

BYLAWS

LAKE ESTATES PROPERTY OWNERS ASSOCIATION, INC.

A Corporation Not For Profit

Section 1. Identity, Bylaws, Applicability, Office, Fiscal Year, Seal, Definitions.

- 1.1 Identity. These are the Bylaws of Lake Estates Property Owners Association, Inc. (the "Association"), a South Carolina not for profit corporation, and the Articles of Incorporation (the "Articles") of which were filed in the office of the Secretary of State of South Carolina. The Association has been organized for the purpose of administering the operation and management of a Condominium Regime (the "Condominium"), established or to be established in accordance with the South Carolina Horizontal Property Regime Act (the "Act"), upon land situated in Beaufort County, South Carolina (the "Land"), described in Article II of the Declaration.
- 1.2 Bylaws Subject to Other Documents. The provisions of these Bylaws are applicable to the Condominium and are expressly subject to the terms, provisions and conditions contained in the following documents as they may be amended from time to time: (i) Master Deed for Lake Estates Horizontal Property Regime, Articles of Incorporation of Lake Estates Property Owners Association, Inc., Bylaws of Lake Estates Property Owners Association, Inc.; (ii) Community Declaration of Covenants, Conditions, Restrictions, and Easement for Hampton Lake Community.
- 1.3 Applicability. All members of the Condominium Association and their invitees, without limitation, all present or future Owners and tenants and occupants of dwelling units in the Condominium ("Units") and other persons using the Condominium or any of the facilities thereof in any manner, are subject to these Bylaws, the Articles and the Declaration.
- 1.4 Office. The office of the Condominium Association shall be at 36 Persimmon Street, Suite 203, Bluffton, SC 29910, or at such other place as may be established by resolution of the Board of Directors.
- 1.5 Fiscal Year. The fiscal year of the Condominium Association shall be the calendar year.
- 1.6 Seal. The seal of the Condominium Association shall bear the name of the Condominium Association, the word "South Carolina" the words "Corporation Not For Profit", and the year of incorporation.

1.7 Definitions. All definitions set forth in the master Deed are hereby adopted by reference as those set forth herein verbatim.

Section 2. Membership, Voting, Quorum, Proxies.

2.1 Qualifications of Members. The qualification of members of the Condominium Association ("the "Members"), the manner of their admission to membership and termination of such membership, and voting by Members, shall be set forth in Master Deed, the provisions of which are incorporated herein by reference.

2.2 Quorum. A Quorum at meetings of members shall consist of persons entitled to cast one half (1/2) of the votes of membership entitled to vote upon any matter arising at said meeting. The joinder of a Member in the action of a meeting by signing and concurring in the minutes thereof or by signing an attendance list if written minutes are not available shall not constitute the presence of such person for the purpose of determining a quorum.

2.3 Adjourned Meetings. If, at any meeting of the Members, there is less than a quorum present, the majority of those present may adjourn the Meeting from time to time until a quorum is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted as long as adequate notice is given as provided herein.

2.4 Unit Ownership other than Husband and Wife. The vote of the Owner(s) of a Unit owned by more than one natural person, as tenants in common, joint tenants (except a husband and wife), or any other association of natural persons, shall be cast or otherwise exercised, at all meetings at which Member of the Condominium Association are entitled to vote or otherwise act, by one natural person designated by the Owner(s) of such Unit as the "Voting Representative" thereof. In each instance where title to a Unit is proposed to be conveyed or is otherwise to become vested in more than one natural person (except a husband and wife), or any association of natural persons, the prospective owner(s) shall, by written instrument acceptable to the Condominium Association, designate one natural person as the Voting Representative. The instrument designating the Voting Representative shall be filed with the Condominium Association, and the person so designated shall be and remain the Voting Representative of the Unit until such designation has been revoked by written instrument executed by the Owner(s) of the Unit or by lawful conveyance of the Unit. The Voting Representative of the Unit shall be the only person entitled to cast or exercise, in person or by proxy as allowed by applicable law, the vote of the Owner(s) of such Unit at any meeting of Members or in connection with any action concerning which Members of the Condominium Association shall be required or allowed to vote or otherwise act. The foregoing provisions shall not apply to the Grantor (as defined in the Declaration) and any agent thereof which may cast votes for Grantor owned units without the necessity of filing any designation of Voting

Representative with the Condominium Association.

2.5 Husband and Wife Ownership. In the event a Unit is owned by a Husband and Wife, they may, but are not required to, designate one (1) person to cast the vote for that Unit. If they do not designate one (1) person to cast the vote, and if both are present at a meeting and if they do not concur as to how the vote shall be cast, they shall not be entitled to vote on the particular matter. If they do not designate One (1) person to cast the vote and only one (1) is present at the meeting, the person present shall be deemed to be designated as the person with the authority to vote.

2.6 Voting; Limited Proxies. With the exception of voting to elect Directors, votes may be cast by Members in person or by Limited Proxy. All limited Proxies shall be in writing, signed by the Member entitled to vote, shall be filed with the Secretary of the Condominium Association prior to or at the meeting at which they are to be used and shall only be effective for their specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any Proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every Proxy shall be revocable at any time at the pleasure of the person executing it. Holders of Proxies need not be owners.

2.7 Majority Vote. Except where otherwise required under the provisions of the Articles, these Bylaws or the Master Deed, or where the same may otherwise be required by law, the affirmative vote of the Owners of a majority of the Units represented at any meeting of the Members duly called and at which a quorum is present, shall be binding upon the Members.

Section 3. Annual and Special Meetings of Membership.

3.1 Annual Meeting. The annual meeting of Members shall be held, at the office of the Condominium Association or such other place as may be specified in the notice of the meeting between January 2 and April 30 of each year on a date and at a time set by the Board of Directors. The purpose of the meeting shall be without limitation, to elect Directors and transact any other business authorized to be transacted by the Members.

3.2 Special Meeting. Special meetings of the entire membership of the Condominium Association shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of written request from Members of the Condominium Association owning a majority of the Units in the Condominium.

3.3 Notice of Meeting; Waiver of Notice. Notice of all meetings of the Members shall be given by the Secretary or in the absence of the Secretary, another officer of the Condominium Association, to each Member (unless waived in writing). Each notice

shall be written or printed and shall state the time and place of the meeting and shall identify the agenda items. Each notice of a regular meeting shall be given to each Member not less than fourteen (14) days nor more than sixty (60) days prior to the date set for the meeting, and shall be mailed or delivered personally to each Member. Notices of special meetings shall be given as set forth above and shall be mailed or delivered personally to each Member not less than fourteen (14) days prior to the special meeting unless a Director is to be elected at such meeting. Not less than sixty (60) days prior to an annual meeting or other meeting at which a Director is to be elected, notice of such meeting shall be mailed or delivered personally to each Member. A second notice of such meeting, together with a ballot which lists all candidates and any information sheets on candidates as provided in Section 4.2, shall be mailed or delivered personally to each Member not less than fourteen (14) days, nor more than thirty four (34) days prior to the election meeting, with the costs of mailing and/or delivery and copying to be borne by the Condominium Association. If delivered personally, receipt of the notice shall be signed by the Member, indicating the date received. If mailed, such notice shall be deemed properly given when deposited in the United States Mail addressed to the Member at his post office address as it appears on the records of the Condominium Association, with postage thereon prepaid. An officer of the Condominium Association shall provide an affidavit to be included in the official records of the Condominium Association, affirming that notices of the Condominium Association meeting were mailed or hand delivered in accordance with the provisions of this Section 3.3 to each Unit Owner at the address last furnished to the Condominium Association. Any Member may, in writing signed by such Member, waive such notice, and such waiver, when filed in the records of the Condominium Association, whether before, at or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such Member. Each notice shall, in addition, be posted in a conspicuous place in the Condominium at least fourteen (14) continuous days prior to said meeting. All notices shall be posted in a specific location in the Condominium adopted by the Board of Directors after notice to the Members. Each notice of any meeting in which assessments against Unit Owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments. If any meetings of Member cannot be held because a quorum is not present, the Members who are present, rather in person or by proxy as allowed by applicable law, may adjourn the meeting from time to time until a quorum is present.

- 3.4 Chairman. At meetings of Members, the President or in his absence, the Vice President, shall preside or in the absence of both, the Members present shall select a chairman of the meeting.
- 3.5 Order of Business. The order of business at annual meetings of Members, and, as far as practical, at other meetings of Members, shall be:
- (i) Collection of ballots not yet cast;

- (ii) Calling of the roll and certifying of proxies;
- (iii) Proof of notice of meeting or waiver of notice;
- (iv) Reading or waiver of reading of minutes of previous meeting of Members;
- (v) Reports of officers;
- (vi) Reports of committees;
- (vii) Appointments by Chairman of inspectors of election;
- (viii) Election of Director;
- (ix) Unfinished business;
- (x) New business
- (xi) Adjournment

Section 4. Board of Directors.

4.1 The first Board of Director shall consist of three (3) persons who shall be the subscribers to the Articles who shall serve until their successors are designated by Grantors or elected at the first annual meeting of the Members following recordation of the Master Deed creating the Condominium. Subsequent Boards shall consist of three (3) to five (5) Directors, the exact number to be determined from time to time, by a majority vote of the membership. Should any member of the first Board be unable to serve for any reason, Grantor shall have the right to select and designate a successor to act and serve for the unexpired term of the Director who is unable to serve. Each of the Members of all succeeding Board of Directors shall be Members of the Condominium Association, or shall be authorized representatives, officers or employees of a corporate Member of the Condominium Association, except for those Directors who are appointed by Grantor. When (but not before) Unit Owners other than Grantor own at least fifteen percent (15%) of the Units in the condominium that ultimately will be operated by the Condominium Association, the Unit Owners other than Grantor shall be entitled to elect, in the manner provided in Section 4.2 of these bylaws, not less than nor more than one-third (1/3) of the members of the Board of Directors. The Unit Owners other than Grantor shall be entitled to elect in the manner provided in Section 4.2 of these Bylaws, not less than a majority of the member of the Board of Directors upon the first to occur of:

- (i) Three years after 50 percent of the Units that will be managed ultimately by the Condominium Association have been conveyed to purchasers;
- (ii) Three months after 90 percent of the Units that will be managed ultimately by the Condominium Association have been conveyed to purchasers;
- (iii) When all the Units that will be operated ultimately by the Condominium Association have been completed some of them have been conveyed to purchasers, and none of the others are being offered for sale by Grantor in the ordinary course of business;

- (iv) When some of the Units have been conveyed to purchasers and none of the others are being constructed or offered for sale by Grantor in the ordinary course of business; or
- (v) Seven years after recordation of the Master Deed.

Grantor shall have the right to elect all members of the Board of Directors of the Condominium Association which Unit Owners other than Grantor are not entitled to elect as long as Grantor holds for sale in the ordinary course of business at least five percent (5%) of the Units of the Condominium. Notwithstanding the foregoing, Grantor shall be entitled at any time to waive in writing its rights hereunder, and thereafter to vote in elections for members of the Board of Directors of the Condominium Association in the same manner as any other Unit Owner of the Condominium Association, except for purposes of reacquiring control of the Condominium Association or selecting the majority members of the Board.

4.2 Election of Directors. Directors shall be elected in the following manner:

(a) Commencing with the election of the first Board to succeed the Board comprised of the subscribers of the Articles, Grantor shall designate that number, and the identity of the Members of the Board which it shall be entitled to designate in accordance with the Articles and these Bylaws, and upon such designation by Grantor by written instrument presented to the meeting at which such election is held, the persons so designated by Grantor shall be deemed and considered for all purposes Directors of the Condominium Association, and shall thenceforth hold the offices and perform the duties of such Directors until their successors shall have been elected or designated, as the case may be, and qualified in accordance with the provisions of these Bylaws.

(b) All members of the Board whom Grantor shall not be entitled to designate under these Bylaws shall be elected by written closed ballot, by a plurality of the votes cast at the annual meeting of the Member, immediately following the designation of the member of the Board whom Grantor shall be entitled to designate. Any Member or other eligible person desiring to be a candidate for the Board shall give written notice to the Secretary not less than forty (40) days before a scheduled election. Upon request of a candidate, the Condominium Association shall include, at its own expense, an information sheet on the candidate, together with the mailing of the ballot. Proxies shall in no event be used in electing member of the Board; provided, however, limited proxies may be used to elect or replace members of the Board. No Member shall permit any other person to vote his ballot, and any such ballots improperly cast shall be deemed invalid. A Member who needs assistance in casting his ballot may obtain such assistance.

(c) Vacancies on the Board may be filled, to expire on the date of the next annual meeting, by the remaining Directors except that should any vacancy in the Board be created in any directorship previously filled by any person designated by Grantor, such vacancy shall be

filled by Grantor designated by written instrument delivered to any officer of the Condominium Association, the successor Director, who shall fill the vacated directorship for the unexpired term thereof.

(d) If, at the time of the first annual meeting of Members, Unit Owners other than Grantor are entitled to elect some or all of the Directors, the terms of office of the elected Directors shall be one year. Directors shall hold office for the terms to which elected or designated, and thereafter until the successors are duly elected, or designated by Grantor, and qualified, or until removed in the manner elsewhere herein provided or as provided by law.

(e) In the election of Directors, there shall be appurtenant to each Unit as many votes for Directors as there are Directors to be elected; provided, however, that no Member or Owner of any Unit may cast more than one vote for any person nominated as a Director, it being the intent hereof that voting for Director shall be non-cumulative.

(f) In the event that Grantor selects any person to serve as a Director, Grantor shall have the absolute right at any time, in its sole discretion, to replace any such Director with another person to serve as a Director. Replacement of any Director designated by Grantor shall be made by written instrument delivered to any officer of the Condominium Association, which instrument shall specify the name of the person designated as successor to the Director so removed. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Grantor to any officer of the Condominium Association.

(g) Notwithstanding anything herein to the contrary, there shall be no quorum requirement for any vote held to elect a Director; however, at least 20 percent of the eligible voters must cast a ballot in order to have a valid election of members of the board of administration.

4.3 Organizational Meeting. The organization meeting of a newly elected or designated Board shall be held within fifteen (15) days of its election or designation, at such time and place as shall be fixed at the meeting at which it was elected. The notice requirements set forth in Section 4.4 hereto shall also govern the organizational meeting.

4.4 Regular Meeting. 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 Directors. All meetings of the Board at which a quorum are present shall be open to all Members of the Condominium Association. Any member may record or videotape such meetings. Any Member shall have the right to speak at meetings on all designated agenda items, subject to reasonable rules adopted by the Condominium Association regarding the frequent, duration and manner of Member statements. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, telegram or telecopy at least three (3) days prior to the day named for such meeting, unless notice is waived. Notice of all meetings,

which shall identify the agenda items, shall also be posted in a conspicuous place in the Condominium common area at least forty-eight (48) continuous hours prior to said meeting, unless an emergency exists which prevents the giving of such notice or unless a greater time is prescribed by law. However, written notice of any meeting at which nonemergency special assessments, or at which amendment to rules regarding Unit use will be proposed, discussed or approved shall be mailed or delivered to Members and posted conspicuously on the Condominium property not less than fourteen (14) days prior to such meeting. The Secretary of the Condominium Association shall provide an affidavit to be included in the official records of the Condominium Association affirming that this fourteen (14) day notice requirement has been complied with. All notices shall be posted in a specific location on the Condominium property adopted by the Board of Directors offer notice to the Members. Notice of any meeting in which regular assessments against Members are to be considered for any reasons shall specifically contain a statement that assessments will be considered and the nature of any such assessments. Meetings of a committee to take final action on behalf of the Board or make recommendations to the Board regarding the Condominium Association budget are subject to the provisions of this paragraph. Meetings of a committee that does not take final action on behalf of the Board or make recommendations to the Board regarding the Condominium Association budget are subject to the provisions of this paragraph unless those meetings are exempted from this paragraph by the Bylaws of the Condominium Association.

- 4.5 Special Meetings. Special meetings of the Board may be called by the President, and must be called by the Secretary at the written request of one-third of the Directors. Not less than three (3) days notice of a special meeting shall be given to each Director, personally or by mail, telephone, telegram or telecopy with notice shall state the time, place and purpose of the meeting.
- 4.6 Waiver of Notice. Any Director may waive notice of a meeting before, at or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.
- 4.7 Quorum. A quorum at meetings of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as may be specifically otherwise provided in the Articles, these Bylaws or the Declaration. If any meeting of the Board cannot be held because a quorum is not present, or because the greater percentage of the Directors required of attendance may be required as set forth in the Articles, these Bylaws or the Master Deed, such meeting shall be rescheduled and notice thereof shall be given as elsewhere set forth herein or in the Articles.
- 4.8 Presiding Officer. The presiding officer or meetings of the Board shall be the President of the Condominium Association. In the absence of the presiding officer, the Directors

present shall designate one of their number to preside.

4.9 Powers and Duties. All of the powers and duties of the Condominium Association shall be exercised by the Board, including those powers and duties existing under the laws of South Carolina, the Articles, these Bylaws and the Master Deed. Such powers and duties shall be exercised in accordance with the Articles, these Bylaws and the Master Deed and shall include, without limitation, the right, power and authority to:

- (i) Make, levy and collect assessment against Member and Members' Units to defray the costs of operating the Condominium and payment of Common Expenses (as defined in the Master Deed), and to use the proceeds of assessments in the exercise of the powers and duties of the Condominium Association;
- (ii) Maintain, repair, replace, operate and manage the Condominium whenever the same is required to be done and accomplished by the Condominium Association for the benefit of Members;
- (iii) Repair and reconstruct improvements after casualty;
- (iv) Make and amend rules and regulations governing to use of the property, real and personal, in the Condominium, provided that such rules and regulations or amendments thereto shall not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles, Master Deed, Articles and Bylaws;
- (v) Acquire, own, hold, operate, lease, encumber, convey, exchange, manage, and otherwise trade and deal with property, real and personal, including, but not limited to Units of and in the Condominium, as may be necessary or convenient in the operation and management of the Condominium, and in accomplishing the purposes set forth in the Master Deed;
- (vi) Enter into contract(s) with any person, firm or entity for the operation, maintenance or repair of the Condominium; provided that any such contract shall not be in conflict of Unit Owners as provided in the Condominium act, and the Articles or Bylaws of the Condominium Association;
- (vii) Enforce by legal means the provisions of the Articles, these Bylaws, the Master Deed and all rules and regulations governing use of property of and in the Condominium Association hereafter adopted;
- (viii) Pay all taxes and assessments which are liens against any part of the

Condominium other than Units and the appurtenances thereto, and to assess the same against the Member and their respective Units subject to such liens;

- (ix) Carry insurance for the protection of the Members and the Condominium Association against casualty and liability;
- (x) Pay all costs of power, water, sewer and other utility services rendered to the Condominium common property, and not billed to the Owners of the separate Units;
- (xi) Employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Condominium Association; and
- (xii) Grant permits, licenses and easements over the Common Elements for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Condominium.

4.10 Proviso. Notwithstanding anything contained to the contrary herein, the Directors shall not have the right or authority to do any act or take any action wherein the same would limit, modify or abridge the rights, privileges and immunities of the Grantor, its designees, successors and assigns, as set forth in the Master Deed or the Articles or these Bylaws.

4.11 Adjourned Meetings. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted as long as adequate notice is given as provided herein.

4.12 Joinder in Meeting by Approval of Minutes or Consent. The joinder or consent of a Director in the action of a meeting by signing and concurring in the minutes of that meeting, by signing an attendance list if written minutes are not available, or by executing a consent to a proposal, shall constitute the written concurrence of that Director shall not be used for the purpose of determining a quorum and/or voting on a proposal.

4.13 Presiding Officer. The presiding officer of Directors' Meetings shall be the President or in his absence, a Vice President. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

4.14 Order of Business. The order of business at Directors' Meetings shall be:

- (a) Calling of roll;

- (b) Proof of due notice of meeting;
- (c) Reading and disposal of any unapproved minutes
- (d) Reports of Officers and committees;
- (e) Election of Officers;
- (f) Unfinished business;
- (g) New business;
- (h) Adjournment.

4.15 Minutes of Meetings. The minutes of all meetings of the Board of Directors shall be kept in a book available for inspection by Owners, or their authorized representative, and Board member at any reasonable time at the principal office of the Condominium Association where copies may be purchased at a reasonable cost. The Condominium Association shall retain these minutes for at least seven (7) years.

4.16 Compensation. Directors fees, if any, shall be determined by the Members of the Condominium Association. Directors shall be entitled to receive reimbursement for all travel and reasonable out-of-pocket expenses incurred in attending regularly called Directors' meetings. Such reimbursement must be approved in advance by the Board. Nothing herein contained shall be constructed to preclude a Director from serving the Condominium Association in any other capacity and receiving compensation therefor. This provision shall not preclude the Board from employing a Director as an employee of the Condominium Association, not preclude contracting with a Director for the management of the Condominium.

4.17 Resignations. Any Director may resign his post at any time by written resignation, delivered to the Chairman of the Board or the Secretary, which shall take effect upon its receipt unless a later date is specified in the resignation in which event the resignation shall be effective from such date unless withdrawn. The acceptance of the resignation shall not be required to make it effective.

Section 5. Additional Provisions - Meetings of Members and Directors.

5.1 Location of Meetings. Notwithstanding anything contained in these Bylaws to the contrary, and meeting of Members or the Board may be held at any place, within the State of South Carolina, designated in the notice of any such meeting, or notice of which is waived.

5.2 Telephone Meetings. Any meetings of the Board of Directors maybe held by a telephone conference call, at which each member of the Board must be able to hear and be heard by all other members.

5.3 Board of Directors' Meetings. Any meetings of the Board of Directors of the Condominium Association shall be open all Unit Owners.

Section 6. Officers.

- 6.1 Generally. The Board shall elect a President, Secretary, Treasure and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall deem advisable from time to time. The President shall be elected from the membership of the Board, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of the President and Vice President shall not be held by the same person, not shall the office of the President and Secretary or Assistant Secretary be held by the same person. The Board may from time to time elect such other officers, and designate their powers and duties, as the Board may deem necessary to manage properly the affairs of the Condominium Association. Officers may be removed from office by the Board.
- 6.2 President. The President shall be the chief executive officer of the Condominium Association. He shall have all of the powers and duties which are usually vested in the office of President of a corporation not for profit, including, but not limited to the power to appoint committees from among the Members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Condominium Association. He shall have such additional powers as the Board may designate.
- 6.3 Vice President. The Vice President shall, in the absence or disability of the President, exercise the power and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board.
- 6.4 Secretary. The Secretary shall keep the minutes of all proceedings of the Board and the Members. He shall attend to the giving and serving of all notices to the Members and the Board, and such other notices as may be required by law. He shall have custody of the seal of the Condominium Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Condominium Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of a corporation not for profit and as may be required by the Board and the President.
- 6.5 Treasurer. The Treasurer shall have custody of all of the property of the Condominium Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and account of the Members; he shall keep the books of the Condominium Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.
- 6.6 Compensation. The compensation of all officers and employees of the Condominium Association shall be fixed by the Board.

Section 7. Fiscal Management.

The provisions for fiscal management of the Condominium Association set forth in the Master Deed and Articles shall be supplemented by the following provisions:

- 7.1 Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and mailing address of the Owner(s) and mortgagee(s) of each Unit, the amount of each assessment against the Owner(s) of each Unit, the amount of each assessment and due date thereof, and all amount paid, and the balance due upon each assessment.
- 7.2 Annual Budget. The Board shall adopt for, and in advance of each calendar year, a budget for the Condominium showing the estimated costs for performing all of the functions of the Condominium Association for the year. Each budget shall show the total estimated expenses of the Condominium Association for that year and shall contain an itemized breakdown of the Common Expenses, which shall include, without limitations, the costs of operating and maintaining the Common Elements (as defined in the Master Deed), taxes on Condominium Association property, wages and salaries of Condominium Association employees, management, legal and accounting fees, office supplies, public utility services not metered or charged separately to Units, and any reserve accounts and/or funds which may be established from time to time by the Board. The annual budget shall not include costs for the insurance which shall be billed separately on the renewal date of the insurance based on the actual costs of the insurance. If a meeting of the Unit Owners has been called to determine to provide no reserves or reserves less adequate than required and such result is not attained or a quorum is not attained, the reserves, as included in the budget, shall go into effect. Each budget shall also show the proportionate share of the total estimated expenses to be assessed against and collected from the Owner(s) of each Unit and the due date(s) and amounts of installments thereof. Copies of the proposed budget and proposed assessment shall be transmitted to each Member on or before January 1 of the year for which the budget is made. If any budget is subsequently amended, a copy shall be furnished to each affected Member. Failure to deliver a copy of any budget or amended budget to a Member shall not affect the liability of any Member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of the budget and assessment levied pursuant thereto. Nothing herein contained shall be construed as a limitation upon an additional assessment in the event that any budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.
- 7.3 Budget Meeting. A copy of the proposed annual budget of the Condominium Association shall be mailed or hand delivered to the Unit Owners at the address last furnished to the Condominium Association not less than fourteen (14) days prior to the meeting of the Board at which the budget will be considered, together with a notice of the

time and place of that meeting. Evidence of compliance with this 14-day notice requirement must be made by an affidavit executed by an officer of the Condominium Association or the manager or other person providing notice of the meeting and filed among the records of the Condominium Association. Such meeting of the Board must be open to all Unit Owners. All budget meeting of the Board and all Budget meetings of a committee appointed by the Board which take final action are subject to these notice provisions are open meeting requirements. If a budget is adopted by the Board which requires assessment of the Unit Owners in any budget year exceeding 115% (not including costs of insurance) of such assessments for the preceding budget year, upon written application of ten percent (10%) of the Unit Owners received by the Board within twenty-one days after adoption of the annual budget, a special meeting of the Unit Owners shall be held upon not less than fourteen (14) days written notice to each Unit Owner but within sixty (60) days of adoption of the annual budget, at which special meeting Unit Owners may consider and enact the budget. Any such adoption of the budget shall require a vote of not less than a majority of the votes of all Unit Owners. The Board may in any event first propose a budget to the Unit Owners at any such meeting of Member or by writing, and if such budget or proposed budget is approved by a majority of the votes of all Unit Owners, either at such meeting or by writing, such budget shall not thereafter be reexamined by the Unit Owners in the manner hereinabove set forth. If a meeting of the Unit Owners has been called and a quorum is not attained or a substitute budget is not adopted by the Unit Owners, the budget adopted by the Board shall go into effect as scheduled.

- 7.4 Assessments. In determining whether assessments exceed 115% of similar assessments in the prior budget year, there shall be excluded in the computation, reasonable reserves made by the Board in respect of repair and replacement of the Condominium or the Condominium Association property, or in respect of anticipated expenses by the Condominium Association which are not anticipated to be incurred on a regular or annual basis; and there shall be excluded from such computation, assessment for betterments to the Condominium property and costs of insurance which is billed in a separate annual assessment; provided, that as long as Grantor is in control of the Board of Directors, the Board shall not impose an assessment for a budget year greater than 115% of the prior budget year's assessment without approval of a majority of the votes of all Unit Owners.
- 7.5 Adoption of Budget. Upon adoption of the budget, the Board shall cause a written copy thereof to be delivered to each Unit Owner. Assessments shall be made against Unit Owners pursuant to procedures established by the Board, and in accordance with the terms of the Declaration and the Articles. Unit Owners shall be liable to pay assessment against Units not less often than quarterly in an amount no less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. Provided, however, that the lien or lien rights of the Condominium Association shall not be impaired by failure to comply with procedures established pursuant to these Bylaws.

- 7.6 Condominium Association Funds. All sums collected by the Condominium Association from all assessments against all Units in the Condominium shall be segregated into operating funds and reserve funds. Operating funds may be commingled in a single fund, or divided into more than one fund, as determined from time to time by the Board of Directors. Reserve funds shall be maintained separately from operating funds unless combined for investments purposes.
- 7.7 Depository. The depository if the Condominium Association shall be such bank or banks as shall be designated from time to time by the Board, in which all monies of the Condominium Association shall be deposited. Withdrawal of monies from such bank(s) shall be only by checks signed by such person(s) as are designated by the Board.
- 7.8 Audit. Unless waived, an audit of the accounts of the Condominium Association shall be made annually by a certified public accountant, and a copy of the report shall be furnished to each Member not later than April 1 of the year following for which the report is made. The report shall contain a complete financial report of actual receipts and expenditures of the Condominium Association for the previous 12 months.
- 7.9 Fidelity Bonds. Fidelity bonds will be required by the Board and all officers, directors, employees, and/or agents of the Condominium Association who control or disburse funds of the Condominium Association. The amount of such bonds shall cover the maximum funds that will be in the custody of the Condominium Association or its Management Agent at any one time. The premiums on such bond shall be paid by the Condominium Association.
- 7.10 Inspection of Records. The Condominium Association shall make available for inspection upon request and during normal business hours, to Unit Owners and to all holders, insurers or guarantors of any first mortgage on one or more Units, current copies of the Declaration of Condominium, these Bylaws, all other rules and regulations concerning the Condominium Association. In addition, any holder of a first mortgage encumbering a Unit shall be entitled, upon written request, to receive from the Condominium Association a copy of its financial statements for the immediately preceding fiscal year.

Section 8. Parliamentary Rules.

Roberts's Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Master Deed, Articles, these Bylaws or the laws of South Carolina.

Section 9. Amendments to Bylaws.

Amendments to these Bylaws shall be proposed and adopted in the following manner:

- 9.1 Proposal. Amendments to these Bylaws may be proposed by the Board, acting upon the vote of a majority of the Directors, or by Members owning a majority of the Units in the Condominium, whether meeting as Members or by instrument in writing agreed to by them.
- 9.2 Notice. Upon any amendment or amendments to these Bylaws being proposed by the Board or Members, such proposed amendment or amendments shall be transmitted to the President of the Condominium Association, or acting chief executive officer in the absence of the President, who shall thereupon call a special meeting of the Members for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give each Member written notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the Members is required as herein set forth; provided, that proposed amendments to the Bylaws may be considered and voted upon at annual meetings of the Members.
- 9.3 Approval and Certificate. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of the Owners of seventy-five percent (75%) of the Units. Such vote may be taken at any meeting at which a quorum is present. Unit Owners may be present at the meeting in person or by proxy as allowed by applicable law. In the alternative, any amendment may be adopted, without a formal meeting of the Members, by an instrument executed and acknowledges with the formalities of a deed by Members owning seventy-five percent (75%) of the Units. A copy of such amendment or amendments to these Bylaws shall be transcribed, certified by the President and Secretary of the Condominium Association, and a copy thereof so certified, and with identification on the first page thereof of the book and page of the public records where the Master Deed is recorded, shall be recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, within ten (10) days from the date on which any amendment or amendments in the form of which the same were placed of record by the Officers of the Condominium Association shall be delivered to all Owners, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments.
- 9.4 Voting. At any meeting held to consider such amendment or amendments to these Bylaws, the written vote of any Member shall be recognized if such Member is not present at such meeting in person or by proxy as allowed by applicable law, provided such written vote is delivered to the Secretary at or prior to such meeting.
- 9.5 Proviso. Notwithstanding the foregoing provisions of this Section 9, no amendment to these Bylaws which shall abridge, amend or alter any rights of the Grantor, including the right of Grantor to designate member of each Board of Directors of the Condominium Association, as provided in Section 4 hereof, may be adopted or become effective without the prior written consent of Grantor.

9.6 Amendment by Grantor Prior to Turnover and to Correct Errors or Omissions. Unit Grantor turns over control of the Condominium Association to the Unit Owners other than Grantor in accordance with Section 10.4 of the Master Deed, the Grantor, without joinder or consent of the Condominium Association or any Unit Owner or mortgagee, adopt and record an amendment to these Bylaws for the purpose of correcting a defect, error or omission in or of the Bylaws not materially affecting the rights of Owners, lienors or mortgagees.

Section 10. Compliance and Enforcement.

10.1 Compliance by Owners. Every Owner and his/its tenants, guests and invitees shall comply with any and all rules and regulations adopted by the Board of Directors of the Condominium Association as contemplated herein as well as the terms and provisions of the Declaration, as they may be amended from time to time.

10.2 Enforcement. Failure to comply with the Declaration, these Bylaws, and/or any such rules or regulations shall be grounds for immediate action by the Condominium Association.

10.3 Committee and Notice of Violation. The Board of Directors may appoint a committee of Unit Owners which shall be charged with determining whether there is probable cause to assert that a Unit Owner or other person is violating, or has violated, any of the provisions of the Master Deed, the Articles of Incorporation, these Bylaws, or the rules and regulations of the Condominium Association, regarding the use of Units, Common Elements, or Condominium Property. In the event such committee determines that such probable cause exists, it shall report same to the Board of Directors. The Board of Directors shall thereupon provide written notice to the person alleged to be in violation, and the Owner of the Unit which that person occupies, or of which that person is a guest, if that person is not the Owner of the specific nature of the alleged violation, including a statement setting forth the provisions of the Condominium documents allegedly violated and a short and plain statement of the matters asserted by the Condominium Association, the names of the Unit Owners who are upon a written request delivered to a Board member, a designated agent of the Board or a committee member within fourteen (14) days of the date of the notice of the violation or violations. The Board notice shall also specify, and it is hereby provided, that each recurrence of the alleged violation or each day during which the alleged violation continues shall be deemed a separate offense, subject to a separate fine, not to exceed One Hundred Dollars (\$100) for each offense. The Board notice shall further specify, and it is hereby provided for an alternative procedure available only for the first time violations and not for recurring violations, that in lieu of requesting a hearing, the alleged violator or Unit Owner may respond in writing to the notice, within fourteen (14) days of its date, acknowledging that the violation or violations occurred as alleged and promising that the violation or violations will henceforth cease and will no recur. Such acknowledgment and promise and performance

in accordance therewith, shall terminate further enforcement activity by the Condominium Association with regard to the violation and no fines shall be levied.

- 10.4 Hearing. If a hearing is timely requested, the committee shall hold the same on the date and time and at the place set forth in the notice, and shall hear and receive the response of the alleged violator and Unit Owner if other than the alleged violator, including written and oral argument on all issues involved and shall hear any witnesses that the alleged violator, the Unit Owner, or the committee, or its agents, may produce. Any party at the hearing may be represented by course.
- 10.5 Notice of Fines. Subsequent to any hearing, or if no hearing is timely requested and if not acknowledgment and promise are timely and properly made, the committee shall determine whether there is sufficient evidence of a violation or violations as provided herein. If the committee determines that there is sufficient evidence to support a finding that a violation or violations occurred, it shall send a written notification to the alleged violator, and the Unit Owner if other than the alleged violator, and Unit Owner if other than the alleged violator, that fines will be assessed and levied as provided herein unless the violations is corrected within three (3) days from the date of the notice of the committee. No further notice or hearing shall be necessary to enable the Condominium Association to levy fines for an uncorrected violations or violations, or recurring violations substantially similar to violation for which a hearing opportunity was previously provided.
- 10.6 Levy for Fines. A fine pursuant to this section shall be levied against the Unit which the violator occupied or was visiting at the time of the violation, whether or not he violator is an Owner of that Unit, and shall be promptly paid to the Condominium Association by the Owner of that Unit.
- 10.7 Non-Exclusive Remedy. Nothing herein shall be constructed as a prohibition of or a limitations on the right of the Board of Directors to pursue other means to enforce the provisions of the various Condominium and Condominium Association documents including, but not limited to legal action for damages or injunctive relief. In the event such other means are pursued, the Condominium Association shall not be required to comply with the procedures and provisions of this article.

Section 11. Indemnification. The Directors and Officers of the Condominium Association shall be indemnified by the Condominium Association.

Section 12. Constriction.

- 12.1 Gender. Whenever the masculine singular form of the pronoun is used in these Bylaws, it shall be constructed to mean the masculine, feminine or neuter, a singular or plural, wherever the context so required.

12.2 Severability. 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.

Section 13. Conflict. If any irreconcilable conflict should exist, or hereafter arise, with respect to the interpretation of thee Bylaws and the Declaration, the provisions of the Declaration shall prevail; in the event of any irreconcilable conflict between the Articles of Incorporation and these Bylaws, the Articles shall prevail.

Section 14. Captions. The captions herein are inserted only 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 hereof.

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IN WITNESS WHEREOF, Lake Estates, LLC., a South Carolina Limited Liability Company, has caused these presents to be signed in its name this 30th day of July, 2007

Signed, sealed and delivered in the presence of:

WITNESSES:

Katrina Seaker King
[Signature]

Lake Estates, a South Carolina Limited Liability Company

By: [Signature]
Warren E. Flick, Manager

By: [Signature]
Russell Miller, Manager

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

I, the undersigned Notary Public for the state of South Carolina, do hereby certify that Warren E. Flick and Russell Miller, Managers of Lake Estates, LLC., personally appeared before me this date and acknowledged the due execution of the foregoing instrument.

[Signature]
Notary Public for South Carolina
My Commission Expires: 4/24/16