

AMENDED AND RESTATED
BYLAWS *

MAISONS-SUR-MER CONDOMINIUM ASSOCIATION, INC.

HORIZONTAL PROPERTY REGIME

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*** As amended December 28, 2021**

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AMENDED AND RESTATED
BYLAWS

MAISONS-SUR-MER CONDOMINIUM ASSOCIATION, INC.

"HORIZONTAL PROPERTY REGIME"

ARTICLE I

Name and Location

Section 1. Name and Location. The name of this Association is as follows:

MAISONS-SUR-MER CONDOMINIUM ASSOCIATION, INC.

"HORIZONTAL PROPERTY REGIME"

Its principal office is located at:

9650 Shore Drive
Myrtle Beach, South Carolina 29572

ARTICLE II Definitions

Section 1. Master Deed. "Master Deed", as used herein, means that certain Master Deed made the 13th day of November, 1975, by MAISONS-SUR-MER, INC., a corporation organized and existing under the laws of the State of South Carolina pursuant to Section 27-31-10, et seq., South Carolina Code, hereinafter in these Bylaws sometimes referred to as the "Horizontal Property Act", by which certain described premises (including land) are submitted to a condominium property regime and which Master Deed is recorded among the Land Records for Horry County, South Carolina, immediately prior hereto and to which these Bylaws are appended as an Exhibit.

Section 2. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended all other terms used herein shall have the same meaning as they are defined to have in the Master Deed or in the Horizontal Property Act.

ARTICLE III

Membership

Section 1. Members. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a condominium unit within the condominium project shall be a member of the Association, provided, however,

that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a member by reason only of such interest.

Section 2. Membership Certificates. In the event the Board of Directors considers it necessary or appropriate to issue membership certificates or the like, then each such membership certificate shall state that the Association is organized under the laws of the State of South Carolina, the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to the transfer of title to the condominium to which such membership is appurtenant. Every membership certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association and shall be sealed with the seal of the Association, if any. Such signature and seal may be original or facsimile.

Section 3. Lost Certificates The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Association and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the membership certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered holder or holders of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Association a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Association.

Section 4. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the members an amount equal to that proportion of such assets which the value of his condominium bears to the value of the entire project, all as more fully provided in the Horizontal Property Act.

ARTICLE IV

Meeting of Members

Section 1. Place of Meeting. Meetings of the membership shall be held at the principal office of the place of business of the Association or at such other place in Horry County, South Carolina as may from time to time be designated by the Board of Directors.

Section 2. Annual Meetings. The annual meeting of the members of the Association shall be held on Saturday of Easter Weekend of each year. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Section 3 of Article V of these Bylaws. The members may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by Resolution of the Board of Directors or upon a petition signed and dated by at least five percent (5%) of the members describing the purpose for which the meeting is to be held having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as specifically stated in the notice. Notwithstanding the foregoing, a special meeting may be held in conjunction with the annual meeting.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at his address as it appears on the membership books of the Association, or if no such address appears, at his last known place of address, or at his condominium unit, at least ten (10) but not more than sixty (60) days prior to such meeting. Notice by either such method shall be considered as notice served and proof of such notice shall be made by the affidavit of the person giving such notice. Attendance by a member at any annual or special meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof unless the member objects at the beginning of the meeting to the holding of the meeting, and a member present at a meeting waives consideration of a particular matter at the meeting not within the described purpose of the meeting unless he objects to the matter being considered when presented. Notice of any annual or special meeting may also be waived, in writing, by any member, either prior to or after any such meeting. It shall be the duty of the Association to maintain a current roster of names and addresses of each of the member to which notice of meetings of the members

of the Association shall be sent. Each member shall, from time to time, notify the Secretary in writing, of his current mailing address. Any notice forwarded to such address as it appears on the books of the Association shall be considered sufficient.

Section 5. Quorum. The presence, either in person or by proxy, of at least fifty-one percent (51%) of the members at such meeting shall be requisite for, and shall constitute a quorum, for the transaction of business at any meeting of members.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time as decided by such members.

Section 7. Voting. The percentages established in "EXHIBIT C" to the Master Deed shall be applicable to voting rights. Said EXHIBIT C sets an identical value for each condominium unit. Therefore, at each meeting of the members, each of the members shall have the right to cast one vote for each membership which he owns on each question. The vote of the majority of the members present, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of The Horizontal Property Act or of the Articles of Incorporation of the Association (if any), or of the Master Deed or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the members are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of determining the total members entitled to vote on the question. In the event any condominium unit is owned by a corporation, then the vote for the membership appurtenant to such condominium unit shall be cast by the President or a Vice President of such corporation or by a person designated in a certificate signed by the President or any Vice President and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of the Association prior to the meeting. Any such certificate shall remain valid until revoked or superseded in writing. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes.

Section 8. Proxies. Each member may authorize by proxy another member or members to act for him at a meeting of members. The form, use and procedures relative to proxies shall be in conformance with the laws of the State of South Carolina. All proxies shall be valid for only one (1) meeting, or any recessed or adjourned meeting that results therefrom, for which their use is sought. Each proxy shall be revocable at the pleasure of the member executing it, except as otherwise provided by law.

Section 9. Rights of Mortgagees. Any institutional mortgagee of any condominium unit in the condominium project who desires notice of the annual and special meetings of the members shall notify the Secretary to that effect by Registered Mail-Return Receipt Requested. Any such notice shall contain the name and mailing address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the members should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the members to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are provided in Section 4 of this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the members and such representative may participate in the discussion. At any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the members of the Association upon request made in writing to the Secretary.

Section 10. Order of Business. The order of business at all annual meetings of the members of the Association shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and approval of minutes of preceding meeting.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Election or appointment of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE V

Directors

Section 1. Number and Qualifications. The affairs of the Association shall be governed by the Board of Directors composed of seven (7) natural persons each of whom shall be either a member of the Association, an officer of a corporation which is a member of the Association, a partner of a partnership which is a member of the Association, or a trustee of a trust which is a member of the Association. In addition, if a vacancy in the Board of Directors has occurred since the immediately preceding annual meeting of the members and if at the time of the current annual meeting of members there is an unexpired portion of the original term of the Director for whom the vacancy occurred, there shall be elected at the current annual meeting of members a Director to serve out the unexpired portion of the original term of the Director for whom the vacancy occurred. The number of Directors may be changed by a vote of the members of the Association at a meeting specifically called for said purpose.

Section 2. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and the condominium project and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the members. The powers and duties of the Board of Directors shall include, but not be limited to, the following:

To provide for the

(a) care, upkeep and surveillance of the condominium project and its general and limited common elements and services in a manner consistent with law and the provisions of these Bylaws and the Master Deed; and

(b) establishment, collection, use and expenditure of assessments and/or carrying charges from the members and for the assessment and/or enforcement of liens therefore in a manner consistent with law and the provisions of these Bylaws and the Master Deed; and

(c) designation, hiring and/or dismissal, and determining the compensation of the personnel necessary for the management and good working order of the condominium project and for the proper care of the common elements, and to provide services for

the project in a manner consistent with law and the provisions of these Bylaws and Master Deed; and

(d) promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the project and the use of the general and limited common elements as are designated to prevent unreasonable interference with the use and occupancy of the condominium project and of the general and limited common elements by the members, all of which shall be consistent with law and the provisions of these Bylaws and the Master Deed; and

(e) authorization, in their discretion, of the payment of patronage refunds from residual receipts when and as reflected in the annual report; and

(f) to enter into agreements whereby the Association requires leaseholds, memberships and/or other possessory or use interests in real or personal property for the purpose of promoting the enjoyment, recreation or welfare of the members of the Association and to declare expenses incurred in connection therewith to be common expenses of the Association; and

(g) to purchase insurance upon the condominium project in the manner provided for in these Bylaws; and

(h) to repair, restore or reconstruct all or any part of the condominium project after any casualty loss in a manner consistent with the provisions of these Bylaws and to otherwise improve the condominium project; and

(i) to lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common elements of the condominium project; and

(j) to purchase condominium units in the condominium project and to lease, mortgage or convey the same, subject to the provisions of these Bylaws and the Master Deed; and

(k) to appoint the members of the Architectural and Environmental Control Committee provided for in Article XI of these bylaws.

Section 3. Election and Term of Office. The election of Directors shall be by ballot, unless balloting is dispensed with

by the consent of the majority of the members present at any meeting, in person or by proxy. There shall be no cumulative voting. Starting at the annual election of 2002 for the Board of Directors, the Board of Directors will be constituted with seven (7) members, consisting of two (2) members whose terms expire at the annual meeting of members in 2003, two (2) members whose terms expire at the annual meeting of members in 2004 and three (3) members whose terms expire at the annual meeting of members in 2005. The seven (7) members of the Board of Directors after the annual meeting of members of 2002 shall be (1) present member of the Board of Directors whose term expires at the annual meeting of members in 2003, two (2) present members of the Board of Directors whose terms expire at the annual meeting of members in 2004, and four (4) members who are elected as Directors at the annual meeting of members in 2002. The three (3) nominees for the Board of Directors receiving the highest number of total votes at the annual meeting of members in 2002 shall be elected for a term of three (3) years and the nominee receiving the fourth highest number of total votes at the annual meeting of members in 2002 shall be elected for a term of one year. In the 2003 annual meeting of members and in subsequent annual meetings of members thereafter, Directors will be elected for three (3) years to succeed those Directors whose terms expire. Directors may succeed themselves if re-nominated and duly elected.

Section 4. Nominating Process. The Board of Directors shall appoint a nominating committee consisting of a chairman and at least three (3) other members. The nominating committee shall offer the names of qualified nominees in sufficient numbers so that there is at least one nominee for each term expiring. The nominating committee shall offer a slate of nominees, in so far as possible, from willing and qualified members, a cross section of homeowners with a range of interests and backgrounds and specifically include nominees who are full time residents, second home residents and those who rent their units. The Board shall appoint the nominating committee at the meeting of the Board of Directors two (2) regular meetings prior to the annual meeting. When unusual schedules of regular board meetings shall require deviation in order to provide sufficient time for deliberation by the committee and adequate time to publicize the nominees, the above schedule may be altered. Nominations for the Board may also be made by petition filed with the Secretary at least

forty-five (45) days prior to the annual meeting, which petition shall be signed by ten (10) or more members and include a letter signed by the nominees(s) named therein indicating his/her (their) willingness to serve as a member of the Board, if elected. Nominations shall not be allowed from the floor at the annual meeting. The nomination process should not begin later than January of each year.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. The term of a Director elected by the remaining Directors to fill a vacancy expires at the next meeting of members at which Directors are elected.

Section 6. Removal of Directors. At any annual meeting of members, or at any special meeting of members duly called for such purpose, any Director may be removed with or without cause by the affirmative vote of the majority of the members present, in person or by proxy, at such meeting, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. Any Director who becomes more than sixty (60) days delinquent in payment of any assessment and/or carrying charges due the Association will be conclusively deemed to have resigned as a Board member and shall automatically cease to be a Board member as of the time of such sixty (60) day delinquency, and the remaining Directors shall appoint his successor as provided in Section 5 of this Article. Any Director who is absent from three (3) regular Board meetings of any six (6) successive regular Board meetings will be conclusively deemed to have resigned as a Board member and shall automatically cease to be a Board member as of the adjournment of the regular Board meeting in which such third absence occurred, and the remaining Directors shall appoint his successor as provided in Section 5 of this Article.

Section 7. Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to any Director for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before such services are undertaken. Directors may be reimbursed for their out-of-pocket expenses necessarily incurred in connection with their services as Directors.

Section 8. Annual Meeting. The annual meeting of the Board of Directors shall be held without previous notice immediately following the annual meeting of the members of the Association.

Section 9. Regular Meetings. Regular meetings of the Board of Directors maybe held at such time and place as shall be determined, from time to time, by a majority of the Directors, but as least one (1) such meeting shall be held during each quarter of the calendar year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least ten (10) days prior to the day named for such meeting. It is provided, however, that near the beginning of each Board year that the Board will attempt to schedule its regular meetings during that year. At any regular meeting of the Board of Directors, unless otherwise provided in these bylaws, any matter may be considered which the Board of Directors may wish to consider and which is properly within the scope of the board of Directors' authority.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on two (2) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) of the Directors. At any Special Board of Directors meeting, only those matters may be considered for which notice was given.

Section 11. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting held without proper notice, and such waiver shall be deemed equivalent to the giving of such notice. Such waiver shall be filed with the minutes or corporate records of the Association. Attendance or participation by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place or purpose thereof, except where a Director attends the meeting for the purpose of objection to the transaction of any business because the meeting is not lawfully called and at the beginning of the meeting or promptly upon his arrival he objects to holding the meeting or transacting business at the meeting and does not hereafter vote for or assent to action taken at the meeting.

Section 12. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at any meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting

of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 14. Attendance by Telephone. Any one (1) or more Directors may participate in a meeting of the Board by means of a conference telephone or similar device which allows all persons participating in the meeting to hear each other, and a person so participating in a meeting shall be deemed present in person at such meeting.

Section 15. Rights of Mortgagees. Any institutional mortgagee of any condominium unit in the condominium project who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail-Return Receipt Requested. Any such notice shall contain the name and mailing address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may, upon his request, made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 16. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association regularly handling or otherwise responsible for funds of the Association shall furnish adequate fidelity bonds. In the alternative, the

Association may purchase a policy or policies of insurance commonly known as "Employee Dishonesty Insurance"; provided, however, that no Officer or Director of the Association shall be excluded by the terms of such policy or policies from the protection provided thereby solely by reason of the fact that such Officer or Director may serve the Association without compensation. The premiums on all such bonds and/or insurance shall be paid by the Association as a common expense.

Section 17. Familiarity With Bylaws. By the time of the first regular Board meeting after a new Board member is elected or appointed, such new Board member will certify in writing to the President that such new Board member has read the then current Bylaws of the Association.

Section 18. Management Agent. The Board of Directors shall employ for the Association a professional Management Agent at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Association shall not undertake "self-management" or otherwise fail to employ a professional Management Agent. The Board may self-manage the Association during any interim period during which the Board is actively seeking to replace a Management Agent that has ceased being employed.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The officers of the Association must be members of the Association. The Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors and shall hold office at the pleasure of the Board of Directors.

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

any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board of Directors. Subject to the control and direction by the Board of Directors, he shall have all of the general powers and duties which are usually vested in the office of President of a corporation, including, but not limited to, the power to appoint such committees from among the membership from time to time as he may, in his discretion, decide are appropriate to assist in the conduct of the affairs of the Association. Within any five (5) year period, a person may not serve as President for more than three (3) years.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also assist the President generally and shall perform such other duties as shall from time to time be delegated to him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association. The Secretary shall give notice of all annual and special meetings of members and Board of Directors in conformity with the requirements of these Bylaws. The Secretary shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct and he shall, in general, perform all of the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for funds and securities of the Association and shall be responsible for keeping, or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for causing the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositaries as may from time to time be designated by the Board of Directors. The Treasurer will use reasonable efforts to mail each member a copy of the financial statement referred to in Section 4 of Article XVI for the immediately preceding fiscal year of the Association at least seven (7) days prior to the annual meeting of members as set forth in Section 2 of Article IV.

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. Right of Indemnity. Whenever any present or former Director or Officer of the Association who, by reason of the fact that he is or was serving at the request of the Association in such capacity, is made a party or is threatened to be made a named defendant or respondent in any suit, action or proceeding, whether civil, criminal, administrative, or investigative, including any action by or in the right of the Association, he shall be indemnified against any judgments, penalties, fines, settlements, and reasonable expenses, including attorney's fees, incurred by him in connection with such action, suit, or proceeding, if (1) he acted in good faith and, (a) in the case of conduct in his official capacity, in a manner he reasonably believed to be the best interests of the Association, or, (b) in all other cases, he reasonably believed his conduct to be at least not opposed to the best interests of the Association, and (1) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. No indemnification shall be made, however, with respect to any proceeding, by or in the right of the Association in which the Director shall have been adjudged liable to the Association, or with respect to any proceeding charging any present or former Director or Officer with improper personal benefit and in which said person shall have been adjudged to be liable on the basis that he improperly received personal benefit, whether or not the action is in his official capacity.

Any officer or director who is wholly successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he is or was a director of the Association, shall be indemnified against reasonable expenses incurred by him in connection with the proceeding.

The right of indemnity provided in this Article shall inure to the estate, executor, administrator, heirs, legatees, or devisees of any person entitled to such indemnification.

Section 2. Action by Board of Directors. Except as provided below, the Board of Directors of the Corporation shall, by vote of a majority of the disinterested Directors, take all such action as may be necessary and appropriate to authorize the Association to pay any indemnification required by these Bylaws, including, without limitation, making a good faith evaluation of the manner in which the claimant for indemnity acted or failed to act and of the reasonable amount of any indemnity due him and giving notice to the members of the Association of any indemnification claim hereunder and the disposition thereof. Notwithstanding the foregoing, however, if a majority of the Directors shall not be disinterested with

respect to an indemnification claim made hereunder, the Members of the Association shall, by vote of a majority of the disinterested members, take the action described in this Section 2. The termination of any action, suit, appeal or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner known or believed by such person not to be in or opposed to the best interests of the Association and, with respect to any criminal action or proceeding, shall not create the presumption that such person had reasonable cause to believe such conduct was unlawful.

Section 3. Insurance. The Board of Directors may authorize the Association to purchase and maintain insurance on behalf of any person who at any time serves or has served as a Director or Officer of the Association against liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such acts in such capacity, whether or not the Association would have had the power to indemnify the person against such liability under the provisions of these Bylaws or of the laws of the State of South Carolina.

Section 4. Indemnified Individual. Any person who at any time serves or has served as a Director or Officer of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from this Article VII of these Bylaws.

Section 5. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and the condominium project. No contract or other transaction between the corporation, firm or association in which one or more of the Directors of the Association are directors or officers or are peculiarly or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction if any of the conditions specified in any of the following subparagraphs exist:

(a) the fact of the common directorate or interest is disclosed or known to the Board of Directors and is noted in the minutes, and the Board authorizes, approves or ratifies such

contract or transaction in good faith by a vote sufficient for the purpose; or

(b) the fact that the common directorate or interest is disclosed or known to the members and is noted in the minutes, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose, or

(c) the contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed. Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, but common or interested Directors may not vote thereat to authorize any such contract or transaction.

Section 6. Commercial and Financial Dealings with Homeowners. The principles enumerated in Section 5 above for Directors, where applicable, shall apply to all commercial and financial dealing with all owners of record. A homeowner shall not be denied the pursuit of his normal business enterprise solely because he is an owner of record and has an interest in a private or corporate business who would normally perform services or provide maintenance materials to the Association. However, all dealings must be in accordance with the strictest of ethical business standards and the clear and demonstrated interest of the Association must be protected.

Section 7. Disclosure of Transaction with Homeowner. The Board of Directors annually shall disclose all monetary transactions between the Association and any homeowner of record. Disclosure shall include, but not be limited to, the date of transaction, goods or services provided, dollar amount, and a certification that all requirements to protect the interest of the Association were complied with.

Section 8. Purchasing Procedures. The Board of Directors shall establish purchasing procedures consistent with good business practices to be followed by the Association. Procedures shall include, but not be limited to, dollar limitation of open purchase, competitive bid procedures, stocking, inventory and accounting.

ARTICLE VIII

Management

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage, operate and maintain the condominium project, and for the benefit of the condominium units and the owners thereof, shall enforce the provisions hereof and shall pay out of the common expense fund herein elsewhere provided for, at least the following:

(a) the cost of providing water, sewer, garbage and trash collection and electrical, gas and other necessary utility services for the common elements and, to the extent that the same are not separately metered or billed to each condominium unit, for the condominium units; and

(b) the cost of fire and extended liability insurance on the condominium project and the cost of such other insurance as the Association may effect; and

(c) the cost of the services of a person or firm to manage the project together with the services of such other personnel as the Board of Directors of the Association shall consider necessary for the operation of the condominium project; and

(d) the cost of providing such legal and accounting services as may be considered necessary by the Board of Directors for the operation of the condominium project; and

(e) the cost of roof repairs and maintenance, service, repairs and replacement of equipment for central services, the maintenance of paved areas and in general, but not without limitation, the cost of painting, maintaining, replacing, repairing and landscaping the common elements and such furnishings and equipment for the common elements as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the exclusive right and duty to acquire the same; provided, that to the extent any repairs or replacements to the common elements, to the extent that the same may be necessitated by the negligence, misuse or neglect of a condominium unit owner, his family members, guests or lessees, in which such case the expense shall be charged to such condominium unit owner, unless otherwise required by South Carolina law; further provided however, that nothing herein contained shall require the Association to paint, repair,

replace, or otherwise maintain the interior of any condominium unit or any fixtures, appliances, equipment or the like located therein; and

(f) the cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Association is required to secure or pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the condominium project; provided, however, that if any of the aforementioned are provided or paid for the benefit of a particular condominium unit or units, the cost thereof shall be specially assessed to the owner or owners thereof in the manner provided in subsection (g) of Section 1 of this Article and consistent with the Horizontal Property Act; and

(g) the cost of the maintenance or repair of any condominium unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common elements or to preserve the appearance or value of the condominium project, or is otherwise in the interest of the general welfare of all owners of the condominium units; provided, however, that, except in cases involving emergencies or manifest danger to safety of person or property, no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the condominium unit proposed to be maintained and provided further, that the cost thereof shall be assessed against the condominium unit on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the then owner of said condominium unit at which time the assessment shall become due and payable and a continuing lien and obligation of said owner in all respects as provided in Article IX of these Bylaws, subject to any contrary requirements of the Horizontal Property Act; and

(h) any amounts necessary to discharge any lien or encumbrance levied against the condominium project, or any portion thereof, which may, in the opinion of the Board of Directors, constitutes a lien against any of the common elements rather than the interest of the owner of any individual condominium unit.

Section 2. Association as Attorney-in-Fact. The Association is hereby irrevocably appointed as attorney-in-fact for the owners of all of the condominium units in the project, and for each of them, to manage, control and deal with the interests of such

owners in the common elements of the project so as to permit the Association to fulfill all of its powers, functions and duties under the provisions of the Horizontal Property Act, the Master Deed and the Bylaws, and to exercise all of its rights thereunder and to deal with the condominium project upon its destruction and/or the proceeds of any insurance indemnity as hereinafter provided. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity of any interest in any condominium unit shall constitute an irrevocable appointment of the Association as attorney-in-fact as aforesaid.

Section 3. Management Agent. The Association, through its Board of Directors, may by contract in writing delegate any of its, ministerial duties, powers or functions to a Management Agent. The Association and the Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

Section 4. Duty to Maintain. Except for maintenance requirements herein imposed upon the Association, if any, the owner of any condominium unit shall, at his own expense, maintain the interior of his condominium unit and any and all equipment, appliances or fixtures therein situate, and its other appurtenances (including, without limitation, any balcony, terrace, fenced area, courtyard, patio or the like appurtenant to such condominium unit and designated herein or in the Master Deed or the Record Plat as limited common element reserved for exclusive use by the owner of that particular condominium unit and including all mechanical equipment and appurtenances located outside such units which are designed, designated or installed to serve only that unit), in good order, condition and repair, free and clear of ice and snow, and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his condominium unit and such appurtenances. In addition to the foregoing, the owner of any condominium unit shall, at his own expense, maintain, repair, replace any plumbing and electrical fixtures, water heaters, fireplaces, plenums, heating and air-conditioning equipment, lighting fixtures, refrigerators, freezers, trash compactors, dishwashers, clothes washers, clothes dryers, disposals, ranges, range hoods, and/or other equipment that may be in or declared to be appurtenant to such condominium unit. The owner of any condominium unit shall also, at his own expense, keep any other limited common elements, which may be appurtenant to such condominium unit and reserved for his exclusive use in a clean, orderly, and sanitary condition. Whenever the maintenance, repair and replacement of any items for which the owner of a condominium

unit is obligated to maintain, repair and replace at their own expense is occasioned by any loss or damage, due to the negligence or failure to maintain, repair or replace by the Owner, which may be covered by any insurance maintained in force by the Association, the Owner shall be required to pay such portion of the costs of such maintenance, repair or replacement as shall exceed the amount of the insurance proceeds applicable to such maintenance, repair, and replacement by reason of the applicability of any deductibility provisions of such insurance, unless otherwise required by the Horizontal Property Act or South Carolina law.

Section 5. Windows and Doors. The owner of any condominium unit shall, at his own expense, clean and maintain the interior surfaces of all windows of such condominium unit and shall at his own expense, clean and maintain both the interior and exterior glass surfaces of all glass entry doors of the condominium unit, including the interior and exterior surfaces of any door leading to any balcony, deck, terrace, fenced area, courtyard, patio or the like appurtenant to such condominium unit and designated herein or in the Master Deed or the Record Plat as a limited common element reserved for the exclusive use by the owner of that particular condominium unit. The exterior surfaces of all other entry doors shall be cleaned and maintained at common expense in accordance with a schedule determined by the Board of Directors and the interior surfaces thereof shall be cleaned and maintained by and at the expense of the individual condominium unit owners.

Section 6. Access at Reasonable Times. For the purpose solely of performing any of the repairs or maintenance required or authorized by these Bylaws, or in the event of a bona fide emergency involving illness or potential danger to life or property, the Association, through its duly authorized agents or employees, shall have the right, after reasonable efforts to give notice to the owner or occupant, to enter any condominium unit at any hour considered to be reasonable under the circumstances.

Section 7. Easements for Utilities and Related Purposes. The Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and/or rights-of-way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities to the condominium project as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the common elements or for the preservation of the health, safety, convenience and/or welfare of the owners of the condominium units.

Section 8. Limitation of Liability. The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the common elements or from any wire, pipe, drain, conduit, appliance or equipment, unless otherwise provided for under the Act. The Association shall not be liable to the owner of any condominium unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of common expense assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements, or to any condominium unit, or from any action taken by the Association to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE IX

Assessment and Carrying Charges

Section 1. Annual Assessments and Carrying Charges. Each member shall pay to the Association, in advance, a monthly sum (herein elsewhere sometimes referred to as "assessments" or "carrying charges") equal to one-twelfth (1/12) of the member's proportionate share (such being 1/253 for each condominium unit as established in EXHIBIT C to the Master Deed) of the sum required by the Association, as estimated by its Board of Directors, to meet its annual expenses, including, but in no way limited to, the following:

(a) the cost of all operating expenses of the condominium project and services furnished, including charges by the Association for facilities and services furnished by it; and

(b) the cost of necessary management and administration, including fees paid to any Management Agent; and

(c) the amount of all taxes and assessments levied against the Association or upon any property which it may own or which it is otherwise required to pay, if any; and

(d) the cost of furnishing water, electricity, heat, gas, garbage and trash collection and/or other utilities, to the extent furnished by the Association; and

(e) the cost of funding all reserves established by the Association, including, when appropriate, a general operating reserve, a reserve for replacements, a reserve for insurance costs; and

(f) the estimated cost of repairs, maintenance and replacements of the condominium project to be made by the Association.

The Board of Directors shall determine the amount of the assessments at least annually, but may do so at more frequent intervals should circumstances so require. The Board of Directors of the Association shall make reasonable efforts to fix the amount of the assessment against each condominium unit for each annual assessment period at least thirty (30) days in advance of the commencement of such period and shall, at that time, prepare a roster of the membership and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner upon reasonable notice to the Board. Written notice of the assessment shall thereupon be sent to the members. The omission of the Board of Directors, before the expiration of any annual assessment period, to fix assessments for that or the next such period, shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any member from the obligation to pay the assessment, or any installment thereof for that or any subsequent assessment period; but the assessment fixed for the preceding period shall continue until a new assessment is fixed. No member may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the common elements or by abandonment of any condominium unit belonging to him.

Section 2. Budget. The Board of Directors shall prepare and adopt a budget for each annual assessment period which shall include estimates of the funds required by the Association to meet its annual expenses for that period. The budget herein required to be prepared and adopted by the Board of Directors shall be in a format consistent with the classification of the accounts of the Association, as hereinafter in these Bylaws provided for, and shall provide for sufficient estimates, on a monthly basis, to permit comparison to and analysis of deviations from the various periodic reports of the actual results of operations and the actual financial condition of the Association, on both a current basis and for prior corresponding periods, all in accordance with generally accepted accounting practices, consistently applied. Copies of the budget shall be available for examination by the members and by their duly authorized

agents and attorneys, and to the institutional holder of any first mortgage on any condominium unit in the condominium project and by their duly authorized agents and attorneys during normal business hours and for purposes reasonably related to their respective interests.

Section 3. Assessments for Insurance. Each member shall pay to the Association a separate sum representing the member's proportionate share of the cost of fire and extended liability insurance on the project and the cost of such other insurance as the Association may affect, as determined by the Board of Directors, the insurance cost. Insurance cost includes the annual premium renewal cost of all insurance policies, as applicable, the cost of the deductibles of these policies for losses incurred and, as applicable, the cost of funding the insurance cost reserve as provided herein above. Written notice of the amount of the assessment for the annual premium renewal cost of all insurance policies and, as applicable, the cost of funding the insurance cost reserve will be provided to each member no later than the month of December of each year and is due and payable as of the date of such written notice. Written notice of the amount of the assessment of the cost of insurance policy deductibles for losses incurred may be provided to each member at the same manner as the preceding sentence or, at the discretion of the Board of Directors, after the amount of the loss is determined. Said assessment shall be due and payable as of the date of such written notice.

Section 4. Special Assessments. In addition to the regular assessments authorized by this Article, the Association may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the condominium project, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate, providing that any such assessment shall have the assent of two-thirds (2/3) of the members voting in person or by proxy at a special meeting of the members duly called for this purpose, written notice of which shall be sent to all members at least ten (10) days but not more than sixty (60) days in advance of such meeting, which notice shall set forth the purpose of the meeting. Any special assessment shall be payable as determined by the Board of Directors.

Section 5. Replacement Reserve Fund. The Association shall establish and maintain a replacement reserve fund by the allocation and payment monthly to such replacement reserve fund of amounts to be determined annually by the Board of Directors, such replacement reserve fund to contain a replacement reserve inventory of forty-three (43) components, the components being:

1. Asphalt pavement at main entrance
2. Partial replacement of concrete pool deck (1/3 of total area)
3. Repair or replace parking garage access gates
4. Backflow preventer
5. Trash compactor
6. Trash chute
7. Swimming pool and wading pool resurfacing
8. Swimming pool and wading pool ceramic tile coping
9. Ionizer for pool chemicals
10. Waterproof, sealing and coating on balconies
11. Waterproof traffic coating on Parking Garage (upper level)
12. Waterproof traffic coating on Parking Garage (lower level)
13. Main roof
14. Canopy roof
15. Elevator machines
16. Elevator controls
17. Elevator cabs and doors
18. Elastomeric paint on building exterior
19. Elastomeric paint on seawall, landscape walls and walls at parking garage
20. Joint sealant at exterior doors and windows (each unit as required)
21. HVAC system PVC risers
22. HVAC system rooftop lines
23. Insulate and wrap HVAC system rooftop lines
24. Cooling tower
25. Cooling tower vibration control system
26. Cooling tower support steel
27. Cooling tower water treatment system
28. Repair or replace condenser water pumps
29. Boilers
30. Boiler supply and return lines
31. Domestic water pressure booster system
32. Replace domestic water piping system
33. Repair or replace fire pump system
34. Fire alarm panel
35. Repair or replace switchgear components
36. Wall light fixtures on residential floors
37. Generator
38. Automatic transfer switch
39. Balcony light fixtures
40. Carpet - residential floors
41. Wallcovering - residential floors

42. Mailboxes
43. Lobby Level furniture, lighting, floor, and wall covering

No components may be added or deleted from the replacement reserve inventory without prior amendment to the Bylaws. The replacement reserve fund shall be administered on the cash flow funding method. The Board of Directors shall cause a replacement reserve fund study to be made by a firm which specializes in replacement reserve fund studies whenever the Board of Directors in its judgment feels that the replacement reserve fund study needs to be updated, and it is mandatory that the replacement reserve study be updated based on a physical evaluation of the conditions of the components when the immediately preceding replacement reserve fund study based on a physical evaluation of the conditions of the components becomes four years old. Each replacement reserve fund study will reflect for each component in the replacement reserve inventory its replacement cost, normal economic life (years), remaining economic life (years) and total replacement cost. Each replacement reserve fund study will use reasonable assumed interest rates to be earned on the reserve funds, reasonable assumed rate of inflation, and reasonable assumed increase in annual reserve contributions. Each replacement reserve fund study shall reflect a minimum recommended annual contribution to the replacement reserve fund which recommendation should be considered by the Board of Directors in its decision as to the amounts to be assessed and added to the replacement reserve fund. When a replacement reserve study is being prepared, the Board of Directors will employ its best efforts in assisting the engaged replacement reserve fund study firm to estimate the remaining period of time before the renovation or replacement of each component needs to be accomplished and the amount of funds that will be needed for the renovation or replacement of each component of the replacement reserve inventory. It shall be the objective of the Board of Directors to accumulate an amount in the replacement reserve fund that will be reasonably sufficient to pay for the renovation or replacement when needed of each component included in the replacement reserve inventory.

Except as otherwise provided in this Section 5, no expenditure shall be made from the replacement reserve fund other than for the renovation or replacement of a component which is in the replacement reserve inventory. No expenditure can be made from the replacement reserve fund for the renovation or replacement of a component of an amount which is in excess of

one hundred twenty percent (120%) of the replacement cost for that component as reflected in the replacement reserve fund study at the December 31 immediately preceding the expenditure. If an amount has to be paid for the renovation or replacement of a component which is in excess of one hundred twenty percent (120%) the replacement cost for that component as reflected in the replacement reserve fund study at the December 31 immediately preceding the expenditure, the Board of Directors shall obtain any excess by budgeting for such additional needed amount in the operating budget under Sections 1 and 2 of this Article IX or through a special assessment (which must have the consent of two-thirds of the members voting in person or by proxy at a special meeting of the members) as provided in Section 3 of this Article IX. It is provided, however, (i) that any income taxes owed by the Association due to earnings and gains in the replacement reserve fund, and (ii) any investing costs, commissions, transaction fees, administrative costs or similar charges by third parties for investment advice or replacement reserve fund management, will be paid out of the replacement reserve fund, and any gains or losses on the disposition of an investment of the replacement reserve fund shall be credited or charged against the replacement reserve fund.

The total amount in the replacement reserve fund at the date of the adoption of this amendment to the Bylaws is being administered under a component funding method, there being an allocation to four (4) specific funds. Effective at January 1, 2008, the replacement reserve fund shall be administered on a cash flow funding method, and there will be no further allocation among separate funds. From time-to-time, if the Board of Directors determines that the operating fund of the Association contains an excess amount; such excess amount may be transferred to the replacement reserve fund.

The amount in the replacement reserve fund shall be invested in special accounts, or certificates of deposit, of banks, the accounts or certificates of deposit of which are insured by an agency of the United States of America, or any of the amount may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America, such accounts, certificates of deposit or obligations not having a maturity of more than three (3) years after the investment by the Association in such accounts, certificates of deposit or obligations.

The proportionate interest of any owner in the replacement reserve fund shall be considered an appurtenance of his condominium unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the condominium unit to which it appertains and shall be deemed to be transferred with such condominium unit.

The Association shall establish and maintain a reserve for insurance costs as a portion of the annual assessment and carrying costs as provided herein above. Additionally, any funds remaining from prior insurance costs and from net credits due to prior year excess of insurance proceeds plus deductible assessments over disbursements for losses incurred may be maintained in the reserve for insurance costs. This reserve may be used to offset future insurance assessments or may be used to benefit all members in manner determined by the Board of Directors. Such uses may include, but not be limited to, payment of refunds based on each member's proportion share of the related assessment, contributions to the Replacement Reserve Fund or reductions of special assessments.

Section 6. Non-Payment of Assessment. Any assessment levied pursuant to the Master Deed or these Bylaws, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the condominium unit or units belonging to the member against whom such assessment is levied and shall bind such condominium unit or units in the hands of the then owner, his heirs, devisees, personal representatives and assigns, all in accordance with the provisions of Section 27-31-210 of the Horizontal Property Act. The personal obligations of the member to pay such assessment shall, however, remain his personal obligation or the statutory period and a suit to recover a money judgment for non-payment of any assessment levied pursuant to the Master Deed or these Bylaws, or any installment thereof, may be maintained without foreclosing or waiving the lien herein and by the aforesaid statute created to secure the same.

Any assessment levied pursuant to the Master Deed or these Bylaws, or any installment thereof, which is not paid within (10) days after it is due, may upon resolution of the Board of Directors bear interest at a rate not to exceed the lower of the prime rate charged by a major South Carolina Bank or the maximum rate permitted under the laws of the State of South Carolina, and may by resolution of the Board of Directors subject the member

obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix, and the Association may bring an action at law against the member personally obligated to pay the same or foreclose the lien against the condominium unit or units then belonging to said member in the manner now or hereafter provided for the foreclosure of mortgages, deeds of trust or other liens on real property in the State of South Carolina containing powers of sale, and subject to the same requirements, both substantive and procedural, or as may otherwise from time to time be provided by law, in either of which events interest, costs and reasonable attorneys' fees shall be added to the amount of each assessment. Suit for any deficiency following foreclosure may be maintained in the same proceeding and a suit to recover a money judgment for unpaid assessments may be maintained without waiving the lien securing the same. The Association shall notify the holder of the first mortgage on any condominium unit (who has notified the Association as set forth in Section 9 of Article IV or notification of which has been made to the Association as set forth in Section 1 of Article XVIII) for which any assessment levied pursuant to the Master Deed of these Bylaws becomes delinquent for a period in excess of thirty (30) days, and the Association shall notify such holder of the first mortgage on any condominium unit with respect to which any other default in any of the provisions of the Master Deed or these Bylaws remains uncured for a period of thirty (30) days after notice of such default to the owner of such condominium unit. Any failure to give any such notice shall not affect the validity of the lien for any assessment levied pursuant to the Master Deed of these Bylaws.

In the event any proceeding to foreclose the lien for any assessment due the Association pursuant to this Article is commenced with respect to any condominium unit or units in the condominium project, then the owner of such condominium unit or units, upon resolution of the Board of Directors, shall be required to pay a reasonable rental for such unit or units after the commencement of the foreclosure action, and the Association shall be entitled to the appointment of a receiver to collect the same.

The Board of Directors may post a list of members who are delinquent in the payment of any assessment or other fees which may be due the Association, including any installment thereof which becomes delinquent, in any prominent location(s) within the condominium project. The Board of Directors may make any other rules, regulations and restrictions relative to delinquency in payment of any assessment or other fees which are not inconsistent with law and the provisions of these Bylaws and the Master Deed.

Section 7. Assessment Certificates. The Association shall, upon demand at any time, furnish to any member liable for any assessment levied pursuant to these Bylaws (or any other party legitimately interested in the same) a certificate in writing signed by an officer or agent of the Association, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any installment of any assessment therein stated to have been paid. A charge not to exceed Thirty Dollars (\$30.00) may be levied in advance by the Association for each certificate so delivered, except that no charge shall be levied against any mortgagee of any condominium unit in the project who requests such a certificate.

Section 8. Acceleration of Installments. Upon default in the payment of any one or more monthly installments of any assessment levied pursuant to the Master Deed and/or these Bylaws, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 9. Priority of Lien. The lien established by this Article and by Section 27-31-210 of The Horizontal Property Act shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

(a) general and special assessments for real estate taxes on the condominium unit; and

(b) the liens of any bona fide deed of trust, mortgage instruments or encumbrances duly recorded on the condominium unit.

Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any condominium unit in the project shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage (meaning a mortgage with priority over other mortgages) upon such interest made in good faith and for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such condominium unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the condominium

unit from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which said lien, if any, claimed shall have the same effect and may be enforced in the same manner as provided in these Bylaws. In the event any mortgagee of any condominium unit or any other purchaser of a condominium unit obtains title to a condominium unit at a foreclosure sale, such person shall not be liable for assessments for common expenses by the Association made upon such condominium unit and accruing subsequent to the date of recordation of the mortgage which is the subject matter of such foreclosure sale and prior to the acquisition of title to such condominium unit by such mortgagee or other person. Any such unpaid assessment shall be deemed to be common expenses of the Association in the manner provided in Section 27-31-210(b) of The Horizontal Property Act.

No amendment to this Section shall affect the rights of the holder of any such mortgage (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or of the indebtedness secured thereby) shall join in the execution of such amendment.

The Board of Directors may, in its sole and absolute discretion, extend the provisions of this Section to the holders of mortgages (or the indebtedness secured thereby) not otherwise entitled thereto.

Section 10. Additional Default. Any recorded first mortgage secured on a condominium unit in the project shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to the Master Deed or these Bylaws or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness secured thereby). Such mortgages shall also provide that, in the event of any default thereunder, the mortgagee shall have the right, at its option exercised by notice in writing to the mortgagor and the Secretary to cast the votes appurtenant to the condominium unit which is security for the repayment of the mortgage debt at all meetings of the unit owners. Failure to include such provisions in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the indebtedness or note secured thereby) by reason of Section 9 of this Article shall not be altered, modified, or diminished by reason of any such failure.

Section 11. Definition. As used in these Bylaws, the term "mortgage" shall include deed of trust and the term "holder" or "mortgagee" shall include the party secured by any deed of trust or any beneficiary thereof.

ARTICLE X

Use Restrictions

Section 1. Residential Use. Except for such condominium units as may be designated in the Master Deed or in the Record Plat for commercial purposes, if any, and except for such temporary non-residential uses as may be permitted by the Board of Directors from time to time, condominium units shall be used for private residential purposes exclusively. Nothing contained in this Section, or elsewhere in these Bylaws, shall be construed to prohibit the owner of any condominium unit from leasing any such unit for any term and leases for recreation or vacation purposes shall be considered residential uses within the meaning of this Section; provided, however, that the members shall nevertheless be bound by the provisions of Section 2 of this Article.

Section 2. Leasing. No portion of any condominium unit (other than the entire unit) shall be leased for any period. Any owner of any condominium unit who shall lease such unit shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors and to the Manager. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the condominium unit shall be subject and subordinate in all respects to the provisions of the Master Deed and these Bylaws and to such other reasonable rules and regulations relating to the use of the common elements, or other "house rules", as the Board of Directors may from time to time promulgate. The provisions of this subsection shall not apply to any institutional mortgagee of any condominium unit who comes into possession of the unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, or deed in lieu of foreclosure.

Section 3. Prohibited Uses and Nuisances. Except as may be reasonable and necessary in connection with the maintenance, improvement, repair or reconstruction of any portion of the condominium project by the Association:

(a) no noxious or offensive trade or activity shall be carried on within any condominium unit situate thereon, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other owners. No nuisances

shall be permitted within the condominium project, nor shall any use or practice be permitted which is or becomes a source of annoyance to the members or which interferes with the peaceful use and possession thereof by the members.

(b) there shall be no obstruction of any common elements. Nothing shall be stored upon any common elements, excepting those areas designated for storage of personal property by the owners of the condominium units.

(c) nothing shall be done or maintained in any condominium unit or upon any common elements which will increase the rate of insurance on any condominium unit or the common elements, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any condominium unit or upon common elements which would be in violation of any law. No waste shall be committed upon any common elements.

(d) no structural alteration, construction, addition or removal of any condominium unit or common elements shall be commenced or conducted except in strict accordance with the provisions of these Bylaws.

(e) the maintenance, keeping, breeding, boarding, and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any condominium unit or upon any common elements, except that this shall not prohibit the keeping of a small, orderly dog or cat, and/or caged birds as domestic pets provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the common areas of the condominium project unless accompanied by an adult and unless they are carried or leashed. Any member who keeps or maintains any pet upon any portion of the condominium project shall be deemed to have indemnified and agreed to hold the Association, each of its members and any Management Agent free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping and maintaining such pet within the condominium project. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors shall have the right to order any person whose pet is a nuisance, to remove such pet from the premises and the Board of Directors, after affording the right to a hearing to the member affected, shall have the exclusive authority to declare any pet a

nuisance.

(f) except for such signs as may be posted by the Association for promotional or marketing purposes, traffic control or the like, no signs of any character shall be erected, posted or displayed upon, in, from or about any condominium unit or common elements without the prior consent in writing of the Board of Directors and under such conditions as they may establish. The provisions of this subsection shall not be applicable to the institutional holder of any first mortgage which comes into possession of any condominium unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or other proceeding, arrangement or deed in lieu of foreclosure. Signs of a size, type, material and character approved by the Board of Directors or by the Architectural and Environmental Control Committee, shall be permitted to be maintained in connection with any condominium unit which may be designated on the Master Deed or on the Record Plat for commercial purposes, if any.

(g) except as herein elsewhere provided, no junk vehicle or other vehicle on which current registration plates are not displayed, trailer, truck, camper, camp truck, house trailer, boat or the like shall be kept upon any of the general common elements, nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out on any of the common elements or within or upon any parking unit.

(h) no burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any condominium unit or upon any common elements. Trash and garbage containers shall not be permitted to remain in public view except on days of collection. All refuse shall be deposited with care in containers or trash chutes designated for such purposes during such hours as may from time to time be designated by the Board of Directors.

(i) no structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any common elements at any time. Outdoor clothes dryers or clothes lines shall not be maintained upon any common elements at any time. No clothing, laundry or the like shall be hung from any part of the condominium unit or upon any of the common elements or from or upon any balcony or patio.

(j) no outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be maintained upon any condominium unit or upon any common elements without the prior written consent of the Board of Directors.

(k) nothing shall be stored upon any balcony or patio nor shall the cooking or preparation of food be permitted upon any balcony or upon any other portion of the general common elements of the project except with the consent of the Board of Directors.

(l) in order to preserve the harmony of the exterior design of the condominium project, all drapery liners shall be of a uniform color and material as designated, from time to time, by the Board of Directors or the Architectural and Environmental Control Committee. Drapery liners installed in any condominium unit shall be maintained and periodically replaced at the expense of the owner of such unit and not at common expense.

(m) no member shall engage or direct any employee of the Association on any private business of the member during the hours such employee is employed by the Association nor shall any member direct, supervise or in any manner attempt to assert control over any employee of the Association.

(n) there shall be no violation of any rules for the use of the common elements, or other "house rules", including (without limitation) rules respecting the use of the beach areas, which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in these Bylaws authorized to adopt such rules.

ARTICLE XI

Architectural and Environmental Control

Section 1. Architectural and Environmental Control Committee. Except for purposes of proper maintenance and repair or as otherwise in these Bylaws provided, it shall be prohibited for any unit owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, plant, remove or construct any lighting, shades, screens, awnings, patio covers, decoration, fences; hedges, landscaping features, walls, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways,

walls or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any condominium unit or upon any of the common elements within the project or to combine or otherwise join two or more condominium units, or to partition the same after combination, or to remove or alter any windows or exterior doors of any condominium unit or make any change or alteration within any condominium unit which will alter or impair the structural integrity of the building or otherwise affect the property, interest or welfare of any other unit owner, materially increase the cost of operating or insuring the condominium project or impair any easement, until the complete plans and specifications, showing the location, nature shape, height, material, color, type of construction and/or any other proposed form of change (including, without limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the condominium project and harmony of design, color and location in relation to surrounding structures and topography, by the Declarant and by the Board of Directors of the Association, or an Architectural and Environmental Control Committee designated by it.

Section 2. Architectural and Environmental Control Committee - Operation. The Architectural and Environmental Control Committee (elsewhere in this Article sometimes referred to as the "Committee") shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors. In the event the Board of Directors fails to appoint an Architectural and Environmental Control Committee, then the Board of Directors shall constitute the Committee. The affirmative vote of a majority of the members of the Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 3. Approvals, etc. Upon approval of the Architectural and Environmental Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and

information required by the Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

Section 4. Limitations, Construction or alterations in accordance with plans and specifications approved by the Architectural and Environmental Control Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Committee without the prior consent in writing of the Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 5. Certificate of Compliance. Upon the completion of any construction or alteration or other improvements or structure in accordance with plans and specifications approved by the Architectural and Environmental Control Committee in accordance with the provisions of this Article, the Committee, shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of these Bylaws as may be applicable.

Section 6. Rules and Regulations, etc. The Architectural and Environmental Control Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and/or establish such criteria relative to architectural styles or details, or other matters as it may consider necessary or

appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of these Bylaws. The Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decisions of the Architectural and Environmental Control Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the committee may appeal the decision of the Committee to the Board of Directors of the Association and, upon the request of such member, shall be entitled to a hearing before the Board of Directors.

ARTICLE XII

Insurance

Section 1. Insurance. The Board of Directors shall obtain and maintain, to the extent reasonably available, at least the following:

(a) casualty or physical damage insurance in the amount equal to the full replacement value (i.e., 100.00% of "replacement cost" exclusive of land, foundation and excavation) of the condominium project (including all building service equipment and the like) with an "Agreed Amount" endorsement, a "Condominium Replacement Cost" endorsement and a "Contingent Liability from Operation of Building Laws" endorsement, without deduction or allowance for depreciation (as determined annually by the Board of Directors with the assistance of the insurance company affording at least the following:

- (i) loss or damage by fire or other hazards covered by the standard extended coverage endorsement together with coverage for common expenses with respect to condominium units during any period of repair or reconstruction;
- (ii) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, cost of demolition, vandalism, malicious mischief, windstorm, water damage, machinery explosion or damage, and such other insurance as the Board of Directors may from time to time determine; and

(b) public liability insurance with a "Severability of Interest" endorsement in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less

than One Million and ***No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile, liability for property of others, and any and all other liability incident to the ownership and/or use of the condominium project or any portion thereof; and

(c) workmen's compensation insurance to the extent necessary to comply with any applicable law; and

(d) a "Legal Expense Indemnity" endorsement, or its equivalent, affording protection for the officers and directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or director shall be have been made a party by reason of his or her services as such; and

(e) such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as set out in Section 16 of Article V of these Bylaws, as are or shall hereafter be considered appropriate by the Board of Directors.

Section 2. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) To the extent reasonably available, policies shall be written with a company licensed to do business in the State of South Carolina on an admitted or non-admitted basis holding an A.M. Best rating of A- (or its equivalent) or better.

(b) exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors, as a trustee for the owners of the condominium units, or its authorized representative, including any trustee with which the Association may enter into any Insurance Trust Agreement, or any successor Trustee, each of which shall be herein elsewhere referred to as the "Insurance Trustee".

(c) in no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the condominium units or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements

of this Article shall exclude such policies from consideration.

(d) such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building whether or not within the control or knowledge of the Board of Directors and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any owner of any condominium unit, and/or their respective agents, employees, tenants, mortgagees or invitees or by reason of any act of neglect or negligence on the part of any of them.

(e) all policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insured named thereon, including any and all mortgagees of the condominium units.

(f) all policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or any Insurance Trustee) or when in conflict with the provisions of any Insurance Trust Agreement to which the Association may be a party, these Bylaws or the provisions of Section 27-31-250 of The Horizontal Property Act.

(g) all policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the owner of any condominium unit and/or their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

(h) all policies of casualty insurance shall contain the standard mortgage clause except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in Article XIII of these Bylaws. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid.

Article XII, Section 3. Individual Policies - Recommendation of Association. The owner of any condominium unit (including the holder of any mortgage thereon) shall obtain additional insurance

(including a "Condominium Unit-Owner's Endorsement" for improvements and betterments to the condominium unit made or acquired at the expense of the owner) at his own expense. Such insurance shall be written by the same carrier as that purchased by the Board of Directors pursuant to this Article or shall provide that it shall be without contribution as against the same. Such insurance shall contain the same waiver of subrogation provision as that set forth in Section 2(g) of this Article. The Association recommends that each owner of a condominium unit in the project obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a plate-glass damage policy and a "Tenant's Homeowners Policy", or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the condominium unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Such later policy should include a "Condominium Unit-Owner's Endorsement" covering losses to improvements and betterments to the condominium unit made or acquired at the expense of the owner.

Section 4. Endorsements, etc. The Board of Directors, at the request of any owner of any condominium unit in the project or at the request of the mortgagee of any such condominium unit, shall promptly obtain and forward to such owner or mortgagee (a) an endorsement to any of the policies aforementioned in this Article showing the interest of such owner or mortgagee as it may appear; and (b) certificates of insurance relating to any of such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent.

ARTICLE XIII

Casualty Damage - Reconstruction or Repair

Section 1. Use of Insurance Proceeds. In the event of damage or destruction by fire or other casualty, the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications for the condominium project with the proceeds of insurance available for that purpose, if any.

Article XIII, Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not herein required to be insured against, then the repair or reconstruction of the damaged common elements shall be accomplished promptly by the Association,

the cost of which shall be allocated in accordance with the Horizontal Property Act and South Carolina law. The ratable share of the expense of such repairs or reconstruction may be assessed and the lien for the same shall have all the priorities provided for in Article IX of these bylaws. In the event that the proceeds of casualty insurance are paid to any Insurance Trustee pursuant to the requirements of Section 4 of this Article, then all funds collected from the owners of the condominium units pursuant to this Section 2 shall likewise be paid over to such Insurance Trustee and shall be disbursed by such Insurance Trustee in accordance with the provisions of Section 4 of this Article.

Section 3. Restoration Not Required. In the event more than two-thirds (2/3) of the entire project is substantially damaged or destroyed by fire or other casualty, and the members do not promptly and unanimously resolve to proceed with repair or reconstruction, then and in that event the project shall be deemed to be owned in common by the owners of all of the condominium units in the same proportion as that previously established for ownership of appurtenant undivided interests in the common elements and the project shall be subject to an action for partition at the suit of the owner of any condominium unit or the holder of any lien thereon, in which event the net proceeds of sale, together with the net proceeds of any insurance paid to the Association or its members in common, shall be considered as one fund and shall be divided among the owners of all of the condominium units in the same proportion as that previously established for ownership of appurtenant undivided interests in the common elements, after first paying out of the share of the owner of any condominium unit, to the extent such share is sufficient for the purpose, all liens upon said condominium unit.

Section 4. Insurance Trustee. Except for losses involving the substantial damage or destruction of more than two-thirds (2/3) of the condominium project, where the members do not resolve to proceed with repair or reconstruction, as in Section 3 of this Article provided for, in the event the cost of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to two and one-half percent (2 1/2) of the full replacement value of the condominium project, as estimated by the Board of Directors and the insurer pursuant to the requirements of Section 1 (a) of Article XII of these Bylaws for the period during which such loss was sustained, and the institutional holder of any mortgages or other obligations secured by any condominium unit or units in the aggregate principal sum of more

than \$150,000.00 (hereinafter in this Section 4 called the "mortgagee") shall so require, all proceeds of insurance shall be paid over to a trust company or bank (the "Insurance Trustee") having trust powers and authorized to engage in trust business in the jurisdiction wherein the condominium project is located, selected by the Board of Directors with the approval of the mortgagee, and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the mortgagee and which contain, inter alia, the following provisions:

(a) the reconstruction or repair shall be in charge of an architect or engineer, who may be an employee of the Association, satisfactory to the mortgagee, and hereinafter in this Section 4 called the "architect".

(b) prior to the commencement of the reconstruction or repair, other than such work as may be necessary to protect the condominium project from further damage, the mortgagee shall have approved the plans and specifications for such reconstruction or repair, which approval shall be unreasonably withheld or delayed.

(c) unless otherwise required by the mortgagee, each request for an advance of the proceeds of insurance shall be made to the mortgagee at least ten (10) days prior to delivery to the Insurance Trustee and shall be accompanied by a certificate from the architect to the effect that

(i) all work then completed has been performed in accordance with the plans and specifications and all building codes or similar governmental requirements; and

(ii) the amount requested to be advanced is required to reimburse the Board of Directors for payments previously made by the Board of Directors or is due to the contractor responsible for the restoration or repair, or to subcontractors, materialmen, laborers, engineers, architects or to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the likenecessarily incurred in connection with the same; and

(iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials

delivered to the date of such request; and

(iv) funds remaining available to the Insurance Trustee for the purpose are sufficient to complete the reconstruction or repair.

(d) each request for an advance of the proceeds of insurance shall if required by the mortgagee, be accompanied by satisfactory waivers of liens covering that portion of the repair or reconstruction for which payment or reimbursement is being requested, together with the appropriate evidence from a title insurance company or the like to the effect that there has not been filed with respect to the condominium project any mechanic's or other lien, or notice of intention to file the same, which has not been dismissed or satisfied of record.

(e) the fees and expenses of the Insurance Trustee, as agreed upon by the Board of Directors and the Insurance Trustee, shall be paid by the Association as a common expense, and such fees and expenses may be deducted from any insurance proceeds in the hands of the Insurance Trustee, pro rata as the reconstruction or repair progresses.

(f) such other provisions not inconsistent with the provisions hereof as the Board of Directors, the Insurance Trustee or the mortgagee may reasonably require.

Upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any proceeds of insurance then in the hands of the Insurance Trustee shall be paid to the Board of Directors and shall be considered as one fund and shall be divided among the owners of all of the condominium units in the same proportion as that previously established for ownership of appurtenant undivided interests in the common elements, after first paying out of the share of the owner of any condominium unit, to the extent such payment is required by any lienor and to the extent the same is sufficient for the purpose, all liens upon said condominium unit.

ARTICLE XIV

Transfer of Ownership

In the event the owner of any condominium unit wishes to transfer the title thereto, such owner shall notify the Board of Directors in writing by delivering such writing to the principal office of the Association or by mailing such writing by registered or certified mail, return receipt requested to the

principal office of the Association, that the condominium unit and shall supply the Board of Directors with an executed copy of such offer and the terms thereof, and including the name of the prospective purchaser. The Association shall prepare closing document information to insure all funds due the association or the transferring owner are included in closing documents.

ARTICLE XV

Parking

Section 1. General Requirements. Except for parking areas designated on the Record Plat as parking units, or as limited common elements, all parking areas within the condominium project shall be considered part of the general common elements. Parking may be regulated by the Board of Directors and parking spaces may be assigned by the Board of Directors. No member shall make use of any parking space other than the space or spaces appurtenant or assigned to his condominium unit by the Board of Directors, if any, without the express written consent of both the member to whom such space has been assigned and the Board of Directors nor shall any member invite, encourage or permit the use by his guests of parking spaces appurtenant or assigned to condominium units other than his own. No vehicle belonging to any member, or to any guest or employee of any member, shall be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any parking space assigned to any other member. Nothing shall be stored upon any parking space nor shall the same be permitted to accumulate trash or debris. Each member shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the provisions of these Bylaws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the condominium project and the Board of Directors is hereby, and elsewhere in these Bylaws authorized to adopt such rules and regulations.

The Board of Directors may make reasonable efforts to assign parking spaces in a manner calculated to make reasonable adjustments to accommodate the elderly and handicapped.

ARTICLE XVI

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in Article I of these Bylaws. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time; provided, however, that no such change shall become effective until a certificate evidencing such change shall have been made by the Secretary or an Assistant Secretary of the Association and recorded, in the name of the Association, among the Land Records for the jurisdiction where the Master Deed is originally recorded.

Section 3. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the common elements of the project, services provided with respect to the same and any other expenses incurred by the Association. The amount of any assessment required for payment of any capital expenditures or reserves of the Association may be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the members. Unless the Board of Directors shall resolve otherwise, the receipts and expenditures of the Association shall be credited and charged to other accounts under at least the following classifications:

(a) "Current Operations" which shall involve the control of actual expenses of the Association, including reasonable allowances and necessary contingencies and working capital funds in relation to the assessments and expenses herein elsewhere provided for; and

(b) "Reserves for Deferred Maintenance" which shall involve the control of monthly funding and maintenance of such deferred maintenance costs and/or reserves as are approved by the Board of Directors from time to time; and

(c) "Reserves for Replacement" which shall involve the control of such reserves for replacements as are provided for in these Bylaws and as may from time to time be approved by the Board of Directors; and

(d) "Other Reserves" which shall involve the control over funding and charges against any other reserve funds which may

from time to time be approved by the Board of Directors; and

(e) "Investments" which shall involve the control over investment of reserve funds and such other funds as may be deemed suitable for investment on a temporary basis by the Board of Directors; and

(f) "Betterments" which shall involve the control over funds to be used for the purpose of defraying the cost of any construction or reconstruction, unanticipated repair or replacement of a described capital improvement and/or for expenditures for additional capital improvements or personal property made or acquired by the Association with the approval of the Board of Directors.

Section 4. Auditing. At the close of each fiscal year, the books and records of the Association shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Association shall furnish its members and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association.

Section 5. Inspection of Books. The books and accounts of the Association and vouchers accrediting the entries made thereupon, shall be available for examination by the members of the Association, and/or their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any condominium unit and/or its duly authorized agents or attorneys during normal business hours (which shall be set and announced for general knowledge) and for purposes reasonably related to their respective interests, all-pursuant to the provisions and requirements of Section 27-31-180 of The Horizontal Property Act.

Section 6. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

Section 7. Seal. The Board of Directors may provide a suitable corporate seal containing the name of the Association, which seal

shall be in the charge of the Secretary. It so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE XVII

Amendment

Section 1. Amendments. These Bylaws may be amended by the affirmative vote of two thirds (2/3) of the members voting in person or by proxy at any meeting of the members duly called for such purpose (subject to any applicable laws requiring a greater majority). Such amendment shall be effective only upon recordation among the Land Records for Horry County, South Carolina, of an amendment to the Bylaws attached as "EXHIBIT B" to the Master Deed setting forth such amendment to these Bylaws and only after thirty (30) days' prior written notice to the institutional holders of all first mortgages on the condominium units in the project who have notified the Association as set forth in Section 9 of Article IV or notification of which has been made to the Association as set forth in Section 1 of Article XVIII. Amendments may be proposed by the Board of Directors or by petition signed by at least ten percent (10%) of the members presented to the Secretary. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE XVIII

Mortgages - Notice

Section 1. Notice to Board of Directors. Any owner of any condominium unit in the condominium project who mortgages such unit shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested so to do, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Consents. Any other provision of these Bylaws or of the Master Deed to the contrary notwithstanding, the Association shall not, and neither the members nor the Board of Directors shall institute any proceeding without the prior written consent of all first mortgagees of record, to take any of the following actions:

- (a) abandon or terminate the condominium property regime;

or

(b) modify or amend any of the substantive provisions of these Bylaws or of the Master Deed; or

(c) substantially modify the method of determining and collecting common expense assessments and/or other assessments as provided in Article IX of these Bylaws; or

(d) partition, subdivide, transfer or otherwise dispose of any of the common elements of the condominium project; or

(e) resolve to use the proceeds of casualty insurance for any purpose other than the repair or restoration of the common elements.

Section 3. Definition. As used in this Article, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees, and the term "mortgage" shall include a deed of trust. As used generally in these Bylaws, the term "institutional holder" or "institutional mortgagee" shall include (but not necessarily be limited to) banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, pension funds, real estate investment trusts, mortgage companies, FNMA, FHLMC, and any corporation, including a corporation of, or affiliated with United States Government, or any agency thereof.

ARTICLE XIX

Compliance - Interpretation - Miscellaneous

Section 1. Compliance. These Bylaws are set forth in compliance with requirements of The Horizontal Property Act.

Section 2. Conflict. These Bylaws are subordinate and subject to all provisions of the Master Deed and to the provisions of The Horizontal Property Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Master Deed or the aforesaid statute. In the event of any conflict between these Bylaws and the Master Deed, the provisions of the Master Deed shall control; and in the event of any conflict between the aforesaid Master Deed and the Horizontal Property Act, the provisions of The Horizontal Property Act shall control.

Section 3. Notices. Unless another type of notice is herein

elsewhere specifically provided for, any and all notices called for in the Master Deed and in these Bylaws shall be given in writing.

Section 4. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid or void or unenforceable any other provisions hereof which can be given effect.

Section 5. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 6. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

Section 7. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

Section 8. Bylaws to Members. Each present member shall receive a copy of these Bylaws. Each new member shall receive a copy of the then current Bylaws upon becoming a member. Any member may receive additional copies of the Bylaws from the Association at a charge not to exceed a reasonable reproduction cost.