

EXHIBIT "C"

BY-LAWS OF HILTON HEAD CABANAS
HORIZONTAL PROPERTY REGIME I
EXHIBIT "C"
ARTICLE I
PLAN OF APARTMENT OWNERSHIP

CERTIFIED A TRUE COPY
[Signature]
Notary Public for S.C. U.S.

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, and all easements, rights, and appurtenances belonging thereto) located in Forest Beach Sub-division, Hilton Head Island, in Beaufort County, South Carolina, known as "Hilton Head Cabanas Condominium I" has been, by Master Deed, submitted to the provisions of the Horizontal Property Act of South Carolina and is to be henceforth known as "HILTON HEAD CABANAS HORIZONTAL PROPERTY REGIME I" (Hereinafter referred to as the "Regime").

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Property and the Regime.

Section 3. Personal Application. All present or future co-owners, tenants, or their employees, or any other person that might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed establishing said Regime. The mere acquisition or rental of any of the apartments (hereinafter usually referred to as "Apartment") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Apartments will signify that these By-Laws, the provisions of the Master Deed and the provisions of the Declaration of Covenants, Restrictions and Affirmative Obligations Applicable to Semi-Residential Areas by the Hilton Head Company, dated January 28, 1956, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 78, at Page 306, are accepted and ratified and will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the co-owners is entitled is the percentage assigned to the Apartment or Apartments in the Master Deed.

Section 2. Majority of Co-Owners. As used in these By-Laws the term "majority of co-owners" shall mean those co-owners holding 51% or more of the total value of the Property, in accordance with the percentages assigned in the Master Deed.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of co-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 before the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

Section 1. Council Responsibilities. The co-owners of the Apartments will constitute the Council of Co-Owners (hereinafter usually referred to as "Council") who will have the responsibility of administering the Property, approving the annual budget, establishing and collecting periodic assessments and arranging for the management of the Property pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Council shall require approval by a majority of co-owners.

Section 2. Place of Meetings. Meetings of the Council shall be held at such place, convenient to the co-owners as may be designated by the Council.

Section 3. Annual Meetings. The annual meetings of the Council shall be held ^{between April 1st and 5th} on the first Monday of April each year. At such meetings there shall be elected by ballot of the co-owners a Board of Administration in accordance with the requirements of Section 5 of Article IV of these By-Laws. The co-owners may also transact such other business of the Council as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the co-owners as directed by resolution of the Board of Administration or upon a petition signed by a majority of co-owners and having been presented to the Secretary. The 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 unless by consent of four-fifths of the votes present, either in person or by proxy.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each co-owner of record, at least 5 but not more than ten 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 Meetings. If any meeting of the Council 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.

Section 7. Order of Business. The order of business at all Annual Meetings of the Council 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.

- (f) Election of inspectors of election.
- (g) Election of administrators.
- (h) Unfinished business.
- (i) New business.

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

ARTICLE IV
BOARD OF ADMINISTRATION

Section 1. Number and Qualification. The affairs of the Council shall be governed by a Board of Administration (hereinafter referred to as the "Board") comprised of five persons, all of whom must be co-owners of Apartments in the Property.

Section 2. General Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Council and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the Council or individual co-owners.

Section 3. Other Duties. In addition to duties imposed by these By-Laws or by resolutions of the Council, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of same.
- (b) Care, upkeep, and surveillance of the Property and the common elements.
- (c) Collection of assessments from the co-owners.
- (d) Employment, dismissal, and control of the personnel necessary for the maintenance and operation of the common elements.

Section 4. Management Agent. The Board may employ a management agent at a 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. Election and Term of Office. At the first annual meeting of the Council the initial term of office of two members of the Board shall be fixed at three (3) years. The term of office of two members of the Board shall be fixed at two (2) years, and the term of office of one 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 to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting.

Section 6. Vacancies. Vacancies in the Board of Administration caused by any reason other than the removal of a member of the Board by a vote of the Council shall be filled by vote of the majority of the remaining members, even though they may 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 Council.

Section 7. Removal of Members of the Board. At any regular or special meeting of the Council duly called, any one or more of the members of the Board may be removed with or without cause by a majority of co-owners and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Council shall be given an opportunity to be heard at the meeting.

Section 8. Organization 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 Council, and no notice shall be necessary to the newly elected Board members in order legally to constitute such 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 two such meetings shall be held during 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.

Section 10. Special Meetings. Special meetings of the Board may be called by the President on three 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 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 Board members.

Section 11. Waiver of Notice. Before or at any meeting of the Board, any Board member 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 the 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 the 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 be less than a quorum present, the majority of those 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 Regime handling or responsible for Regime funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Regime.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Regime 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 an assistant secretary, and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Regime shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Regime. He shall preside at all Council meetings of the Regime and of the Board. He shall have all of the general powers and duties which are usually vested in the office of president of a Regime, 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 decide are appropriate to assist in the conduct of the affairs of the Regime.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever 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

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 Council; he shall have charge of such books and papers as the Board may direct; and he 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 Regime. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Regime 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 offices of Secretary and Treasurer.

ARTICLE VI

OBLIGATIONS OF THE CO-OWNERS

Section 1. Assessments. All co-owners are obligated to pay periodic assessments imposed by the Regime to meet all Regime expenses, which shall include a liability insurance policy premium and an insurance premium for a policy to cover ~~repair and reconstruction~~ work in case of hurricane, fire, earthquake, or other hazard. The assessments shall be made pro rata according to the value of the Apartment owned, as stipulated in the Master Deed.

Section 2. Maintenance and Repair.

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

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

(c) A co-owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any common elements damaged through his fault.

Section 3. Use of Apartments - Internal Changes.

(a) All Apartments shall be utilized for residential purposes only.

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

Section 4. Use of Common Elements. A co-owner shall not place or cause to be placed in the passages or roads any furniture, packages, or obstructions of any kind. Such areas shall be used for no other purpose than for normal transit through them.

Section 5. Right of Entry.

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

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

Section 6. Rules of Conduct.

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

(b) No residents of the Property shall:

- (1) post any advertisements, or posters of any kind in or on the Property except as authorized by the Regime;

- (2) hang garments, rugs, or similar objects, from the windows or from any of the facades of the Property;
- (3) dust rugs, mops, or similar objects, from the windows, or clean rugs, or similar objects by beating on the exterior part of the Property;
- (4) throw garbage or trash outside the disposal installations provided for such purposes in the service areas;
- (5) act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Apartments in the Property.

(c) No co-owner, resident or lessee shall install wiring for electrical or telephone installations, television antennae, machines or air conditioning units, or similar objects outside of his dwelling unit or which protrude through the walls or the roof of his dwelling unit except as authorized by the Board.

ARTICLE VII

AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by the Council in a duly constituted meeting held for such purposes, and no amendment shall take effect unless approved by co-owners representing at least two-thirds of the total value of the Property as shown in the Master Deed.

ARTICLE VIII

MORTGAGES

Section 1. Notice to Board. A co-owner who mortgages his Apartment shall notify the Board through the management agent, if any, or the President if there is no management agent of the name and address of his mortgagee; and the Regime shall maintain such information in a book entitled "Mortgagees of Apartments".

Section 2. Notice of Unpaid Assessments. The Board shall at the request of a mortgagee of an Apartment report any unpaid assessments due to the Regime from the co-owner of such Apartment.

ARTICLE IX
SALE OF APARTMENT

In the event that a co-owner desires to sell an Apartment in this Regime, then, said Apartment shall be offered for sale to the Council of Co-Owners at the same price at which the highest bona fide offer has been made for the Apartment and the Council shall have thirty (30) days within which to exercise its option to purchase said Apartment at this price; and should the Council fail or refuse within thirty (30) days after receipt of written notice of the price and terms, to exercise its option to purchase said Apartment at the offered price, then the owner of said Apartment shall have the right to sell said Apartment, subject, however, to all covenants, restrictions, limitations, and affirmative obligations contained herein, and in the Master Deed, at a price not lower than that at which it was offered to the Council of Co-Owners. This article shall not be construed to impair the right of foreclosure of a mortgagee of an Apartment.

ARTICLE X
COMPLIANCE

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

-11-

FILED AT	BEAUFORT COUNTY S. C.	RECORDED IN BOOK
3:00		161
O'CLOCK	FEB 13 1969	PAGE
P. M		92
By <i>Lucy A. Chiles</i> CLERK OF COURT OF COMMON PLEAS		

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) AMENDMENT TO BY-LAWS
) HILTON HEAD CABANAS HORIZONTAL
) PROPERTY REGIMES I, II, III,
) IV, V, VI, VII AND VIII

THIS AMENDMENT TO BY-LAWS is made and entered this _____
day of _____, 1988, by the appropriate and duly
authorized agents and directors, as more fully set forth below.

WHEREAS, Hilton Head Cabanas Horizontal Property Regimes
I, II, III, IV, V, VI, VII and VIII (the "Regimes") are separately
constituted as independent Regimes pursuant to those certain Master
Deeds and By-Laws of each Regime as recorded in the Office of the
Register of Mesne Conveyances for Beaufort County, South Carolina,
in Deed Book 161 at Page 92, Deed Book 162 at Page 181, Deed Book
163 at Page 15, Deed Book 165 at Page 55, Deed Book 166 at Page
80, Deed Book 167 at Page 225, Deed Book _____ at Page _____,
and Deed Book 164 at Page 194, respectively, which properties are
more fully described in EXHIBITS "A-1," "A-2," "A-3," "A-4," "A-
5," "A-6," "A-7" and "A-8," respectively, attached hereto; and

WHEREAS, the independent Regimes above referenced have
consistently operated as one Regime, electing one consolidated
Board of Directors, from the inception of such Regimes; and

WHEREAS, each Regime above listed, by the required two-
thirds (2/3) majority vote, is desirous of amending the Regime By-
Laws of said Regime to formalize the governance of said Regimes by
a consolidated Board of Directors, and further, to provide for
expanded rule-making powers for such Board of Directors, and
finally, to enhance the assessment collection powers available to
such Board under the By-Laws of each Regime.

NOW, THEREFORE, upon the affirmative vote of a two-thirds
(2/3) majority of Hilton Head Cabanas Horizontal Property Regimes
I, II, III, IV, V, VI, VII and VIII, as evidenced by the signatures
of the undersigned and the Certificate of Vote of the Management
Agent attached hereto as EXHIBIT "B," said Regimes do hereby amend
the existing By-Laws of Hilton Head Cabanas Horizontal Property
Regimes I, II, III, IV, V, VI, VII and VIII to provide as follows:

1. Consolidation of Boards. Article IV, BOARD OF
ADMINISTRATION, is hereby amended by first deleting Section 1
thereof, Number and Qualification, and adding the following
provision in place thereof:

Section 1. Consolidated Board; Number and
Qualifications. The affairs of Hilton Head Cabanas
Horizontal Property Regimes I, II, III, IV, V, VI,
VII and VIII shall be governed by a single,
consolidated Board of Administration (hereinafter

referred to as the "Board"), notwithstanding any other provision of the Master Deed and By-Laws of each such Regime to the contrary. The Board shall be comprised of five (5) persons, all of whom must be Co-Owners of Apartments within one of the Hilton Head Cabanas Horizontal Property Regimes I through VIII. Whenever the terms "Regime" or "Property" are used elsewhere in said By-Laws, such terms shall be read, consistently within this Amendment, to include the property of all eight Regimes, which are consolidated for administrative purposes by this Amendment. Furthermore, to the extent that this consolidation may be held inappropriate or non-binding by any Court in the future, the two-thirds (2/3) majority of Owners endorsing this Amendment do hereby independently and separately authorize the use of single a Management Agent, currently South Carolina Property Management, Inc., to administer the affairs of each Regime pursuant to the terms of the existing management contract, or any new contract entered by the Board on behalf of said Regimes and a Management Agent.

2. Rule-Making Powers of Board. Article IV, BOARD OF ADMINISTRATORS, is hereby amended by adding new language to the existing Section 2, General Powers and Duties, thereof while retaining the existing sentence thereunder. The following is hereby added to Article IV, Section 2, of the By-Laws of Hilton Head Cabanas Horizontal Property Regimes I through VIII:

Furthermore, the Board shall have the power and authority to make such Rules and Regulations regarding the use of any Common Element or conduct upon the Property as the Board, in its discretion, shall deem appropriate. These Rules and Regulations, once adopted by the Board, shall be effective seven (7) days after mailing of written notice has been sent to all Owners at the addresses maintained by the Regime. Such Rules and Regulations may include, but not be limited to, the regulation of parking and the use of open spaces and recreational amenities, and including the right to levy reasonable fines for infractions and to deny use by willful violators. All Owners, tenants, guests and invitees shall be bound by the terms of any duly adopted Rules and Regulations hereunder.

2. Assessment Collections. Article VI, OBLIGATIONS OF THE CO-OWNERS, is hereby amended by adding new language to the existing Section 1, Assessments, thereof. While retaining the

existing two sentences thereunder, the following is hereby added to Article VI, Section 1, of the By-Laws of Hilton Head Cabanas Horizontal Property Regimes I through VIII:

Any assessment amount due hereunder shall bear interest at the rate of eighteen (18%) percent per annum, if not paid within thirty (30) days after the date due, as established by the Board or Regime. In the event that the Regime or Board may incur expenses in collection of past due assessments, all expenses of collection, including fees, costs and reasonable attorneys' fees, shall be added to the amount due as assessments hereunder, collectible from any such delinquent Owners. The full amount due shall constitute a lien upon the Apartment of any delinquent Owner, subject to foreclosure in accordance with South Carolina law, as well as the personal obligation of the delinquent Owner.

The above-stated provisions, having been duly authorized by a two-thirds (2/3) majority of Co-Owners in Hilton Head Cabanas Horizontal Property Regimes I through VIII, as evidenced by the attached EXHIBIT "B" Certificate of Vote, are hereby adopted.

WITNESSES:

HILTON HEAD CABANAS HORIZONTAL
PROPERTY REGIMES I, II, III, IV,
V, VI, VII AND VIII

By: William M. Mapi
Its President

Attest: G. L. DeBord
Its Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

PROBATE

BEFORE ME personally appeared _____,
who states on oath that s/he saw the within named Hilton Head
Cabanas Regimes I through VIII, by William M. [Signature],
its President, as its act and deed, sign, seal and deliver the
within and foregoing Amendment to By-Laws, and J. L. DeLoach [Signature],
its Secretary, attest the same, and that s/he
with _____ witnessed the execution thereof.

SWORN TO before me this _____ day
of _____, 1988.

(L.S.)
Notary Public for South Carolina
My Commission Expires:

EXHIBIT "B"

CERTIFICATION OF VOTE

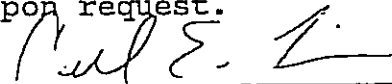
The undersigned, after first being duly sworn, does hereby state:

1. That I am President of South Carolina Property Management, Inc., the current Management Agent for all Owners and Regimes within Hilton Head Cabanas, Hilton Head Island, Beaufort County, South Carolina.

2. That after Notice a Special Meeting of Hilton Head Cabanas Horizontal Property Regimes I through VIII was held on August 15, 1987, to address the Amendment to By-Laws of each Regime.

3. That proxies to allow voting on such amendment were sent to all members, and that South Carolina Property Management, Inc., as the Management Agent for the Regimes, has received the affirmative vote of a two-thirds (2/3) majority of Owners in each Regime, in favor of adopting and recording the attached Amendment to By-Laws of Hilton Head Cabanas Horizontal Property Regimes I, II, III, IV, V, VI, VII and VIII.

4. That the originals of such proxies and the Minutes of the August 15, 1987 meeting are available for inspection at the offices of South Carolina Property Management, Inc., 24 Bow Circle, Hilton Head Island, South Carolina, upon request.



Carl E. Lewis, President
South Carolina Property
Management, Inc.

SWORN TO before me this _____

day of _____, 1988

(L.S.)
Notary Public for South Carolina

My Commission Expires:

LJH:MMT:H:\CABANAS1.AMD