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SECOND AMENDMENT OF MASTER DEED AND BY-LAWS
OF
BAY CLUB HOMES HORIZONTAL PROPERTY REGIME
(Master Deed recorded at Book L-502, Page 229,
RMC Office for Charleston County, SC)

THIS SECOND AMENDMENT TO MASTER DEED AND BY-LAWS of Bay Club Homes Horizontal Property Regime ("*Second Amendment*") is made and entered into and certified by the below signed officer of Bay Club Homes Property Owners Association, Inc. in order to evidence amendment of the Master Deed (as hereinafter defined) and the By-Laws (as hereinafter defined) to the Master Deed.

BACKGROUND

A. Bay Club Homes, LLC, a South Carolina limited liability company ("*Declarant*"), previously executed and recorded in the RMC Office for Charleston County, South Carolina, the "Master Deed of Bay Club Homes Horizontal Property Regime" by instrument dated July 19, 2004 and recorded July 19, 2004 at Book L-502, Page 229, RMC Office for Charleston County, South Carolina, as amended by "Amendment to Master Deed of Bay Club Homes Horizontal Property Regime" dated July 6, 2007 and recorded July 23, 2007 at Book D-633, Page 342, said RMC Office (as so amended, the "*Master Deed*").

B. The Master Deed contained at Exhibit E the By-Laws of Bay Club Homes Property Owners Association, Inc. (the "*By-Laws*").

C. Declarant reserved or attempted to reserve to itself certain rights as more fully set forth in the Master Deed.

D. Declarant has conveyed all Units in Bay Club Homes Horizontal Property Regime and no longer has any ownership interest in any such Unit.

E. This Second Amendment has been approved as more fully set forth below by Members of the Association who hold in excess of 66 $\frac{2}{3}$ % of the total vote established pursuant to the Master Deed. This Second Amendment was so approved at a duly called meeting of the Association held pursuant to proper notice at which a quorum was present and acting throughout. This Second Amendment, among other matters, is intended to and does delete and remove from the Master Deed various below-specified reserved rights in favor of Declarant now that Declarant no longer has any ownership interest in any Unit established pursuant to the Master Deed. Consent of Declarant to this Second Amendment is not required because Declarant no longer owns a Unit and because Declarant no longer has the right to appoint a majority of the Board of Directors of the Association.

AGREEMENT

NOW, THEREFORE, pursuant to action held at a duly called meeting of Bay Club Homes Property Owners Association, Inc., a South Carolina nonprofit corporation ("*Association*"), held pursuant to proper notice at which a quorum was present and acting throughout and at which owners of Units qualified to vote and holding 87.09% of the total vote established pursuant to the Master Deed have voted

to amend the Master Deed and By-Laws for the Association as set forth herein and which vote was 87.09% of the said total vote of the regime in favor of the within amendment and -0-% of the said total vote of the regime opposed to the within amendment, the undersigned officer of the Association certifies this Second Amendment to Master Deed for Bay Club Homes Horizontal Property Regime and By-Laws for Bay Club Homes Property Owners Association, Inc.

The Master Deed of Bay Club Homes Horizontal Property Regime and the By-Laws of Bay Club Homes Property Owners Association, Inc. are hereby amended as follows:

I. The **Master Deed** is amended as follows:

1.01 The fourth recital paragraph under "Witneseth" at page 1 of the Master Deed, which page 1 appears at Book L-502, Page 235 in the Charleston County RMC Office, which originally read "WHEREAS, Declarant desires to reserve certain rights and privileges to itself and its successors and assigns as Declarant, (the "Declarant Rights"), as hereinafter more particularly described;" is omitted in its entirety.

1.02 At Section 2.11(g), the Master Deed is amended at the second line thereof to delete "the Declarant" and to substitute "this Master Deed."

1.03 Section 2.14 of the Master Deed headed "**Development Rights Period**" is deleted in its entirety.

1.04 Section 2.32 is amended at the first line to delete "Recorder" and to substitute "RMC Office."

1.05 Section 2.34 is amended at the first line to delete "Regime Instructions" and to substitute "Regime Instruments."

1.06 Section 2.40 is amended to delete "other than Units owned by the Declarant" so that said section as amended shall read as follows:

2.40 "Special Assessments" shall mean special assessments imposed on Units under the provisions of Article 10 hereof."

1.07 The initial paragraph in Article 3 which appears at page 6 of the Master Deed as originally recorded is amended at the seventh, eighth and ninth lines to delete the sentence reading "The Declarant shall have the right to file additional plats and plans from time-to-time as necessary or appropriate to further described [sic] the Regime" and to substitute "The Association shall have the right to file additional plats and plans from time-to-time as necessary or appropriate to further describe the Regime." Additionally, the word "Declarant" wherever it appears elsewhere in that paragraph is deleted and the word "Association" is substituted.

1.08 Article 5 of the Master Deed, at the fourth paragraph thereof which begins "The Declarant hereby reserves" and continues through "for the purpose of sale or lease." is deleted in its entirety.

1.09 Section 6.3 is amended to delete the second sentence which begins "Notwithstanding anything herein to the contrary," and which concludes "Unit Owner or Owners" and to substitute the following: "Notwithstanding anything herein to the contrary, the Board of Directors is not authorized to

assign or reassign the Limited Common Elements without the consent of the affected Unit Owner or Owners.”

1.10 Section 7.1(a) headed “**Declarant Rights**” and including all separately designated subparagraphs through and including Section 7.1(a)(iv) is deleted in its entirety.

1.11 Section 7.1(b) is amended at the third and fourth lines thereof to delete “by Declarant in accordance with paragraph 7.a, or” and at the eighth line thereof to delete “any, if during the Development Rights Period, by Declarant.”

1.12 Section 10.4 is amended at the sixth and eighth lines thereof to delete in each line “(other than Units owned by the Declarant)”. Section 10.4 is further amended at the tenth and eleventh lines thereof to delete “and the Declarant (so long as the Declarant owns any portion of the Regime)”. Section 10.4 is further amended to delete the last sentence which begins “So long as the Declarant” and which ends “used to fund such deficits.”

1.13 Section 10.5 is amended to delete the last sentence which began “Notwithstanding the above” and concluded “prior to becoming effective.”

1.14 Section 10.8 is amended at the second paragraph which begins “Notwithstanding any other provisions of this Master Deed,” and which concludes “amounts for capital reserves.” to delete that second paragraph in its entirety.

1.15 Section 10.9 is amended at the second line thereof to delete the phrase “other than the Declarant”.

1.16 Section 10.12 headed “**Restriction on Expense of Litigation**” is deleted in its entirety.

1.17 Section 10.13 headed “**Developer’s Unsold Units**” is deleted in its entirety.

1.18 Section 13.1 is amended at the first line to delete “for the Declarant and except” so that the said first line, as amended, shall read as follows: “13.1 **Architectural Standards**. Except as provided herein, no”.

1.19 Section 13.2 is deleted and the following is substituted therefor:

13.2 **Architectural Review Board**. The ARB shall have the exclusive jurisdiction over all construction on any portion of the Regime. The ARB shall consist of one (1) to three (3) members or such other number as the Board shall determine from time to time. The Board shall set the number of members of the ARB and appoint the members of the ARB, who shall thereafter serve and may be removed in the Board’s discretion.

1.20 Section 13.4 is amended at the second line to omit “the Declarant,” and at the fifth line to omit “The Declarant,”.

1.21 Section 13.6 is amended at the second, third and fourth lines thereof to delete “if said authority has been delegated by the Declarant to the Association or Declarant’s right under Section 13.2 has expired or been surrendered,”.

1.22 Section 14.1 is amended at the third paragraph thereof to delete the original paragraph and to substitute the following: "The leasing of a Residential Unit shall not be considered a business or trade within the meaning of this Section."

1.23 Section 14.3 headed "**Alteration of Units**" is amended as follows:

(i) Section 14.3(a) is amended at the third and fourth lines to omit "and, for so long as the Declarant owns a Unit, the prior written approval of the Declarant".

(ii) Section 14.3(b) is omitted in its entirety.

(iii) Section 14.3(c) is amended to delete the first two sentences thereof and to substitute the following: "An Owner may subdivide his or her Unit only with the prior written consent of the Association acting through the Board." Additionally, Section 14.3(c) is amended to delete the last sentence beginning "Notwithstanding anything herein to the contrary," through "portion of the Regime."

1.24. Section 14.4 is amended at the first paragraph thereof to delete the last sentence which originally read "This prohibition shall not apply to the Declarant."

1.25 Section 14.12 is amended to delete the last sentence which originally read as follows: "Notwithstanding the restrictions contained in this section, the Declarant may approve and erect signs for the purpose of carrying on business related to the development, improvement, and sale of Units in the Regime, and such signs shall not be subject to approval or regulation by the Association or by the Board."

1.26 Section 14.19 is amended at the last line thereof to omit "and, for so long as the Declarant owns a Unit, the prior written consent of the Declarant".

1.27 Section 17.2(a) is amended at the first line thereof to change "an" to "and".

1.28 Article 21 headed "**Additional Declarant Rights**" is omitted in its entirety.

1.29 Section 22.4 entitled "**Declarant Easements**" is omitted in its entirety.

1.30 Section 23.3 headed "**Amendment**" is amended to read as follows:

23.3 **Amendment.**

(a) **By Board.** The Board may unilaterally amend this Master Deed for at any time and from time-to-time if such amendment is necessary (i) to bring any provisions into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) to enable any Agencies to make, purchase, insure or guarantee Mortgage loans on or title to the Units or any of them; or (iv) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner of the affected Unit shall consent in writing.

(b) **By Members.** Except where a higher vote is required for action under any other provisions of this Master Deed or by the Act, in which case such higher vote

shall be necessary to amend such provision, this Master Deed may be amended by the written consent of the Members of the Association holding two-thirds (2/3) of the total vote thereof. Notice of any meeting at which a proposed amendment will be considered shall state that fact and the subject matter of the proposed amendment. No amendment shall be effective until certified by an officer of the Association and recorded in the RMC Office for Charleston County, South Carolina. Any action to challenge the validity of an amendment adopted under this paragraph must be brought within one (1) year of the effective date of such amendment. No action to challenge such amendment may be brought after such time.

1.31 Section 23.7 is amended at the second line to omit "the Declarant or" and Section 23.7 is amended at the third line to omit "their respective registered agents" and to substitute in the third line "its registered agent".

1.32 Section 23.9 is amended to read as follows:

23.9 **Indemnification.** To the fullest extent allowed by the South Carolina Nonprofit Corporation Act and other applicable law, and in accordance therewith, the Association shall indemnify every current and former officer, director, and committee member (individually and collectively, "**Indemnified Party**") against any and all loss, cost, claim, liability and expenses, including, but not limited to, attorney's fees, imposed upon or reasonably incurred by any officer, director, or committee member in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then-Board of Directors) to which such officer, director, or committee member may be a party by reason of being or having been an officer, director, or committee member. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance or misconduct, or bad faith. To the fullest extent allowed by law, this indemnification shall extend to all actions and inaction of the Indemnified Party whether based on negligence or any other legal basis for liability, it being the intent to indemnify the Indemnified Party to the greatest and fullest extent allowed by applicable law as such law may exist from time to time.

The officers, directors, and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and the Association shall indemnify and forever hold each such officer, director, and committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director, or committee member, or former officer, director, or committee member may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available in the opinion of the Board.

To the extent permitted by law, each Owner shall release, and hold harmless each current and former officer, director, committee member and employee from all claims, causes of action, liability and damages arising by reason of such person's

actions or inactions relating to the Association and the Regime, unless such person's conduct constitutes gross negligence or intentional misconduct. In the event that the Owner institutes litigation against the Association, such Owner shall reimburse and indemnify the Association and such other designated persons for all costs and expenses incurred as a result of the Owner's litigation, including reasonable attorneys fees unless there is a final court order that rules the Owner is the prevailing party in such litigation.

1.33 Section 23.13 is amended at the third line to omit "Declarant,".

1.34 Section 23.15 is amended to read as follows:

23.15 **Conflict.** In the event of a conflict between the provisions of the Master Deed and the By-Laws, the Master Deed shall prevail except to the extent the Master Deed is inconsistent with the Act.

1.35 Section 23.16 headed "Assignment of Development Rights" is omitted in its entirety.

1.36 A new section 23.18 is added to the Master Deed as follows:

23.18 **Unit Location.** Units are numbered as shown on Exhibit B and as shown at Exhibit D of this Master Deed. Individual Units are located in the quadrants of each building as shown on Exhibit B. Units ending in -01, -02, -05 or -06 are located on the first floor of each building. Units ending in -03, -04, -07 and -08 are located on the second floor of each building. The dimensions and area of each Unit are such as shown on, and can be computed from information shown at, the second and third pages of Exhibit C. Building 3 contains Units 301-308 notwithstanding a typographical error in Exhibit C which refers to Units 310-308."

1.37 Exhibit D is amended at the first line of the first full paragraph and at the last line of the same first full paragraph to omit "Common Areas" and to substitute "Common Elements."

1.38 Exhibit D is amended at the first page to omit the reference to "\$120,000.00" for the valuation of each of the 96 2BR Units and to substitute "\$145,000.00." Exhibit D is amended at the first page to omit the reference to "\$100,000.00" for the valuation of each of the 64 1BR Units and to substitute "\$125,000.00."

1.39 Exhibit D is amended at the fourth page to correct "Unit 1001" with respect to Building 18 to read "Unit 1801."

II. BY-LAWS OF BAY CLUB HOMES PROPERTY OWNERS ASSOCIATION, INC., which appear as Exhibit E to the Master Deed are amended as follows:

2.01 Section 3.2 of the By-Laws is amended to read as follows:

3.2. **Numbers of Directors.** The Board of Directors shall consist of up to seven (7) directors, as provided in Section 3.4 below.

2.02. Section 3.3 is amended at the first two lines of the first paragraph thereof to omit the introductory phrase "Except with respect to directors appointed by the Developer," so that the first

paragraph of Section 3.3 shall read after its heading as follows: "Directors shall be nominated from the floor or may be nominated by a nominating committee, if such a committee is established by the Board of Directors. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes."

2.03 Section 3.4 of the By-Laws is amended as follows:

(i) Section 3.4(a) is omitted.

(ii) The first paragraph of Section 3.4(b) is amended to read as follows: "The number of Directors shall be set at up to seven (7), and the Association shall hold an election at which the Members shall be entitled to elect up to seven (7) Directors, with the Directors so elected to be divided into two classes as nearly equal in numbers as may be appropriate and with one class to serve for two (2) years and the other class to serve initially for one (1) year and with the successors of the other class thereafter to serve two (2) years, with the intention that the terms of directors shall be staggered in order to maintain to the extent possible continuity on the Board of Directors."

2.04 Section 3.5 is amended to omit the last paragraph thereof, which paragraph originally began "This Section shall not apply to directors appointed by the Developer" and ended with "appointed by the Developer."

2.05 Section 3.23(b) is amended at the second line thereof to omit "executing" and to substitute "executive."

2.06 Section 6.6 of the By-Laws headed "**Amendment**" is amended as follows:

(i) Section 6.6(a) is omitted in its entirety.

(ii) Section 6.6(b) is amended to read as follows:

(b) **By Members.** These By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members holding at least two-thirds (2/3) of the total votes in the Association. If a meeting is called for the purpose of considering a proposed amendment hereunder, such meeting shall be called in accordance with these By-Laws. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(iii) Section 6.6(c) is amended to omit the second paragraph thereof which previously read "No amendment may remove, revoke or modify any right or privilege of Developer without the written consent of the Developer for so long as the Developer owns any portion of the Condominium."

III. The Board of Directors, acting through its president or other authorized officer, is authorized and directed to amend the Articles of Incorporation of Bay Club Homes Property Owners Association, Inc., as filed with the Office of the South Carolina Secretary of State and as attached at Exhibit F to the Master Deed to delete original Article 13, paragraph (b) and to substitute therefor the following:

(b) The Board of Directors may unilaterally amend these Articles at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guaranty mortgage loans on the Units; (iv) to satisfy the requirements of any local, state or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner of such Unit shall consent thereto in writing.

IV. Miscellaneous:

4.01 Capitalized terms which are used but are not defined in this Second Amendment shall have the meaning given to them in the Master Deed.

4.02 To the full extent allowed by law, any and all rights, powers and privileges which were stated in the original Master Deed and attachments to the Master Deed to be reserved to or created in or to be exercised by the "Declarant" and which rights, powers and privileges have not been deleted by this Second Amendment are hereby declared to be reserved to or held by or to be exercised by the Association acting through the Board.

4.03 References in this Second Amendment to specified lines or sentences of a Section of the Master Deed (such as, for example, a reference to the "second line" of a paragraph or section) refer to the Master Deed as it was originally recorded at Book L-502, Page 229 of the RMC Office for Charleston County, S.C., unless otherwise expressly stated in this Second Amendment.

4.04 Except as expressly amended herein or as amended by necessary implication, the Master Deed and all attachments to the Master Deed, as the same may have been amended previously in writing recorded in the RMC Office for Charleston County, South Carolina, shall remain in full force and effect.

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RECORDER'S PAGE

NOTE: This page MUST remain with the original document



Filed By:

YOUNG CLEMENT RIVERS, LLP
P.O. BOX 993
CHARLESTON SC 29402

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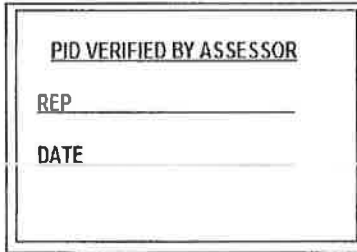
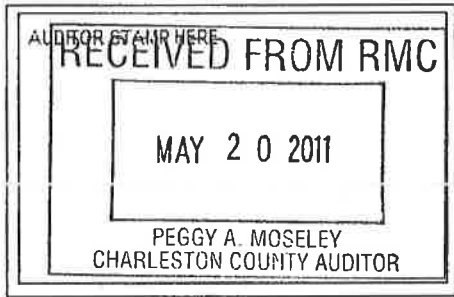
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