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Beaufort  
5121

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF BEAUFORT )  
 )

RESTATED AND REVISED  
DECLARATIONS OF COVENANTS  
AND RESTRICTIONS FOR  
TOWNHOUSE TENNIS III  
AND RESTATED AND AMENDED  
BYLAWS FOR TOWNHOUSE  
TENNIS III OWNERS ASSOCIATION

BEAUFORT COUNTY SC- ROD  
BK 02355 PGS 0892-0916  
DATE: 04/12/2006 01:29:22 PM  
INST # 2006029614 RCPT# 410156

THIS REVISION of the declaration of Townhouse Tennis Associates and  
AMENDMENT of the bylaws of Townhouse Tennis III Owners Association is made this  
25<sup>th</sup> day of March, 2006.

**WITNESSETH**

WHEREAS, Townhouse Tennis Associates, a South Carolina partnership was the owner of a certain parcel of real property shown and described on a plat prepared December 24, 1977 and revised January 13, 1978 and June 28, 1978 and recorded in Plat Book 27 at Page 11 of the official records for Beaufort County; and

WHEREAS, Townhouse Tennis Associates prior to subdivision and sale of lots within the parcel published a document titled "Declaration of Covenants and Restrictions for Townhouse Tennis Club III, A Tennis Club (Phase I & II), Hilton Head Island, South Carolina, and Provisions for Townhouse Tennis Club III, Owners Association" which document was recorded on July 10, 1978 in Book 266 at Page 534 of the official records for Beaufort County; and

WHEREAS, through inadvertence certain plot references were omitted and the aforesaid document was corrected and re-recorded on August 10, 1978 in Book 268 at Page 297 of the official records for Beaufort County; and

WHEREAS, on October 12, 1980 at a meeting of owners, Bylaws of Townhouse Tennis III were adapted but for reasons not explained therein were not recorded until February 20, 1992, the recording being in Book 592 at Page 2515 of the official records for Beaufort County; and

WHEREAS, the aforesaid bylaws were amended by a document, which does not contain a statement of the authority under which the amendment was made, which restated the aforesaid bylaws entirely, and which was dated June 8, 1998 and recorded in Book 1052 at Page 1752 of the official records of Beaufort County; and

WHEREAS, there are Twenty Four (24) separate parcels or lots of land conveyed by the declarant in fee simple to individual grantees, their successors, heirs and assigns, together with nonseverable pro rata interests in the common properties, limited common properties and exclusive easements to designated spaces in the limited common property (Parking Building); and

WHEREAS, the common property containing 5.473 acres, more or less, and excluding the Twenty Four (24) parcels or lots of land previously conveyed to the individual grantors, their successors, heirs and assigns; and the limited common property containing 0.184 acres, more or less, were conveyed to Townhouse Tennis III (originally named Townhouse Tennis Club III) by quit claim deed of the declarant recorded on November 9, 1994 in Book 742 at Page 106 of the official records for Beaufort County, although the acknowledgment in said quit claim deed contains the incorrect date of 1991 rather than the date of 1993; and

WHEREAS, at a meeting, duly called of the owners of Townhouse Tennis III, on March 25, 2006 at which a quorum was present, the owners present in person and by proxy, voted by a sufficient majority to adopt these Restated and Revised Declaration of Covenants and Restrictions for Townhouse Tennis III and Restated and Amended Bylaws for Townhouse Tennis III.

NOW THEREFORE, the owners within Townhouse Tennis III declare that all properties within the areas of Townhouse Tennis III (and by whatever other name heretofore known) shall be held, transferred, sold, conveyed, leased, rented, occupied and used subject to the covenants and restrictions hereinafter set forth and that the Townhouse Tennis III Owners Association shall govern itself pursuant to the restated bylaws contained herein.

#### **ARTICLE I – DEFINITIONS**

1. “Association” shall mean and refer to Townhouse Tennis III Owners Association, Inc., a South Carolina nonprofit organization.
2. “Plat” shall refer to the plat of the properties entitled “Plat Building Location Townhouse Tennis III, A Tennis Club-Phase I, Cordillo Parkway, Shipyard Plantation, Hilton Head Island, Beaufort County, South Carolina” prepared by E.H. Friesleben, Engineer, and recorded in the official records for Beaufort County, in Plat Book 27 at Page 11.
3. “Properties” shall mean and refer to the common property containing 5.473 acres, more or less, and the limited common property containing 0.184 acres, more or less, and twenty four (24) lots, on the aforesaid plat recorded in Plat Book 27 at Page 11 of the official records of Beaufort County.
4. “Common Properties” shall mean the land between and surrounding the lots, and owned in equal undivided interests by the record owners as tenants in common, as hereinafter described and defined as common area on the aforesaid plat.
5. “Limited Common Property” means those common properties which are agreed upon by all the record owners to be reserved for the exclusive use of a particular unit to the exclusion of other units, such as garage areas, as may be designated in each record owner’s deed of conveyance and hereinafter described and defined as limited common area on the aforesaid plat.

6. "Lot" shall mean and refer to the improved parcel of land containing a single family dwelling capable of individual ownership in accordance with the laws of South Carolina.

7. "Record Owner" means the owner, whether one or more persons, whether organizational or natural, of the fee simple title to any lot within Townhouse Tennis III.

8. "Common Expense" means and includes (a) all expenses incident to the administration, maintenance, repair and replacement of the common areas to include recreational facilities and limited common areas; (b) expenses determined by resolution of the Townhouse Tennis III Owners Association to be deemed common expenses and which are lawfully assessed against the individual lot owners for the maintenance, repair and replacement of portions of the improvements located on the lots; (c) costs of utility services for the common areas and limited common areas; (d) taxes on the common areas and limited common areas; (e) insurance on the common areas, limited common areas and, to the extent deemed necessary and appropriate by the directors of the association, upon the units; (f) accountant, legal and management fees for assistance in managing the affairs of the association; and (g) assessments, whether regular or special, for either capital improvements or major renovations.

9. "Assessment" means the share of the common expenses of a record owner, assessed against said record owner and his individual lot, from time to time, by the Townhouse Tennis III Owners Association, in the manner hereinafter provided.

10. "Party Wall" shall mean a wall built partly on the land of one owner and partly on the land of another owner for the common benefit of both in supporting construction of contiguous buildings and shall be given the general meaning and legal rights, responsibilities, and definitions as established by the laws of South Carolina. The fact that a party-wall may be by error or design located solely on the land of one owner shall not be conclusive evidence that the wall is not intended to be a party-wall as herein defined.

11. "Party Roof" is a single roof unit built partly over the dwelling unit of one owner and partly over the dwelling unit of another owner for the covering of attached buildings, each dwelling unit being capable of separate ownership and which shall be given the general definition of meaning or responsibility or rights as established by the laws of South Carolina.

12. "Unit" shall mean and refer to any building situated on a lot intended for use and occupancy by a single family.

## **ARTICLE II – PURPOSE IN GENERAL**

1. Each record owner in the association has acquired, and now holds a fee simple absolute title to the lot designated in the applicable deed, and, as a tenant in common with all other owners, a pro rata undivided and inseparable interest in all common properties and an undivided interest in the limited common properties together with an easement for the exclusive use of a designated portion of the limited common properties, all as shown on a plat recorded in Plat Book 27 at Page 11 of the official records for Beaufort County.
2. The units shall be single family residences and may be separated from other residences by a party wall, or walls, and covered by a party roof.
3. Each record owner shall have the duties, responsibilities and obligations to maintain his lot in good repair and condition as hereinafter more clearly described.
4. The undivided ownership interest of each record owner in the common properties and limited common properties shall be governed, controlled and maintained by the association as hereinafter described.
5. The lot and its accompanying undivided and inseparable interest in the common properties shall not be separately conveyed or encumbered.
6. It shall be the responsibility of each record owner to maintain and keep in good repair and maintenance his lot and unit. In the event the record owner does not maintain and keep in good repair and condition his lot and unit, the association shall have the right to order any unsightly, dangerous or unkempt condition to be corrected within ten (10) days from the date of written notice, return receipt requested, mailed to the record owner thereof causing said condition. Return of such notice marked "Unclaimed" shall constitute good service. Should the required action not be taken by said record owner within the ten (10) day period described above, the Association may, at said record owner's sufferance, enter upon any individual lot and/or unit and correct the unsightly, unkempt, poorly maintained or unrepaired condition, and shall then have the right to charge the offending record owner for the actual cost of correcting said conditions. The association shall have the additional right to add to the amount so expended, interest at the rate of eighteen (18%) percent annum from the date of demand for payment until time of payment, including the right to recover all costs of collection, including reasonable attorneys' fees and court costs, and such amounts shall be a lien upon the offending record owner's lot, and collectable in accordance with the provisions of this declaration and the bylaws of the association.

## **ARTICLE III – TOWNHOUSE TENNIS III OWNERS ASSOCIATION**

1. The association shall consist of all record owners and shall be incorporated as a nonprofit, mutual benefit corporation. Each record owner shall be a member of the association, shall have an equal interest therein, and shall be entitled to one (1) vote at all meetings. Upon the conveyance of a lot and unit, the grantor's

membership shall cease as of the time of said conveyance, and the grantee thereof shall then become a member of said association by virtue of his ownership of a lot and unit.

2. The governing of the association shall be in accordance with these covenants and bylaws and the lawful amendments of either of them.

3. The purpose of the association is to take such action as it determines is necessary and appropriate regarding the governing, maintenance and repair of the common property, limited common property, and, upon approval in a proper case, the units and to make certain that no unsightly, dangerous, bad repair or other condition exists. Further, the association shall have the power to order the record owner to perform any repair and maintenance on their lots and improvements thereupon and for failure to do so after notice the association may take action as herein provided at the cost of the owner.

4. The association shall be given, and it hereby reserves the unfettered right and easement to come upon any individual lot and common properties and limited common properties for the correction of any unsightly, unkempt, unrepaired or dangerous condition.

5. The association shall have the right to contract for all types of insurance as may be deemed desirable and to serve as trustee under any insurance trust utilized for the purpose of holding and disbursing insurance proceeds as the association may designate.

6. The uniformity of the exterior aspects of the property is an important characteristic and bears directly on the continuing value of each owner's interest. From time to time the association shall have the right to perform maintenance and repairs of exterior portions of the lot and improvements thereon, under the terms and conditions as hereinafter set forth, which, if not uniformly performed, will affect the appearance and value of the property.

#### **ARTICLE IV – DETERMINATION OF COMMON EXPENSES AND ASSESSMENTS**

1. The association shall, from time to time, and at least annually, prepare a budget for the next succeeding year, and determine the amount of the assessments payable by the record owners to meet the projected expenses of the association.

2. The association shall advise all record owners annually, in writing, of the amount of common expenses payable by each of them, respectively, as determined by the budget of such association, as aforesaid, and shall furnish copies of such budget to all record owners. The common expenses so assessed against the record owner shall be a lien on said record owner's individual lot.

3. All record owners shall be obligated to pay the common expenses assessed annually by the association, in monthly installments where so authorized by the directors, or at such other time or times as the association may determine and said expenses shall

constitute a lien on the lots. The association may authorize common expenses to be collected by a managing agent.

4. In addition to the annual assessments authorized above to be paid upon the direction of the association, the association may levy, in any assessment year, a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, and, when approved by a majority of all owners, upon the lots or units, provided that any such special assessment shall have the assent of two-thirds (2/3) of the votes of the members of the association who are present in person or by proxy at a meeting duly called for such purpose.

5. No record owner may exempt himself from liability for his contribution for the common expenses by waiver of the use or enjoyment of any of the common areas or by abandonment of his lot.

6. No record owner shall be liable for the payment of any part of the common expenses assessed subsequent to a sale, transfer or other conveyance of his lot and unit.

7. A purchaser or grantee of the lot shall be jointly and severally liable with the seller thereof for the payment of common expenses assessed against said lot prior to the acquisition or conveyance of said lot, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser. The seller's liability for common expenses assessed prior to the conveyance of a lot shall not be in excess of the amount set forth in a statement provided under paragraph 2 herein. A mortgagee or other purchaser of a lot at a foreclosure sale of such lot shall not be liable for, and such lot shall not be subject to, a lien for the payment of common expenses or special assessments assessed prior to the date of the conveyance by master's deed of the lot to the mortgagee or other such purchaser at a foreclosure sale. Such unpaid common expenses shall then be deemed to be common expenses collectible as the association deems appropriate.

8. The association shall promptly provide any record owner or prospective purchaser so requesting the same in writing, a written statement of all unpaid common expenses or other assessments due from such record owner, for a reasonable fee not to exceed \$100.00.

9. The association shall assess common expenses against the record owners from time to time and shall take prompt action to collect any common expenses due from any record owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. Any record owner who fails to pay such assessment within said thirty (30) day period shall be considered in default and shall thereafter, until such default is cured, not be entitled to vote at meetings of the association.

10. In the event of default by any record owner in paying to the association the common expenses assessed against him, said record owner shall be obligated to pay interest at the rate of eighteen (18%) percent per annum, compounded monthly, on the unpaid balance, from the date of default until time of payment, and shall also be liable for

all costs of collection, including reasonable attorneys fees and for court costs incurred by the association in any proceeding brought to collect such unpaid common expenses and the late charges and expenses of collection.

11. The association shall have the right to foreclose its lien for unpaid common expenses in accordance with the laws of South Carolina pertaining to the foreclosure of mortgages on real estate.

12. In any action brought by the association to foreclose its lien on a lot, the record owner shall be required to pay reasonable rent, as determined by said association, for the use of his lot from the date of his default in the payment of common expenses and the association in such foreclosure action shall be entitled to the appointment of a receiver to collect said rent. The association, acting on behalf of all record owners, shall have the right to purchase such lot at said foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant thereto, convey or otherwise deal with the same, subject, however, to applicable restrictions of record.

13. A suit to recover a money judgment for unpaid common expenses shall be maintainable by the association without first foreclosing or waiving its lien for unpaid common expenses.

#### **ARTICLE V – COMMON PROPERTIES**

1. The common properties as referred to herein shall be owned in common by the record owners of all the lots and units within the property in equal shares as tenants in common. A record owner's interest in the common properties shall and must be conveyed along with the record owner's lot and unit. Each record owner shall own an undivided pro rata interest in the common properties and the limited common properties, along with all other record owners. The common properties shall include all roads, walkways, swimming pools, gazebos, tennis courts, and all other elements of the property rationally of common use or necessary to the existence, upkeep and safety of the property and in general, all other devices or installations existing for common use. The only property that will be considered limited common property will be the garage buildings. As in the case of common properties, the maintenance, care and upkeep of the garage buildings shall be the responsibility of the association, the cost of which shall be deemed a common expense through assessment. However, the use of each garage and locked storage area shall be restricted to the exclusive use of the unit designated in each deed of conveyance. The common properties and limited common properties are as shown and designated on the plat recorded in Plat Book 24 at Page 11 of the official records for Beaufort County.

2. The common properties and limited common properties shall remain undivided and no record owner shall bring any action for partition or division.

3. The undivided interest of each record owner in the common properties and limited common properties shall not be separated from the lot and unit to which it appertains and shall be deemed conveyed or encumbered with the lot, even though such interest is not expressly mentioned or described in the conveyance or other instrument.

4. Subject to the provisions of these covenants and the rules and regulations of the association, every record owner shall have the right and easement of enjoyment in and to the common properties and any specifically designated limited common properties, and such easement shall be appurtenant to and shall pass with title of every lot.

#### **ARTICLE VI – OBLIGATION FOR EXTERNAL MAINTENANCE AND REPAIR**

1. The record owners shall make such repairs and perform such maintenance as shall be necessary to avoid any unsightly, dangerous or unkempt exterior condition. In addition to the right of the association, through the board of directors, to order individual owners to cure certain conditions which the directors in their sole discretion determine are either unsightly, dangerous or unkempt, the association shall have the right, upon first obtaining the approval of a majority of all owners, to collectively perform maintenance and repairs of the exteriors of the units using funds assessed either as parts of the annual assessment or from the proceeds of a special assessment approved under the procedure set forth in Art. IV, Section 4 hereof. The intention of this provision is that exterior features which affect the general appearance of the property will not be performed in a patchwork fashion. It is expected that the directors will resort to the authority herein reserved only as they deem essential to preserve the appearance and safety of the total property.

#### **ARTICLE VII – PROHIBITION AGAINST ALTERATIONS OF UNITS**

1. No record owner shall make or permit to be made any alteration in the exterior of his unit without first obtaining the written permission of the association.
2. No record owner shall change the exterior color or appearance of his unit without first obtaining the written consent of the association.
3. No record owner shall plant any shrubbery, flowers, vegetables, grass or trees in his lot, nor alter said lot by adding any objects, including but not limited to statues, walkways, or decks, without first obtaining written consent of the association. A record owner does not have to obtain the written consent of the association in order to replace any grass, shrubbery, or trees which have died.

#### **ARTICLE VIII – EASEMENTS**

1. Each record owner, his heirs, personal representative, administrators, assigns, agents, servants, invitees and members of his family, are hereby granted an easement for ingress and egress over the common properties for the use and enjoyment thereof, and the fact that each record owner of a lot and unit also owns an undivided interest in the common properties shall not in any way imply or be interpreted to prohibit or disallow any other record owner from coming onto and enjoying the use of any portion of the common property as hereinafter designated, subject only to the exclusive easement



and use of each record owner in and to those certain portions of the limited common properties specifically described in his deed.

2. Each record owner, his heirs, personal representative, administrator, assigns, agents, servants, invitees, and members of his family, is hereby granted a general nonexclusive easement to park vehicles on the parking areas provided within the common properties; said easement right shall nevertheless be limited by any and all restrictions placed thereon by the association. As hereinafter described, each record owner shall be, with each deed of conveyance, granted an exclusive easement and right to park one (1) automobile in the garage specified in his deed. The maintenance and upkeep of all garage buildings shall be the responsibility of the association and all garage buildings shall be limited common property subject to the rules and regulations of the association and the covenants contained herein.

3. Notwithstanding any provision to the contrary contained in these covenants, it is expressly agreed that the above easements are perpetual and shall not be terminated or invalidated by the intentional or negligent failure to enforce any specific provision, it being acknowledged that the directors are also owners and may approach compliance with these covenants with circumspection.

#### **ARTICLE IX – MISCELLANEOUS**

1. Each record owner shall take care that all garbage and refuse shall be sealed in plastic garbage bags or similar containers before removal from the unit, and deposited in such location on the lot as not to be offensive to other owners.

2. No noxious or offensive activities shall be carried on upon the lots or in the units, nor shall anything be done thereon or therein that would cause embarrassment, discomfort, annoyance, or nuisance to any other record owner. There shall not be maintained on any lot any poultry, animals or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature that may diminish the enjoyment of the common areas or the property as a whole.

#### **ARTICLE X – ADDITIONS, LIMITATIONS, DURATION AND VIOLATION OF COVENANTS AND AMENDMENTS**

1. The within covenants, restrictions and affirmative obligations set forth in this document shall run with the land and shall be binding on all parties and persons claiming by or under them to include, but not limited to, the record owners and the association from the execution date of this document. All such covenants, restrictions and affirmative obligations shall be automatically extended from year to year unless in an instrument signed by not less than three fourths (3/4) of the then record owners, the record owners agree to terminate or amend these covenants.

2. In the event of a violation or breach of any of the covenants, restrictions and affirmative obligations contained herein, the association, the record owners, or any of them jointly or separately, shall have the right to proceed at law or equity to seek damages or compel compliance with the terms hereof, and to prevent further violations or

breaches. In addition to the foregoing, the association shall have the same rights to proceed at law or at equity to enforce the terms hereof or to seek damages for the violations, and in such event should have the right to recover its attorney's fees incurred in doing so.

3. The invalidation by any court of any provision or any portion of these covenants shall in no way affect any of the other provisions or portions, and the remaining portions hereof shall remain in full force and effect.

4. Any of the foregoing terms of this declaration may be amended by a vote of three-fourths (3/4) of the total membership of the association at a meeting of the association called for such purpose where notice of such purpose has been properly given.

5. The association does hereby declare that the provisions contained herein are the rights, restrictions, conditions and affirmative obligations, all constituting covenants running with the land in any deed or other written instrument in which reference is specifically made to covenants, it is intended that these covenants, and the lawful amendments thereto, shall control.

IN WITNESS WHEREOF, the association by its authorized officers has caused this instrument to be executed the date for at above written

Ray Dawling

Edward G. Sackard

TOWNHOUSE TENNIS III

By: James H. Jace  
President

By: Susan Roman  
Secretary

STATE OF SOUTH CAROLINA )

COUNTY OF BEAUFORT )

ACKNOWLEDGEMENT  
Under SC Code § 30-5-30 (C)

I, the undersigned notary public, do hereby certify that the within named Townhouse Tennis III, by its authorized officers personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal the 25<sup>th</sup> day of March, 2006.

Edward G. Sackard  
Notary Public for South Carolina  
My Commission Expires: 4/22/2015  
(SEAL)

BYLAWS  
OF  
TOWNHOUSE TENNIS III

**PREAMBLE**

The covenants which control the occupancy and use of property within Townhouse Tennis III did not include bylaws but declared that the record owners would adopt appropriate rules for governing themselves. On October 12, 1980, at a meeting called for such purpose, the record owners adopted bylaws which, for unexplained reasons, were not then recorded. By document executed on February 10, 1992 the previously adopted bylaws were recorded in Book 592 at Page 2515 of the official records for Beaufort County. Thereafter, by document dated June 8, 1998 recorded in Book 1052 at Page 1752 of the official records for Beaufort County in which reference is made to the incorporation of Townhouse Tennis III as a mutual benefit nonprofit corporation, a different set of bylaws were recorded. There is nothing in the 1998 document which recites the authority under which the bylaws were adopted but the document does state in Paragraph 6 that it was intended to supersede the bylaws recorded in 1992 albeit that the reference to the recording of the 1992 bylaws is incomplete. Accordingly, and given the presumption of regularity and with the passage of time, the 1998 bylaws are the bylaws presently in effect and are now amended and restated upon the consent of the record owners.

1. **NAME** The name of the association is Townhouse Tennis III, which is an association of property owners who have organized as a mutual benefit nonprofit corporation, under the South Carolina Nonprofit Corporation Act of 1994.
2. **PURPOSES** The purposes of the association shall be to take all necessary action regarding:
  - 2.1 the governing, use and maintenance of the common property, limited common property and lots and units within the property entitled Townhouse Tennis III, Shipyard Plantation, Hilton Head Island, Beaufort County, South Carolina, as shown and described on a certain plat recorded in the official records for Beaufort County, South Carolina in Plat book 25 at Page 144; and
  - 2.2 the collective maintenance and repair of the portions of the lots and units within the property as the board of directors ("board") may agree to be obligated to maintain and repair provided that a resolution to that effect shall be in writing and shall be approved by a vote of not less than fifty (50%) percent of the record owners at any regular or special meeting of the association called for such purpose; and
  - 2.3 enforcement of the covenants and restrictions of record encumbering the property and these bylaws and lawful amendments thereof.

The purposes set forth hereinabove, shall grant the association all powers necessary to carry out the stated purposes to include, by way of example and not by way of limitation, the power to

own, acquire, build, operate and maintain the common property and limited common property and any and all structures that are located thereon; the power to fix and collect all annual and special assessments levied against the lots, together with all late charges, interest, attorney's fees, court costs, and any other costs of collection; the power to enforce by action at law or in equity all covenants and restrictions encumbering the common properties, limited common properties, lots and units and all rules and regulations adopted by the board; and the power to pay taxes and insurance on all properties, real and personal, of the association. The association, by and through the board, shall further have the power to borrow to fund operations and repairs and to pledge the power of assessment contained in the covenants and as set forth in these bylaws for the purpose of securing the indebtedness of the association; provided, however, that in exercising such power, the board is limited to the extent that in no event shall the pledge be allowed to accelerate any indebtedness by increasing any assessment beyond the amount assessed by the association.

3. **COVENANTS AND RESTRICTIONS** All of the terms and provisions of the Declaration of Covenants and Restrictions for Townhouse Tennis Club III, to which these bylaws are attached are specifically incorporated herein by reference.
4. **PERSONAL APPLICATION** All present or future record owners, tenants, or any other person that might use the facilities within the association in any manner, are subject to these bylaws and any rules and regulations promulgated pursuant to these bylaws. The mere acquisition or rental of any lot or the mere act of occupancy of any lot will signify that these bylaws as they may be lawfully amended from time to time, are accepted and ratified and will be complied with.
5. **OFFICES**
  - 5.1 **PRINCIPAL OFFICE** The principal office of the association shall be located at the offices of the property manager. The association may have such other offices, either within or without South Carolina as the board may determine from time to time.
  - 5.2 **REGISTERED OFFICE** The association shall have and maintain a registered office and agent at such office. The registered office and registered agent may be changed from time to time by the board, provided that at all times the board shall comply with the requirements of the law relating to nonprofit corporations.
6. **EFFECT OF RECORDATION** It is the express intention of the record owners and the association that these bylaws will supersede and replace all bylaws previously recorded.
7. **MEMBERSHIP AND VOTING**
  - 7.1 **MEMBERSHIP** Membership in the association shall be restricted to record owners and as further set out in Article III, Section 1 of the Covenants.

7.2 MEMBERSHIP RIGHTS SUBJECT TO ANNUAL ASSESSMENTS The rights of membership are subject to the payment of annual and special assessments levied by the association, the obligation of which assessments is imposed against each record owner and which shall become a lien upon the lot against which such assessments are made as provided by Article VI of the covenants. In the event that a record owner may consist of more than one individual or entity, the liability of the individuals or entities comprising the record owner shall be joint and several.

7.3 SUSPENSION OF MEMBERSHIP RIGHTS The membership rights of any record owner, or any individuals or entities comprising the record owner, whether or not they are personally obligated to pay such assessments, may be suspended, upon written instruction of the president, during the period when the assessments, or any portion thereof, to include late charges, interest, attorney's fees, court costs, or other costs of collections, remain unpaid. Upon payment of such assessments, in their entirety, their rights and privileges shall be restored. Proof of repayment shall be in the form of a receipt from the treasurer or the property manager. If the board has adopted rules and regulations governing the use of common property and limited common property and the conduct of any individual is a violation of such rules, the president by written instruction to such individual may, in his discretion, suspend the right of any such person to utilize the common property for a period not to exceed thirty (30) days. The president may issue successive suspensions if, after the expiration of any period of suspension, the person who violated such rule or regulation is engaged in a continuing violation or during the period of suspension continues such acts as constitute a violation of the rule or regulation.

7.4 VOTING Each record owner (i) shall be a member of the association; (ii) shall have an equal interest therein; and, (iii) shall be entitled to one (1) vote at all meetings of the association. Actions of the association shall be determined by majority vote of the record owners so long as a quorum is present in person or by proxy at any meeting.

7.5 MAJORITY OF RECORD OWNERS As used in these bylaws, a majority vote shall mean those record owners holding fifty-one (51%) percent or more of the total value of the common property.

7.6 QUORUM Except as otherwise provided in these bylaws, the presence in person or by proxy of a majority of record owners shall constitute a quorum. If any annual meeting of the association cannot be called to order because of the failure of a quorum to be present, such meeting shall be adjourned for a period of not less than two (2) weeks and upon being reconvened the required percentage interest to constitute a quorum shall be reduced to twenty five (25%) percent of the total value of the property. After adjournment of any meeting pursuant to the provisions of this paragraph, no further notice of any reconvened meeting shall be required to be given to any record owner.

7.7 PROXIES Votes may be cast in person or by proxy. Proxies must be filed with the secretary before the appointed time of each meeting.

8. **MEETINGS OF THE ASSOCIATION**

8.1 **ANNUAL MEETINGS** The annual meeting of the association shall be upon the call of the president during the month of March, or at such other time as may be designated by majority vote of record owners at the previous annual meeting. It shall be the duty of the president to give notice of the date, time and place of the annual meeting no later than thirty (30) days prior to the meeting. At all such meetings there shall be elected, by ballot of record owners, directors to administer the affairs of the association. The record owners may also transact such other business of the association as may properly come before them.

8.2 **SPECIAL MEETINGS** It shall be the duty of the secretary to call a special meeting of the record owners, upon written request of the president, as directed by resolution of the board, or upon a petition signed by a majority of record owners and presented to the secretary. The petition shall state on its face the subject matters to be addressed at such special meeting. The secretary shall be required to schedule any special meeting requested by petition not more than ninety (90) days from the date of receipt of such petition. The notice of the special meeting shall state the time and place of the special meeting and the purpose thereof. No business may be transacted at any special meeting other than that stated in the notice.

8.3 **JUDICIALLY ORDERED MEETINGS** (S.C. Code §33-31-160 and 33-31-703). If for any reason it is impractical or impossible for the association to call or conduct a meeting of its record owners in the manner prescribed herein, then upon petition of an administrator or member, the Beaufort County Court of Common Pleas may order that such a meeting be called or that a written ballot be prepared and distributed in such a manner as the court finds fair and equitable under the circumstances. The order issued may prescribe the matter of giving notice and the requirements for a quorum and the percentage of votes needed for approval. No business shall be conducted except as specified in the order.

8.4 **ACTION BY WRITTEN CONSENT** Action of the association may be approved by the record owners without a meeting of the record owners if the action is approved by not less than eighty (80%) percent of the total authorized vote. The action must be evidenced by a written consent, in counterparts if appropriate, which describes with particularity the action to be taken. The record date of the action is the date the first record owner signed the consent. Written notice of record owners approval shall be given to all record owners and is effective ten (10) days after mailing of such notice.

8.5 **NOTICE OF MEETINGS** It shall be the duty of the secretary to mail notice of each annual meeting and special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each record owner, at least thirty (30) days, but not more than sixty (60) days, before each such meeting. The deposit of the notice in the US mail, first class postage prepaid, to the address of each record owner as shown on the books of the association shall be considered delivery of such notice.

**8.6 ORDER OF BUSINESS** Unless stated differently in the notice of meeting given to record owners, the order of business at all annual meetings shall be:

- 8.6.1 Roll Call
- 8.6.2 Proof of Notice of Meeting or Waiver of Notice
- 8.6.3 Approval of minutes from prior Annual Meeting
- 8.6.4 Reports of Officers
- 8.6.5 Reports of Committees
- 8.6.6 Election of Directors
- 8.6.7 Old Business
- 8.6.8 New Business
- 8.6.9 Adjournment

The order of business at special meetings shall be determined by the presiding officer and shall include those items specified in the notice of meeting.

9. **BOARD OF DIRECTORS**

9.1 **NUMBER AND QUALIFICATION** The affairs of the association shall be governed by the board. At the first annual meeting, after the adoption of these bylaws, the record owners shall elect five (5) directors to serve staggered terms as set forth hereinafter. Each director shall be a record owner; provided, however, (i) that no more than one director may be elected from the record owners of any one unit; (ii) the spouse of a record owner may be elected; and (iii) the designated officer, member, partner, or trustee, of a corporation, limited liability company, partnership, or trust which is a record owner may be elected. If any director shall cease to be an owner during his term of office, he shall have been deemed to have resigned his office as director, effective upon the conveyance of his interest in his lot.

9.2 **VACANCIES IN THE BOARD** Other than removal of a member of the board by vote of the association, vacancies on the board shall be filled by majority vote of the remaining directors, even if less than a quorum, and the director so elected shall hold office until his successor is elected by the record owners, who may make such election at the next annual meeting, or at any special meeting called for that purpose.

9.3 **TERM OF OFFICE** At the first annual meeting of the association after the adoption of these bylaws, two (2) directors shall be designated to serve terms of three (3) years; two (2) directors shall be designated to serve terms of two (2) years; and the remaining director shall be designated to serve a term of (1) year. Thereafter, at each annual meeting, the record owners shall vote to elect director(s) to replace those directors(s) whose terms have expired and the director(s) so elected shall serve for a term of three (3) years. All directors shall serve until their successors have been elected and qualified.

9.4 **REMOVAL OF DIRECTORS** At any regular or special meeting of the association duly called, any one or more directors may be removed with or without cause by a majority of the record owners, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been

proposed to the association shall be given an opportunity to be heard at such meeting prior to any vote on removal.

9.5 POWERS OF THE BOARD The board shall have the powers and duties necessary for the administration of the affairs of the council as set forth in §33-31-302 of the South Carolina Nonprofit Corporation Act and may do all such acts and things as follows:

9.5.1 to administer the affairs of the association and to do all such acts and things that are not by law, the covenants, or these bylaws directed to be executed and done by the association or by individual members; and

9.5.2 to call special meetings of the record owners whenever it deems necessary and it shall call special meetings at any time upon request, as specified in Paragraph 8.2 herein; and

9.5.3 to appoint and remove at its pleasure, all agents and employees of the association, prescribe their duties, fix their compensation and require of them such security or fidelity bonds as it may deem expedient. Nothing herein shall be construed to prohibit the employment of any record owner, or officer or director in any capacity whatsoever; and

9.5.4 to establish, levy, assess and collect (to include by the foreclosure of liens) the assessments, special assessments, and charges referred to in Paragraphs 2 & 12 of the bylaws; and

9.5.5 to promulgate, adopt, and publish rules and regulations and establish fines and other punishments for violations, relating to the use of common property and facilities therein, and regarding the personal conduct of persons utilizing the common property; and

9.5.6 to exercise for the association all powers, duties and authorities vested in or delegated to the association, except those reserved to the record owners in these bylaws or in the covenants; and

9.5.7 in the event that any director shall be absent from three (3) consecutive regular meetings of the board without excuse, to declare by action taken at the meeting during which said third absence occurs, the office of that director vacant and proceed to elect a replacement director; and

9.5.8 to employ an accountant, attorney and management agent at compensation established by the board to perform such duties and services as the board may provide; and



9.5.9 to perform such other and further duties as may be imposed in the covenants, bylaws, and as set forth in Section 33-31-302 (General Powers of the Nonprofit Corporation Act).

9.5.10 EMERGENCY POWERS (S.C. Code §33-31-207 and 3-31-303). At any time that an emergency exists because of a catastrophic event, the directors or any director present may adopt, amend, or repeal any bylaws to be effective only during the emergency and for such reasonable times thereafter as is required to restore the association to normal functions. The emergency bylaws, which are subject to amendment and repeal by the record owners, may provide for special procedures for managing the association during the emergency including: calling a meeting of the board, quorum requirements for such meeting; and designation of substitute directors. All provisions of regular bylaws that are consistent with the emergency bylaws shall be binding upon the association and may not be used to impose liability upon a director, officer, or property manager for actions taken in good faith.

9.6 DUTIES OF THE BOARD The board shall have further powers, in addition to those duties imposed by these bylaws and by resolutions of the association, as follows:

9.6.1 to comply with all the terms and conditions of the covenants and the enforcement of same; and

9.6.2 to provide for the care, upkeep, maintenance and surveillance of the common property and limited common property; and

9.6.3 to collect assessments, both regular and special, and any and all other levies fixed by the board from record owners and to include the filing and foreclosure of such liens as may be required to secure the interests of the association; and

9.6.4 to employ, dismiss and control the personnel necessary to carry out the duties of the board, to include an accountant, attorney and management agent; and

9.6.5 to cause to be kept a full record of all association affairs and to make records accessible for inspection by the record owners upon request; and

9.6.6 to supervise all officers, agents and employees of the association and to see that their duties are properly performed; and

9.6.7 to cause to be established and kept an adequate reserve to be used for the maintenance, repair and replacement of improvements to the common property and limited common property and such other properties as the association shall be contractually bound to keep and maintain; and

9.6.8 to obtain insurance for the common property, limited common property and lots in such amounts as it deems desirable, provided however, that if the board obtains a master insurance policy for the units it may not allow such policy to lapse without obtaining replacement coverage and without first obtaining the approval of a majority of the record owners at an annual or special meeting; and

9.6.9 to comply with such other and further powers as may be imposed in the covenants and bylaws.

9.6.10 **INFORMAL ACTION** The board may do any act that it is empowered to do a regular or special meeting of the board by informal written consent to such action signed by all members of the board.

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

9.6.12 **COMPENSATION** No member of the board shall receive any compensation from the regime for acting as a director or attending board meetings.

9.7. **LIABILITY OF THE BOARD** The directors shall not be liable to the record owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The record owners shall indemnify and hold harmless each of the directors against all contractual liability to others arising out of contracts made by the board on behalf of the association, except where there is conclusive evidence that any such contract shall have been made in bad faith or contrary to the provisions of the declaration or these bylaws. It is intended that the directors shall have no personal liability with respect to any contract made by them on behalf of the association (except as record owners). It is also intended that the liability of any record owner arising out of any contract made by the board or out of the aforesaid indemnity in favor of the members of the board is limited to one-twenty fourth (1/24) of the total liability therefor.

9.8 **REGULAR MEETINGS** Regular meetings of the board shall be held at such times and in such places as may be determined from time to time by a majority of the board, but not less than two (2) meetings shall be held each year. One such meeting shall be held immediately after the annual meeting of the record owners of the association. Notice of the meetings shall be given by the secretary or other designated person to each director, either personally or by mail, telephone, or other electronic medium at least ten (10) days prior to the day designated for such meeting.

9.9 **SPECIAL MEETINGS** Special meetings of the board may be called by the president upon three (3) days notice, either personally or by mail, telephone, or other electronic medium, which shall state the time, place and purpose of such meeting. Any director may request that he be allowed to attend and participate by telephone. Special

meetings of the board shall be called if requested in writing by at least two (2) members of the board with such notice specifying the business to be conducted. The president shall determine the time and place of such meetings.

10. **ASSOCIATION OFFICERS**

10.1 **OFFICERS** The officers of the association shall be president, vice president, secretary and treasurer. All officers shall be members of the board. The board shall elect all officers at the meeting of the board immediately following the annual meeting of the record owners. All officers shall be elected by majority vote of the directors and shall hold office at the pleasure of the board. Any two offices may be held by the same person except the offices of president and secretary.

10.2 **DUTIES OF THE PRESIDENT** The president shall preside over the meetings of the board, shall see that the orders and resolutions of the board are carried out and shall be empowered to sign all documents on behalf of the board.

10.3 **DUTIES OF THE VICE-PRESIDENT** The vice-president shall, in the absence of the president, perform all duties of the president.

10.4 **DUTIES OF THE SECRETARY** The secretary shall record the votes and keep the minutes and records of all proceedings in a book to be kept for that purpose. The secretary shall also keep a book of all record owners, setting forth their addresses and telephone numbers.

10.5 **TREASURER** The treasurer shall cause to be received and deposited in appropriate bank accounts all monies of the association and shall cause to be disbursed such funds as may be directed by the board; provided however, that a resolution of the board shall not be required for disbursement of funds in the normal course of business.

10.6 **REMOVAL OF OFFICERS** Upon majority vote of the members of the board any officer may be removed from office and in such event, the board, by majority vote shall name a replacement therefore to serve out the remaining term of such officer.

11. **OBLIGATIONS OF RECORD OWNERS**

11.1 **MAINTENANCE AND REPAIR** Every record owner has the following obligations with respect to maintenance and repair:

11.1.1 To perform promptly all maintenance and repair work within his lot and the improvements located thereon which, if omitted, would effect any portion of the common property, limited common property or any property, real, personal or mixed, belonging to another record owner, and for failure to do so shall be liable as otherwise provided herein.

11.1.2 To maintain and keep in good repair all improvements located on his lot at his own direct expense, except that when so approved collective maintenance and repair may be made upon the lot and units with funds assessed against record owners.

11.1.3 To reimburse the association for any expenditure incurred in repairing or replacing any common property or limited common property damaged through the fault of any record owner, his tenants, guests or family members and such reimbursement shall include any costs of collection, to include reasonable attorney's fees and court costs. Additionally, any damage to another record owner's unit caused by a negligent action or inaction within the record owner's unit, shall be the responsibility of the at fault owner. This is a contractual allocation of responsibility and liability and does not depend upon finding that the owner was negligent. The damages to be reimbursed shall include any deductible sums paid by the association on insurance policies of the association.

11.2 USE OF LOTS All lots shall be used for residential purposes only. This shall expressly include the right of the record owners to rent such unit to others for residential uses. No record owner shall permit occupancy by more persons than are established by the directors from time to time. Should the occupancy be allowed to exceed the stated limits the regime will issue a notice of right to cure. If the number of occupants is not reduced within ten (10) days or if reduced and then exceeded at any time thereafter the regime will enforce this bylaw provision through injunction and shall be entitled to recover its attorney's fees in such sum as actually expended.

11.3 The association shall have the irrevocable right, to be exercised by the board, to have access to each unit from time to time during reasonable hours and upon reasonable notice, as may be necessary for making emergency repairs therein or as may be necessary to prevent damage to another unit. All record owners shall provide the property manager a key to his or her unit upon request.

## 12. ASSESSMENTS

### 12.1 ADOPTION OF BUDGET AND ESTABLISHMENT OF ASSESSMENT

The Board shall annually prepare a budget for the operation of the association and the same shall be presented to the record owners along with the notice of the annual meeting. The budget shall set forth the annual assessment to be levied against each lot for the upkeep, repair, and maintenance of the common properties, the limited common properties, improvements located thereon, the lots and units when so approved, and any other properties which the association may be contractually obligated to maintain and repair. The record owners shall have the right to modify or reject the annual budget at the annual meeting upon the consent of two-thirds (2/3) of all record owners. In the event the board determines the need for a special assessment, the amount of the special assessment, the allocation of the assessment to each lot owner, and purpose for such

special assessment, shall be presented to the record owners along with the notice of meeting. The special assessment will be approved upon the affirmative vote of a majority of the record owners.

12.2 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 hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the covenants and bylaws or a release of any record owner from the obligation to pay the assessment, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. No record owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common property or limited common property or by abandonment of his unit.

12.3 DELINQUENT ASSESSMENTS All assessments shall be due and payable in accordance with the schedule of payments adopted as part of each annual budget and/or special assessment. In the event that the board shall have adopted a payment schedule wherein it has allowed the annual assessment to be paid in installments, and a record owner allows any installment to become delinquent for more than thirty (30) days, the board may, after notice, accelerate all balances due and require any outstanding balances be paid immediately. In the event any record owner is delinquent for more than fifteen (15) days past the date any payment is due, all such sums due shall bear interest, compounded monthly, at the rate of one and one half (1 ½%) percent per month. Additionally, each such delinquent payment shall be subject to a late charge of Twenty Five and 00/100 (\$25.00) Dollars to be assessed when an account is more than 30 days delinquent. In the event that any account is turned over to an attorney for the purpose of collection of any delinquent assessment, late charge, or interest, the record owner shall be responsible for all costs of collection, to include attorney's fees, court costs, receiver's fees, the cost of documentary evidence, and other costs reasonably related to the collection of the outstanding monies. The costs of collection shall also constitute a lien against the lot and shall be subject to foreclosure. The board may take such action as it deems necessary to collect the delinquent assessment by an action at law against the record owner personally or by foreclosing said lien. The association shall be entitled to bid at any judicial sale held pursuant to a suit to foreclose any lien, and to apply as a credit against its bid, all sums due. Upon commencement of any foreclosure action, the association shall be entitled to the appointment of a receiver for the lot and the record owner shall be required to pay reasonable rental for the lot to such receiver.

12.4 APPLICATION OF SURPLUS All receipts of the association, whether from record owners or otherwise, paid in excess of the operating expenses and other common expenses of the association, shall be kept by the association and applied against future expenses.

13. BORROWING AND PLEDGE OF POWER OF ASSESSMENT The association, by and through the board, shall have the right to borrow for the purpose of funding operations and repair and shall have the right to pledge the power of assessment contained in the covenants and as set forth in these bylaws for the purpose of securing any indebtedness of the association; provided, however, upon the pledge of such power, the board is limited to the extent that in no event shall the pledgee be allowed to accelerate such indebtedness or increase the amount assessed against any record owner.

14. ESTABLISHMENT OF RULES AND REGULATIONS FOR COMMON PROPERTY

The board may from time to time adopt, modify or repeal rules and regulations regarding the use of the common property or limited common property. A copy of any rules and regulations, other than those contained hereinafter, shall be distributed to each record owner and posted in at least one (1) conspicuous location within the common property within thirty (30) days of being adopted or amended. The violation of any rule and regulation adopted by the board or the breach of any bylaws contained herein, or the breach of any provision of the covenants, 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 apartment record owner, any structure, thing or condition, that may exist therein contrary to the intent and meaning of the provisions hereof, and the board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of such breach and to recover the cost of either enforcement, including attorneys fees, and until such expense is recovered it shall be a lien upon said apartment which shall be collected in the same manner as common expenses.

14.1 TENNIS COURTS The board may establish rules and regulations regarding the use of tennis courts located on the common property. Such rules and regulations may, by way of example and not by way of limitation, restrict the amount of time or the hours any record owner or their guests may use the courts, may limit the time periods during which reservations of the tennis courts may be made, limit the use of the courts based upon the age of the persons utilizing it or the type of tennis (singles or doubles). All rules and any changes thereto shall be published to the record owners and copies of such shall be posted near the tennis courts. The rules and regulations may provide for the imposition of fines for violations. All such fines shall be collectable in the same manner as assessments.

14.2 SWIMMING POOL All persons using the swimming pool shall do so at their own risk. The board may establish rules and regulations regarding the use of the swimming pool located on the common property. Such rules and regulations may, by way of example and not by way of limitation, restrict and limit the hours during which the swimming pool may be used, the actions of the persons using the pool, and the age and supervision of the persons using the pool. All rules and regulations and any changes thereto shall be published to the record owners and copies of such shall be posted near the swimming pool. The rules and regulations may provide for the imposition of fines and monetary penalties for violations. All such fines and monetary penalties shall be collectable in the same manner as assessments.

14.3 CONFLICT In the event of any conflict between the rules and regulations adopted by the board and these bylaws or the covenants, the bylaws shall prevail over the rules and regulations and the covenants shall prevail over both.

14.4 COMPLIANCE All record owners, their guests and tenants must, at all times, comply with the rules and regulations adopted by the board. Should any person fail to comply therewith, then such person may be fined in accordance with a schedule of fines adopted by the board as part of the rules and regulations and such fine shall be in addition to any other legal or equitable remedy available to the association.

15. AMENDMENT Any of the foregoing terms of these bylaws may be amended except where the covenants would otherwise provide, by a vote of two-thirds (2/3) of the total membership of the association.

16. INSURANCE The association shall be required to obtain and maintain, as set forth below, in forms and amounts as hereinafter prescribed, the following insurance, without prejudice of the right of the record owners to obtain additional individual insurance at their own expense.

16.1 Hazard Insurance. The association shall insure the property, as it may be constituted from time to time, against loss or damage due to fire, windstorm, lightning, and flood, with extended coverage, in an amount not less than the maximum insurable replacement value of the property as determined by an annual appraisal of the property for finance valuation purposes which the board shall require to be conducted by a qualified appraiser not less frequently than every other year, or in the amount reasonably obtainable as it relates to the flood coverage. The association shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the property. All hazard insurance shall cover the entire property exclusive only of the contents and furniture of the individual units.

16.1.1 All hazard insurance policies obtained by the association shall designate the board of directors as the insurance trustee for the benefit of all the record owners and their mortgagees collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the directors as insurance trustee.

16.1.2 If obtainable, all hazard insurance policies upon the property shall include provisions waiving (i) any rights of the insurer to subrogation against the association, its agents and employees, and against the individual record owners and their servants, agents, and guests; and (ii) any rights of the insurer to contribution from hazard insurance purchased by the record owner upon the unit and furnishings of their unit, except where such record owner is at fault.

16.1.3 Each mortgagee of which the board has notice as herein provided shall be entitled to receive upon request a copy of each appraisal as called for

herein.

16.1.4 Each hazard insurance policy shall contain a loss payee provision designating the interest of the various mortgagees as to the various apartments which are covered by the master policy. Such policies shall also provide that they shall not be canceled without giving thirty (30) days prior written notice to all such mortgagees about which the insurer has been given written notice.

16.2 Public Liability Insurance. The association shall obtain comprehensive public liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the association to any record owner.

16.3 Workmen's Compensation Insurance. The board of directors, as necessary, shall obtain workmen's compensation insurance to meet the requirements of law.

16.4 Insurance by Record Owners. Each record owner shall be responsible for obtaining, at his sole expense, insurance covering the real and personal property, wallcoverings, decorations, and furnishings within his own unit and the additions and improvements made by him. Each record owner shall also be responsible for obtaining, at his own expense, insurance covering his liability for injuries within his unit and for personal injury or property damage in the common property or in another unit because of an incident occurring within such record owners unit. All such insurance policies shall include, however, provisions waiving (i) any right of the insurer to subrogation claims against the association and against individual record owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or proration because coverage is provided under a master hazard policy.

17. RECONSTRUCTION AND REPAIR In the event of casualty loss or damage to the property, the association shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the common property and limited common property. Reconstruction or repair shall be mandatory.

17.1 Any reconstruction or repair must follow substantially the original plans and specifications for the common property and limited common property unless the record owners holding seventy-five (75%) or more of the total interest in the association vote to adopt different plans and specifications and all owners who are directly affected unanimously consent to the adoption of such different plans and specifications.

17.2 The association shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include such professional fees and premiums for bids as the association deems necessary.

17.3 If the insurance proceeds paid to the board are insufficient to cover the



cost or reconstruction, the deficiency shall be paid as a special assessment levied upon all record owners.

17.4 The insurance proceeds received by the board of directors and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the board of directors shall disburse payment of the costs of reconstruction and repair. The first disbursements from the construction fund shall be insurance proceeds; and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be retained by the council.

Witness the hands and seals of Townhouse Tennis III on the 25<sup>th</sup> day of March 2006.

Witness: Kay Dowling

Edward E. Sullivan

Townhouse Tennis III

By: James W. Agall

Attest: Susan Roman

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF BEAUFORT )

ACKNOWLEDGEMENT  
Under SC Code § 30-5-30 (C)

I, the undersigned notary public, do hereby certify that the within named Townhouse Tennis III, by its authorized officers personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal the 25<sup>th</sup> day of March, 2006.

Edward E. Sullivan  
Notary Public for South Carolina  
My Commission Expires: 4/24/2015  
(SEAL)