all Association Common Expenses as set forth in the Master Deed and these Bylaws.

7.2 Assessments To Remain In Effect Until New Assessments Made. The omission by the Board of Directors before the expiration of any year to fix the Assessments 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 Bylaws or a release of any Co-Owner from the obligation to pay 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 by the Board at a duly held Board meeting.

7.3 Records. The Management Agent or Board of Directors shall keep detailed records of the receipts and expenditures affecting the General and Limited Common Elements and any other Association expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by the Members during reasonable business hours.

7.4 Default In Payment Of Common Charges. The Board shall take prompt action to collect any Assessment due from a 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 Co-Owner in paying Assessments, such Co-Owner shall be obligated to pay interest, late charges and collection charges. Late charges shall be equal to one percent (1%) of the delinquent amount per month on such unpaid assessments and charges from the due date thereof, provided such assessments and charges are then in arrears by sixty (60) days or more.

7.5 Statement Of Assessments. When requested in writing, the Board shall promptly provide any purchaser, Co-Owner, mortgagee or prospective mortgagee of a Apartment with a written statement of all unpaid Assessments due from the Co-Owner of that Apartment for a reasonable fee. The purchaser or mortgagee's liability therefor shall be limited to the Assessment amount as set forth in the statement. Any mortgagee holding a lien on a Apartment may pay any unpaid Assessments payable with respect to such Apartment and upon such payment such mortgagee shall have a lien on such Apartment for the amounts paid of the same rank as the lien of his encumbrance. Any mortgagee holding mortgages on more than five (5) Apartments shall be entitled, upon request, to receive a statement of account on the Apartments securing all of said mortgages once each calendar year without any fee or charge.

7.6 Statement Upon Resale. No Co-Owner shall convey or sell a Apartment unless and until all unpaid Assessments against the Apartment shall have been paid. Such unpaid Assessments, however, may be paid out of the proceeds from the sale of a Apartment or by the Co-Owner's grantee. Upon the written request of a Co-Owner or the Co-Owner's prospective

purchaser, the Board or the Management Agent shall furnish a written statement of the unpaid Assessments due from such Co-Owner for a reasonable fee, which shall be conclusive evidence of the payment of Assessments prior to the date of the statement. Further, the Association shall undertake to provide copies of the Master Deed, these Bylaws, or other materials regarding the Association upon the written request of a Co-Owner in connection with the sale of a Apartment. A reasonable charge may be made by the Board for the issuance of Assessment statements and Association and Association materials.

7.7 Maintenance And Repair.

(a) Each Co-Owner must perform work within his own Apartment, which, if omitted, would affect the General or Limited Common Elements or another Apartment.

(b) All the repairs of the Apartments and of those Limited Common Elements described in Fifth Section of the Master Deed, and of all other appliances or accessories appertaining or belonging to the Apartment shall be at the expense of the Co-Owner.

(c) All maintenance, repair and replacement to the Common Elements as defined in the Master Deed, unless otherwise provided in the Master Deed, shall be made by the Board or its agent and shall be charged to all the Co-Owners as Common Expenses, 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.

7.9 Use Of Apartments - Internal Or External Changes. A Co-Owner shall make no changes or additions whatsoever to the exterior of the Apartment, or to any of the Common Elements without prior written approval of the Board. If any changes as described herein are approved by the Board, the Co-Owner requesting such change(s) shall be financially responsible for the cost of such change and the incurred costs, if applicable, of the maintenance and repair of such change(s). The Board may also approve minor additions to landscaping and other exterior minor changes or additions of this nature which in its sole discretion will not interfere or conflict with the overall scheme and appearance of the Common Elements. The Board, through its agent, may include this additional maintenance cost in the Assessment for the Co-Owner's Apartment.

7.10 Use Of General Common Elements. A Co-Owner shall not place or cause to be placed in the roads or other General Common Elements any vehicles, furniture, packages or obstructions of any kind. Such General Common Elements shall be held in common for the enjoyment of the Co-Owners and shall be used for no other purpose.

7.11 Right Of Entry.

(a) A Co-Owner shall grant the right of entry to the Management Agent or to any person authorized by the Board in case of any emergency originating in or threatening a Apartment, whether the Co-Owner is present at the time or not.

(b) All Co-Owners shall permit other Co-Owners, or their representatives, when so required, to enter their Apartment for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services, provided that such requests for entry

are made in advance and that such entry is at a time convenient to the Co-Owner. In case of emergency, the right of entry shall be immediate.

7.12 Rules Of Conduct. The Board may from time to time adopt, modify, and revoke in whole or in part rules and regulations, governing the conduct of persons on the Association. Such rules and regulations, and every amendment, modification, and revocation thereof, shall be provided to each Co-Owner by hand delivery or first class mail at the last registered address of the Co-Owner and shall be binding upon all Co-Owners and the occupants of a Apartment. Amendment, modification and revocation of the rules and regulations shall not be considered a Bylaw amendment.

7.13 Abatement And Enjoyment Of Violations By Owners. The violation of any Rules of Conduct or the breach of any provision of the Master Deed or Bylaws shall give the Board the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Apartment in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting 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 any such breach and to recover the cost of such enforcement, including attorneys' fees, and until such expense is recovered it shall be a lien upon said Apartment which lien shall be inferior to the lien of all prior mortgages.

7.14 Fiscal Year. The fiscal year for the Association shall be determined by the Board of Directors.

7.15 Litigation. No judicial proceeding or litigation shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the votes eligible to be cast by the Co-Owners. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the Master deed or Bylaws (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided herein; (c) proceedings involving taxation, including, e.g., challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. In the event any judicial proceeding or litigation is instituted, then the Association shall assess all Co-Owners for the costs of such litigation, including, without limitation, attorneys' fees incurred, and funds from regular Assessments shall not be used for any such claim or litigation.

**8. INSURANCE.** The Board of Directors shall be required to obtain and maintain, in forms and amounts set forth in the Master Deed, insurance policies covering the Association, without prejudice of the right of the Co-Owner to obtain additional individual insurance policies at his or her own expense.

The Association shall obtain fire and extended coverage insurance and vandalism and malicious mischief insurance insuring all of the insurable improvements to the Association, together with such other insurance as the Association deems necessary in and for the interest of the Association, all Co-Owners and their mortgagees, as their interests may appear, in an amount which shall be equal to the maximum insurable replacement value as determined annually on recommendation from the insurer and to the extent available; and the premiums for such coverage and other expenses in connection with the insurance shall be assessed against the Co-Owners as a Association Common Expense. The named insured shall be the Association, individually and as agent for the Co-Owners, without naming them, and as agent for their mortgagees. Notwithstanding the certain types of insurance and amounts of coverage required to be obtained

pursuant to this Section, in obtaining insurance the Board may consider such factors as availability of types of insurance and the market for insurance premiums in deciding which type of insurance and the amounts of coverage to obtain.

Provisions shall be made for the issuance of mortgagee endorsements to mortgagees of Apartments. Such policies shall provide that payments for losses thereunder by the insurer shall be made to the insurance trustee hereinafter designated, and all policies and endorsements thereon shall be deposited with the insurance trustee. Co-Owners may obtain insurance coverage at their own expense on their own personal property and for their personal liability and living expenses. Insurance policies issued to individual Co-Owners shall provide that the coverage afforded by such policies is in excess over the amount recoverable under any other policy covering the same property without the rights of subrogation against the Association.

### 8.3 Coverage.

(a) Casualty. To the extent available, all buildings and improvements in the Condominium shall be insured in an amount equal to the maximum insurable replacement value based on a recommendation from the insurer, excluding foundation and excavation costs, and all personal property included in the Common Elements shall be insured for its value, all as determined annually by the Board. Such coverage shall afford protection against:

(i) Loss of damage by fire and other hazards covered by a standard extended coverage endorsement; and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the buildings on the Property, including, but not limited to, flood, wind and hail, vandalism and malicious mischief.

(b) All such hazard policies issued to protect the Buildings shall provide that the word "building", wherever used in the policy, shall include, but shall not necessarily be limited to, fixtures, installations, or additions comprising that part of the building within the unfinished interior surfaces of the perimeter walls, floors, and ceilings of the individual Apartments initially installed, or replacements thereof of like kind or quality, in accordance with the original plans and specifications, or as existed at the time the Apartment was initially conveyed if the original plans and specifications are not available. With respect to the coverage provided for by this paragraph, the Co-Owners shall be considered additional insureds under the policy.

(c) Public Liability. Public liability insurance shall be obtained in such amounts and with such coverage as shall be required by the Board with cross liability and endorsement to cover liabilities of the Co-Owners as a group to an Co-Owner, and to liabilities of one Co-Owner to another Co-Owner.

(d) Other Insurance. Other insurance, including, but not limited to, business interruption insurance or liability insurance for officers and

Directors, may be obtained as the Board determines from time to time. All persons who control or disburse funds of the Association shall be fidelity bonded in an amount as may be determined by the Board, but in any event, in the principal sum of not less than an amount as is permitted by law.

8.4 Premiums. Premiums on insurance policies purchased by the Association shall be paid by the members of the Association as a Association Common Expense, as appropriate.

8.5 Insurance Trustee; Share of Proceeds. All insurance policies shall provide that all proceeds covering property losses shall be paid to the insurance trustee, which shall be the Board or a management agent designated by the Board and which may be any bank or trust company in South Carolina with trust powers the Association itself as agent. The insurance trustee shall not be liable for payment of premiums nor for the renewal or the sufficiency of policies, nor for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated in this Master Deed and for the benefit of the Co-Owners and their mortgagees in the following shares, but which shares need not be set forth on the records of the insurance trustee:

(a) Common Elements. Proceeds on account of damage to Common Elements--an undivided share for each Co-Owner, such share being the same as the undivided share in the Common Elements appurtenant to the Co-Owner's Apartment.

(b) Apartments. Proceeds on account of damage to Apartments shall be held in the following undivided shares:

(i) When the Building is to be Restored. For the Co-Owners of damaged Apartments in proportion to the cost of repairing the damage suffered by each Co-Owner, which cost shall be determined by the Board.

(ii) When the Building is not to be Restored. An undivided share for each Co-Owner, such share being the same as the undivided share in the Common Elements appurtenant to his Apartment.

(c) Mortgagees. In the event a mortgagee endorsement has been issued as to a Apartment, the share of the Co-Owner shall be held in trust for the mortgagee and the Co-Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not 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 distributions thereof made to the Co-Owner and mortgagee pursuant to the provisions of this Master Deed.

8.6 Distribution of Proceeds. Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the Co-Owners in the following manner:

(a) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provision made therefore.

(b) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be paid to the Co-Owner and to each mortgagee having an interest in the Apartment in accordance with their respective interests, the remittance being made payable to the mortgagee to the extent of the amount outstanding (principal, interest, and other costs and expenses secured thereby) under its mortgage (as certified in writing by each mortgagee to the Association). This is a covenant for the benefit of any mortgagee and may be enforced by such mortgagee.

(c) Failure to Reconstruct or Repair. If it is determined in the manner provided in this Master Deed that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the Co-Owners, remittances to Co-Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Apartment and may be enforced by such mortgagee.

(d) Certificate. In making distribution to Co-Owners and their mortgagees, the insurance trustee may rely on a certificate of the Association,, or by the president and secretary of the Association as to the names of the Co-Owners and their respective shares of the distribution.

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

(a) A Co-Owner is responsible for any damage to his Apartment or another Apartment caused by negligent action or inaction by the Co-Owner or any occupant of the Apartment. If a claim is made against the Association's policy as a result of such negligence by a Co-Owner, then the Board may make a determination to assess any non-reimbursable expenses, such as the deductible, attorney's fees, and the like, against the negligent Co-Owner.

8.8 Association as Agent. The Association is irrevocably appointed as agent for each Co-Owner, mortgagee, or other lienholder or owner of any other interest in the Condominium to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases on the payment of claims.

8.9 Insurance By Apartment Co-Owners. Each Apartment Co-Owner shall be responsible for obtaining, at its sole expense, insurance covering the personal property, wall coverings, decorations, and furnishings within its Apartment and the additions and improvements made to the Apartment. Each Apartment Co-Owner shall also be responsible for obtaining, at its expense, insurance covering his liability for the safety of the premises within its Apartment. All such insurance policies shall include, however, provisions waiving (i) any right of the insurer to subrogation claims against the Association and against individual Apartment Co-Owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or proration because of the Association master hazard policy.

## 9. MORTGAGEES

9.1 Eligible Mortgagee Definition. The term Eligible Mortgagee shall mean the holder of a first mortgage encumbering a Unit which has notified the Association of its name and address. Any such notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and rights set forth in this Section 9

9.2 Restrictions on Amendments. No material amendment of this Bylaw of any adverse nature to Eligible Mortgagees may be made by the Association or the Co-Owners without the prior written consent of Eligible Mortgagees representing at least fifty-one percent (51%) of the votes of the Units subject to mortgages. An additional or amendment to this Bylaw shall not be considered material if it is for the purpose of correction technical errors, or for clarification only. Any amendment or change to any provisions which establishes, governs or regulates any interest of Eligible Mortgagees, including any action which terminates the legal status of the Regime after substantial destruction of condemnation occurs, or for other reasons, or which by act or omission withdraws the submission of the Condominium to the Act, as amended, shall be considered materially adverse.

9.3 Implied Consent of Eligible Mortgagees. A proposed amendment to the Master Deed or these Bylaws shall be deemed approved by an Eligible Mortgagee if the Eligible Mortgagee fails to object or consent to a written proposal for an amendment within sixty (60) days after receipt of the proposed amendment.

9.4 Eligible Mortgagee Protection. Except as specifically provided in the Bylaws or in the Act, as amended, no provision of the Bylaws shall be construed to grant to any Co-Owner or to any other person, any priority over any lien rights of an Eligible Mortgagee pursuant to its mortgage interest in the case of distributions of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Regime Common Elements.

9.5 Subordination. Notwithstanding any other provision of this Bylaw to the contrary, the lien of any assessment levied pursuant to the Bylaws upon any Apartment (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of an Eligible Mortgagee; provided, however, that this subordination shall apply only to assessments on an Apartment which have become due and payable prior to a sale or transfer of such Apartment pursuant to a decree of foreclosure, or to any deed or other proceeding in lieu of foreclosure, and any such sale or transfer in foreclosure or in lieu of foreclosure shall not relieve the purchaser of the Apartment from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessment.

9.6 Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgagee of:



(a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Apartment in which there is Security Interest held by such Eligible Mortgagee;

(b) Any delinquency in the payment of Common Expense assessments owed by a Co-Owner whose Apartment is subject to first mortgage held by such Eligible Mortgagee, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

9.7 Enforcement. The provisions of the Section are for the benefit of Eligible Mortgagees and their successors, and may be enforced by any of them by any available means, at law, or in equity.

9.8 Notice To Board. A Co-Owner who mortgages a, Apartment shall notify the Board of the name and address of the Mortgagee. The Association shall maintain such mortgagee information.

9.9 Statements To Mortgagee. Upon written request to the Association from any mortgagee of which it has notice as herein provided, the Board shall supply such mortgagee with a reasonably current financial statement of the Association within a reasonable time of such request.

10. **AMENDMENTS.** These Bylaws may be amended only with the approval of the Co-Owners of Apartments to which at least sixty-seven (67%) percent of Condominium is owned the in accordance with the statutory percentages assigned in the Master Deed.

## 11. MISCELLANEOUS MATTERS

11.1 Number. When the context requires, the use of the singular includes the plural.

11.2 Definitions. The definitions contained in the Master Deed apply to these Bylaws.

11.3 Execution Of Documents. The President, Vice President, or Secretary are responsible for preparing, executing, filing and recording amendments to the Master Deed and Bylaws, and shall be authorized to execute any other document which the Association may from time to time be required to execute.

11.4 Notices. All notices required by these Bylaws shall be hand delivered or sent by mail to the Association at the address of the President; to Apartment Co-Owners at the address of the Apartment or at such other address as may have been designated by such Apartment Co-Owner from time to time in writing to the Association. All notices from or to the Association shall be deemed to have been given when mailed or delivered, except notice of changes of address which shall be deemed to have been given when received.

11.5 Captions. The captions contained in these Bylaws are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision of the Bylaws.

11.6 Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

11.7 Conflict. These Bylaws are set forth to comply with the requirements of the Horizontal Property Act of South Carolina, as amended, and the South Carolina Non-Profit Corporation Act of 1994, and may be amended from time to time. In the event of any conflict between these Bylaws and the provisions of such statutes or the Master Deed, the provisions of such statutes or the Master Deed, as the case may be, shall control.

11.8 Waiver. No restriction, condition, obligation, or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violations or breaches thereof which may occur.