

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON) BYLAWS OF RIVERS POINT
) HOMEOWNERS ASSOCIATION, INC.

WHEREAS, Rivers Point is a subdivision located in Charleston County, South Carolina;
and

WHEREAS, the properties located within Rivers Point Subdivision are subject to that
certain Declaration of Covenants, Conditions and Restrictions recorded February 11, 1974, in the
RMC Office for Charleston County in Book T 103 at Page 260; and


WHEREAS, Rivers Point Homeowners Association, Inc. is the incorporated
homeowners association for Rivers Point Subdivision; and

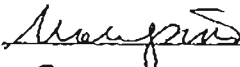
WHEREAS, the Board of Directors of Rivers Point Homeowners Association, Inc.
recently adopted a formal set of Bylaws for the Association, and is now desirous of recording
these Bylaws.


NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the undersigned
President of Rivers Point Homeowners Association, Inc. hereby certifies that at a duly called
meeting of the Board of Directors of Rivers Point Homeowners Association, Inc. held
March 29, 1999, the Bylaws attached hereto as Exhibit "A" were unanimously adopted as the
Bylaws for Rivers Point Homeowners Association, Inc.

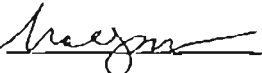
Witness our Hands and Seals this 5th day of May, 1999.

WITNESSETH:









RIVERS POINT HOMEOWNERS
ASSOCIATION, INC.

By: 

ANITA SLOANE

Its: President

Attest: 

WINNIE MERRELL, Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT

I, *Grover Jenkins*, do hereby certify that ANITA

SLOANE, President of the Rivers Point Homeowners Association, Inc., personally appeared before me this day and acknowledged due execution of the foregoing instrument.

Witness my hand and official seal this 5th day of May, 1999.

Almida Alexander (L.S.)
NOTARY PUBLIC - South Carolina
My Commission Expires: 2/6/2008

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT

I, *Lisa Dale*, do hereby certify that WINNIE

MERRELL, Secretary of the Rivers Point Homeowners Association, Inc., personally appeared before me this day and acknowledged due execution of the foregoing instrument.

Witness my hand and official seal this 5th day of May, 1999.

Almida Alexander (L.S.)
NOTARY PUBLIC - South Carolina
My Commission Expires: 2/6/2008

BY-LAWS OF RIVERS POINT HOMEOWNERS ASSOCIATION, INC.**1. INTRODUCTION**

These are the By-Laws of Rivers Point Homeowners Association, Inc., an eleemosynary corporation organized and existing under the laws of the State of South Carolina (hereinafter called "the Association"), which has been organized for the purpose of administering Rivers Point Subdivision (the "Subdivision"), a planned unit development or subdivision. The Subdivision is identified by the name Rivers Point and is located on James Island in the City of Charleston, Charleston County, South Carolina, and is subject to The Declaration of Covenants, Conditions and Restrictions (the "Declaration") dated February 1, 1974 and recorded in the RMC Office for Charleston County in Book T103 at page 260.

1.1 The provisions of these By-Laws are applicable to any and all land subject to the Declaration, and the terms and provisions of these By-Laws are expressly subject to the effect of the terms, provisions, conditions, and authorizations contained in the Declaration. The terms and provisions of the Declaration shall be controlling wherever and whenever, if ever, they are or may be in conflict with these By-Laws.

1.2 All present or future co-Owners, tenants, future tenants, or their employees, invitees, licensees, or any other person that might use the lands of the Subdivision, or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in the Declaration, as either, or both, may be amended or supplemented from time to time.

1.3 The fiscal year of the Association shall begin on January 1 and end on December 31 of each year, unless changed by the Board of Directors of the Association as herein provided.

1.4 The seal of the Association shall bear the name of the Association and the words "South Carolina".

1.5 There shall be no dividends or profits paid to any members nor shall any part of the income of the Association be distributed to its Board of Directors or officers. In the event there are any excess receipts over disbursements as a result of performing services, such excess shall be applied against future expenses. The Association shall not pay compensation to its members, directors or officers for services rendered. At any one time, the Board may retain one (1) management firm and one (1) management firm only, and may contract with said firm to provide management for the Association, to include, but not be limited to, the following services:

1. Financial services;
2. Administrative and clerical services; and
3. Maintenance, to include providing of goods, materials, labor and equipment, personnel supervision, contract labor, landscaping, and security.

Upon final dissolution of and liquidation, the Association may make distribution to its members as is permitted by law or any Court having jurisdiction thereof, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income.

This Association shall issue no shares of stock of any kind or nature whatsoever. Membership in the Association and the transfer of that membership as well as the number of members/votes shall be in accordance with the terms and conditions of the Declaration and the By-Laws of the Association, and the voting rights of the Owners shall be as set forth in the Declaration and/or these By-Laws of the Association.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

2.1 All persons who are Owners, as defined in the Declaration, shall be members of the Association, provided, however, that no non-Owner, tenant, sub-lessee, or assign shall be a member, nor have voting rights in this Association. The rights and privileges of membership, including the right to vote and to hold an office in the Association, may be exercised by a member or a member's spouse, but in no event shall more than one (1) vote be cast or more than one (1) office held for each Lot.

Notwithstanding any of the foregoing to the contrary, no Owner, whether one or more persons, shall have more than one membership/vote per Lot. Any membership shall automatically terminate when an Owner is no longer seized and vested with title to any real property within the Subdivision, and membership and/or voting rights in the Association shall be limited to such Owners.

2.2 The quorum at members meetings shall consist of persons entitled to cast one-fourth (1/4) of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes, thereof shall constitute the presence of such person for the purpose of determining a quorum.

2.3 The vote of the Owners of a Lot owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate or appropriate resolution signed by all of the Owners of the Lot and filed with the Secretary of the Association, and such certificate or resolution shall be valid until revoked by subsequent certificate or resolution. If such a certificate is not on file, the vote of such Owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

2.4 Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of the meeting for which their use is sought.

2.5 Approval or disapproval of an Owner upon any matters, whether or not the subject of an Association meeting, shall be by the same person who casts the vote of such Owner if in an

Association meeting.

2.6 Except where otherwise required under the provisions of the Certificate of Incorporation of the Association, these By-Laws, the Declaration, or where the same may otherwise be required by law, the affirmative vote of the Owners holding at least a majority of the total votes cast at a meeting at which a quorum is present, shall be binding upon the members.

3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

3.1 The annual members meeting shall be held at such place as may be designated by the Board of Directors, and at such time as shall be designated by the Board of Directors, for the purpose of transacting any business authorized to be transacted by the members.

3.2 Special members meetings shall be held whenever called by the President or Vice President, by a majority of the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all votes of the Class A membership, and must be called by such officers upon receipt of a written request from the members of the Association owning a majority of the outstanding votes.

3.3 Notice of all members meetings, regular or special, shall be given by the President, Vice President or Secretary of the Association, or other officers of the Association in the absence of said officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him or her. If mailed, such notice shall be deemed properly given when deposited in the United States mail addressed to the member at his or her post office address as it appears on the records of the Association, the postage thereon prepaid. Proof of such mailing shall be given by the affidavit of the person giving the notice. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. If any members meeting cannot be organized because a quorum has not been attained, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

3.4 At meetings of membership, the President shall preside or, in the absence of the President, the membership may select a chairman in the event that the Board does not designate an acting President or presiding officer for any such meeting.

3.5 The order of business at annual members meetings, and, as far as practical, at any other members meeting, shall be:

- (i) Calling of the roll and certifying proxies
- (ii) Proof of notice of meeting or waiver of notice

- (iii) Reading of minutes
- (iv) Reports of officers
- (v) Reports of committees
- (vi) Unfinished business
- (vii) New business
- (viii) Adjournment.

4. BOARD OF DIRECTORS

4.1. Number. The affairs of the Association shall be managed by a Board of no less than three (3) directors nor more than five (5) directors, all of whom must be members of the Association.

4.2. Term of Office. The directors shall hold office for a term of two (2) years and shall be so elected that the terms of a bare majority, if there is an odd number of directors, or one-half of the directors, if there is an even number of directors, will expire in the odd years and the remainder in the even years. Directors shall hold office until their successors have been elected and have qualified.

4.3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

4.3.5 Standards of Conduct.

(a) A director shall discharge his duties as a director in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the director reasonably believes to be in the best interests of the Association.

(b) A conflict of interest transaction is a transaction with the Association in which a director of the Association has a direct or indirect interest. A conflict of interest transaction is not voidable or the basis for imposing liability on the director if the transaction was fair to the Association at the time it was entered into or is approved in accordance with subsection (c), below.

(c) A transaction in which a director has a conflict of interest may be approved if (i) the material facts of the transaction and the director's interest were disclosed or known to the board of directors and the board authorized, approved or ratified the transaction, or (ii) the material facts of the transaction and the director's interest were disclosed or known to the members and they authorized, approved or ratified the transaction.

4.4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the

performance of his duties.

4.5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting of the directors which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Nomination and Election of Directors

4.6. Nominations. Nominations for election to the Board of Directors shall be made from the floor at the annual meeting, or by a nominating committee appointed by the Board of Directors. Such nominations may be made by a member only. Nominees shall be members.

4.7. Election. Election to the Board of Directors shall be by written ballot. At such election the members may cast their votes in person or by proxy. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Meeting of Directors

4.8. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

4.9. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director mailed or presented personally to such director within such time.

4.10. Quorum. Regardless of the actual number of directors in office and serving on the Board, a quorum of the Board of Directors shall consist of three (3) or more directors.

Powers and Duties of the Board of Directors

4.11. Powers. The Board of Directors shall manage and direct the affairs of the Association and may exercise all of the powers of the Association subject only to approval by the Owners when such approval is specifically required by these ByLaws. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law, the Declaration or these By-Laws, or as it may deem necessary or appropriate in the exercise of its powers and shall include, without limiting the generality of the foregoing, the following:

(a) To prepare and adopt a budget, make, levy and collect Assessments against members and members' Lots to defray the cost of the Common Areas and facilities of the Subdivision, and to use the proceeds of said Assessments in the exercise of the powers and duties granted unto the

Association;

(b) To carry out the maintenance, care, upkeep, repair, replacement, operation, surveillance and the management of the Common Areas, services and facilities of the Subdivision wherever the same is required, under the Declaration, to be done and accomplished by the Association for the benefit of its members;

(c) To carry out the reconstruction of improvements after casualty and the further improvement of the property, real and personal;

(d) To make and amend regulations governing the use of the property, real and personal, in the Subdivision so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Declaration;

(e) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Lots in the Subdivision, as may be necessary or convenient in the operation and management of the Association, except those which may be required by the Declaration to have approval of the membership of the Association;

(f) To enforce by legal means the provisions of the Certificate of Incorporation and By-Laws of the Association, the Declaration and the regulations hereinafter promulgated governing use of the property in the Subdivision;

(g) To pay all taxes and assessments which are liens against any part of the Subdivision other than Lots and the appurtenances thereto, and to assess the same against the members and their respective Lots subject to such liens;

(h) To carry insurance for the protection of the Subdivision, the members of the Association, and the Association against casualty, liability and other risks;

(i) To pay all costs of power, water, sewer and other utility services rendered to the Association and not billed to the Owners of the separate Lots;

(j) To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association as well as to dismiss said personnel;

(k) To adopt and publish rules and regulations governing the use of the Common Areas and facilities of the Association, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(l) To suspend the voting rights and right to use of the Common Areas and facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period

not to exceed sixty (60) days for infraction of published rules and regulations;

(m) To exercise for the Association all powers, duties and authority vested in or delegated to this Association by the Declaration and not reserved to the membership by other provisions of these By-Laws, or the Certificate of Incorporation;

(n) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(o) To employ a manager, a managing agent, an independent contractor, or such other employees or agents as they deem necessary, and to prescribe their duties; and

(p) To insure against fire and other casualty those portions of the Lots in the Subdivision which the Board is responsible for maintaining, repairing and replacing pursuant to Article VII of the Declaration.

4.12. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) Establish a fiscal year;

(d) Establish the annual assessment period and fix the amount of the annual assessment against each member for each Lot owned, at least thirty (30) days in advance of each annual assessment;

(e) Establish the initial deposit to be made by each member in order to bring his total assessment deposit to the level required to meet his proportional share of the Common Expense

(f) Send written notice of each assessment to every Lot Owner, at least thirty (30) days in advance of each annual assessment period, and levy all such assessments as liens;

(g) Collect all such assessments at monthly or other regular intervals as may be determined at its discretion;

(h) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(i) Issue, or to cause an appropriate officer to issue, upon demand by any person, a Certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(j) Procure and maintain liability and fire and other hazard insurance on property owned by the Association;

(k) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(l) Cause all of the facilities to be maintained;

(m) Have a management agent for any of the above;

(n) Procure and maintain officers and directors liability insurance as it may deem appropriate; and

(o) Provide exterior maintenance upon each Lot pursuant to Article VII of the Declaration.

4.13. Meeting Location. Notwithstanding anything contained in these By-Laws to the contrary any meeting of members or directors may be held at any place within or without the State of South Carolina.

4.14. Indemnity. The Association shall indemnify every director and every officer, their heirs, executors and administrators, against all loss, damages, costs or expenses of any type reasonably incurred by him in connection with any action, suit, or proceeding to which he is made a party by reason of his being or having been a director or officer of the Association, except as to such matters wherein he shall be finally adjudged liable of gross negligence or willful misconduct. The Board may obtain for the Association directors and officers liability insurance coverage in such amounts as the Board deems necessary and appropriate.

5. OFFICERS

5.1 The executive officers of the Association shall be the President and Secretary, who shall be Directors; a vice President; and a Treasurer, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the directors at any meeting. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

5.2 The President shall be the chief executive officer of the Association. The President shall have all the powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members from time to time, as the President may in the President's discretion determine appropriate, to assist in the

conduct of the affairs of the Association.

5.3 Any Vice President, unless the majority may select a presiding officer, shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

5.4 The Secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the directors or President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

5.5 The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

6. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth both in these By-Laws and in the Declaration shall be supplemented and complemented by the following provisions:

6.1 The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. Such an account shall designate the name and address of the Owners(s) or Ownership/control entity, the amount of each assessment, the dates and amount in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

6.2 The Board of Directors shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to, the following items:

(a) **Common Expense budget**, which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance, repair and/or replacement of: (i) all buildings and other improvements located within the Association's Common Areas; (ii) all roads (not dedicated to the public), walks, trails, lagoons, ponds, parking lots, landscaped areas/natural areas and other improvements situated within the Common Areas or within easements encumbering Lots; (iii) such security systems, utility lines, pipes, plumbing, wires, conduits and related systems which are a part of the service district, public or private utility or other person; and (iv) all lawns, trees, shrubs, hedges, grass and other landscaping situated within the

Subdivision as it may be constituted from time to time; and (v) those portions of the Lots which the Board is required to maintain, repair and replace pursuant to Article VII of the Declaration; and

(b) **Proposed Assessments** against each member. Copies of the proposed budget and proposed Assessments shall be transmitted to each member at least sixty (60) days prior to the first day of the fiscal year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Directors to at any time in their sole discretion levy an additional Assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

6.3 The Board of Directors shall determine the method of payment of such Assessments and the due dates thereof and shall notify the members.

6.4 The depository of the Association shall be such bank or banks as shall be designed from time to time by the directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the directors.

6.5 A review of the accounts of the Association shall be made annually by a Certified Public Accountant (CPA) and a copy of the report shall be furnished to each member not later than ninety (90) days after the last day of the fiscal year for which the report is made.

6.6 Fidelity bonds may be required by the Board of Directors from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the directors, but shall be at least one-half (1/2) the amount of the total annual assessments against members for common expenses. The premiums on such bonds shall be paid by the Association.

7. PHYSICAL MANAGEMENT

7.1 Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair and have jurisdiction over the standards of exterior maintenance over all portions of the Common Areas and all Lots, which responsibility shall include the maintenance, repair and/or replacement of: (i) all buildings and improvements located within the Association's Common Areas; (ii) all roads, walks, trails, lagoons, ponds, parking lots, landscaped areas, natural areas and other improvements situated within the Common Areas or within easements

encumbering Lots or Multi-Family Areas; (iii) such security systems and utility lines, pipes, plumbing, wires, conduits and related systems which are a part of the Common Areas and which are not maintained by a public authority, public service district, public or private utility or other person; (iv) all lawns, trees, shrubs, hedges, grass and other landscaping situated within the Subdivision as it may be constituted from time to time; and those portions of the Lots which the Association is required to maintain, repair and replace pursuant to Article VII of the Declaration.

7.2 No diminution or abatement of Assessments or charges shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under the Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such assessments and charges being a separate and independent covenant on the part of each Owner.

7.3 In the event that the Board of Directors determines that: (I) any Owner has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair or replacement of items for which he or it is responsible hereunder, or under the Declaration; or (ii) that the need for maintenance, cleaning, repair or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his family, tenants, guests or invites, and is not covered or paid for by insurance in whole or in part, then in either event, the Association, except in the event of an emergency situation, may give such Owner written notice of the Association's intent to provide such necessary maintenance, cleaning, repairs or replacement, at the sole cost and expense of such Owner. Except in the event of emergency situations, such Owner shall have fifteen (15) days within which to complete the same in a good and workmanlike manner, or if replacement is not capable of completion within said fifteen (15) day period, to commence said maintenance, cleaning, repair or replacement and diligently proceed to complete the same in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, the Association may provide (but shall not have the obligation to so provide) any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner and said cost shall be added to and become a part of the Assessment to which such Owner and his Lot are subject and shall become a lien against such Lot.

7.4 No member shall construct any permanent or temporary structures, or other improvements (including additions to existing units or structures), on the Common Areas or store any item or thing on the Common Areas with out the prior written approval of the Board of Directors. The Board of Directors shall be free to impose any conditions (including rules regarding maintenance) on the member's right to construct or erect the requested structure or improvement, or store the particular item or thing, and the member and all future owners of the member's Lot shall be bound thereby. Once a request is approved, the requesting member shall execute a document for recording at the Charleston County RMC Office, which document will evidence the Board's approval of the request and the member's obligations with respect to the maintenance of the added structure or improvement (if any) as well as any other special conditions set forth by the Board in connection therewith.

8. PARLIAMENTARY RULES

Roberts Rules of order (latest edition) shall govern the conduct of the Association's proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the statutes of the State of South Carolina.

9. AMENDMENTS TO BY-LAWS

Amendments to these By-Laws shall be proposed and adopted in the following manner:

9.1 Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon vote of the majority of the directors, or by members of the Association owning a majority of the total value of the property in the Subdivision, whether meeting as members or by instrument in writing signed by them.

9.2 Upon any amendment or amendments to these By-Laws being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in absence of the President, who shall thereupon call a special joint meeting of the members of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members if required as herein set forth.

9.3 In order for such amendment or amendments to become effective, the same must be approved by a vote of the members holding at least a majority of the total votes at a meeting at which a quorum is present. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President or Secretary of the Association, and a copy thereof shall be recorded in the Register of Mesne Conveyances of Charleston County, South Carolina, within thirty (30) days from the date on which any amendment or amendments have been affirmatively approved by the directors and members.

9.4 At any meeting held to consider such amendment or amendments to the By-laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

10. INSURANCE AND CASUALTY LOSSES

10.1 The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board deems

appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism and malicious mischief. Those Owners who are required by law to maintain flood insurance on their Lot (and the improvements situated thereon) shall procure and maintain flood insurance at their own expense and shall provide to the Board evidence of such insurance within thirty (30) days of each policy renewal.

10.2 The Board or its duly authorized agents shall have the authority and may obtain and continue in effect a public liability policy covering all the Common Areas and all damage or injury caused by the negligence of the Association, its members, its directors and officers, or any of its agents. Such public liability policy shall provide such coverages as are determined to be necessary by the Board of Directors.

10.3 The Board or its duly authorized agents shall have the authority and may obtain: (i) worker's compensation insurance to the extent necessary to comply with any applicable law; and (ii) such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

10.4 The Board or its duly authorized agents shall have the authority and may obtain adequate property insurance, to protect against loss by fire or other casualty, those portions of the Lots which the Association is required to maintain, repair and replace pursuant to Article VII of the Declaration.

10.5 All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for each of the Owners and costs of all such coverage shall be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association (with the exception of those policies obtained pursuant to Section 10.4, above) and hereafter in force with respect to the Subdivision shall be vested in the Board of Directors; provided, however, that no Mortgagee or other security holder of the Common Areas having any interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. The Association and the affected Lot Owner shall share authority to adjust losses under policies obtained pursuant to Section 10.4, above.

Damage to or Destruction of Common Areas

10.6 Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and, in any such event, the Board shall obtain reliable and detailed estimates of the cost of repair or reconstruction. If the insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a special assessment against all Owners, without the necessity of a vote of the members of the Association, such special assessment to be in an amount sufficient to provide funds to pay such excess cost of

repair or reconstruction. Such a special assessment shall be levied against the Owners equally in the same manner as annual assessments are levied, and additional assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such assessments shall be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and assessments shall be disbursed by the Association in payment for such repair or reconstruction pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Association.

11. CONDEMNATION OF COMMON AREAS

11.1 Whenever all or any part of the Common Areas of the Subdivision shall be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board acting with the approval by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose, the award of proceeds made or collected for such taking or sale in lieu thereof shall be payable to the Association and shall be disbursed or held as follows:

a) If the taking or sale in lieu thereof involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking at least seventy-five (75%) percent of the total votes of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available therefor, in accordance with the plans approved by the Board of Directors and the Architectural Review Board. If the awards or proceeds are not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a special assessment against all Owners, without the necessity of a vote pursuant to Paragraph 12.4 hereof, such special assessment to be in an amount sufficient to provide funds to pay such excess cost of repair or reconstruction. Such special assessment shall be levied against the Owners equally in the same manner as annual assessments are levied, and additional special assessments may be made at any time during or following the completion of any repair or reconstruction. If such improvements are not to be repaired or restored, the award or proceeds shall be retained by and for the benefit of the Association.

b) If the taking or sale in lieu thereof does not involve any improvements to the Common Areas, or if there are not funds remaining after any such restoration or replacement of such improvements is completed, then such award, proceeds or net funds shall be retained by and for the benefit of the Association.

c) If the taking or sale in lieu thereof includes all or any part of a Lot and includes any part of the Common Areas, then a court of competent jurisdiction shall apportion such award or proceeds and such award or proceeds shall be disbursed to the Association and the Owners so

affected so as to give just compensation to the Owners of any Lot; provided, however, such apportionment may instead be resolved by the agreement of: (i) the Board of Directors; and (ii) the Owners of all Lots wholly or partially taken or sold, together with the Mortgagees for such Lot.

12. ASSESSMENTS

12.1 Purpose of Assessments. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and occupants of the Subdivision, and maintaining the Subdivision and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors.

12.2 Creation of Lien and Personal Obligation of Assessments. Each Owner of a Lot by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, is deemed to covenant and agree to pay to the Association: (a) annual Assessments, such Assessments to be established and collected as provided in the Declaration and in paragraph 12.3 hereof; (b) special assessments, such assessments to be established and collected as provided in the Declaration and in Paragraph 12.4 hereof; and (c) individual or specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including but not limited to fines as may be imposed against such Lot in accordance with the provisions of these By-Laws and any Rules and Regulations promulgated by the Board of Directors. Any such Assessments, together with late charges, court costs and reasonable attorneys' fees incurred to enforce or collect such Assessments, shall be an equitable charge and a continuing lien upon the Lot, the Owner of which is responsible for payment. Each Owner shall be personally liable for assessments coming due while he is the Owner of a Lot, and his grantee shall take title to such Lot subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefor; provided, however, the lien for unpaid assessments shall not apply to the holder of any first priority institutional Mortgage which takes title to a Lot through foreclosure, or to any purchaser of such Lot at such foreclosure sale until title vests in such mortgagee or purchaser, at which time charges for assessments apply as to any other Owner. In the event of co-Ownership of any Lot, all of such co-Owners shall be jointly and severally liable for the entire amount of such assessments. Assessments shall be paid in such manner provided by the Board.

12.3 Computation of Annual Assessments. It shall be the duty of the Board at least ninety (90) days prior to the commencement of the Association's fiscal year to prepare and adopt a budget covering the estimated Common Expenses during the coming year, such budget to include a capital contribution to a reserve account, if necessary for the capital needs of the Association. The total annual assessments shall be divided among the Lots equally, except as provided in the Declaration, so that each Lot shall be subject to equal annual assessments. In the event the Board fails for any reason to determine the Budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget and annual assessment in effect for the then current year shall be increased by five (5%) percent, and such increased budget shall be implemented for the succeeding year, until a new budget shall have been approved as provided above. If any budget at any time proves inadequate for any reason, then the Board may call a meeting of the

Association for the approval of a special assessment as provided in Paragraph 12.4 hereof. The Common Expenses to be funded by the annual assessments may include, but shall not necessarily be limited to, the following:

- a) Management fees and expenses of administration including legal and account fees;
- b) Utility charges for utilities serving the Common Areas and charges for other common services for the Subdivision, including trash collection and security services, if any such services or charges are provided or paid by the Association;
- c) The cost of any policies of insurance purchased for the benefit of all Owners and the Association as required or permitted by the Declaration, including fire, flood and other hazard coverage, public liability coverage and such other insurance coverage as the Board of Directors determines to be in the interests of the Association and the Owners;
- d) The expenses of maintenance, operation, repair and replacement of those portions of the Common Areas which are the responsibility of the Association under the provisions of the Declaration;
- e) The expenses of maintenance, operation, repair and replacement of other amenities and facilities serving the Subdivision, the maintenance, operation, repair and replacement of which the Board from time to time determines to be in the best interest of the Association;
- f) The expenses of maintenance, repair and replacement of those portions of the Lots for which the Association is responsible pursuant to Article VII of the Declaration;
- g) The expenses of the Architectural Review Board which are not defrayed by plan review charges;
- h) Ad valorem real and personal property taxes assessed and levied against the Common Areas;
- i) Such other expenses as may be determined from time to time by the Board of Directors of the Association to be Common Expenses, including without limitation taxes and governmental charges not separately assessed against Lots or multi-Family Areas; and
- j) The establishment and maintenance of a reasonable reserve fund or funds (a) for maintenance, repair and replacement of those portions of the Common Areas which are the responsibility of the Association and which must be maintained, repaired or replaced on a periodic basis, (b) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (c) to cover unforeseen operating contingencies or deficiencies arising from unpaid assessments or liens, as

well as from emergency expenditures and other matters authorized from time to time by the Board of Directors.

12.4 Special Assessments. In addition to the annual assessments authorized above, the Association, acting through its Board of Directors, may levy, in any assessment year, special assessments for Common Expenses, applicable to that year only, provided, however, that any such special assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose. The Board of Directors may make such special assessments payable in installments over a period which may, in the Board's discretion, extend in excess of the fiscal year in which adopted. Such special assessments are to be prorated among the Lots as provided with respect to annual assessments.

12.5 Individual Assessments. Any expenses of the Association occasioned by the conduct of less than all of the Owners or by the family, tenants, agents, guests or invitees of any Owner shall be specially assessed against such Owners and their respective Lots. The individual assessments provided for in this Paragraph 12.5 shall be levied by the Board of Directors and the amount and due date of such assessment so levied by the Board shall be as specified by the Board.

12.6 Liens. All sums assessed against any Lot pursuant to the Declaration, together with court costs, reasonable attorneys' fees, and late charges as provided herein, shall be secured by an equitable charge and continuing lien on such Lot in favor of the Association. Such liens shall be superior to all other liens and encumbrances on such Lot except only for: (i) liens of ad valorem taxes; and (ii) liens for all sums unpaid on a first priority institutional mortgage. Notwithstanding the foregoing to the contrary, the subordination of assessments to the lien of such mortgages shall only apply to such assessments which have become due and payable prior to a foreclosure. All other person(s) acquiring liens or encumbrances on any Lot after the Declaration shall have been recorded shall be deemed to consent that such liens or encumbrances shall be inferior to such future liens for assessments as provided herein, whether or not such prior consent shall be specifically set forth in the instruments creating such liens and encumbrances.

12.7 Effect of Nonpayment; Remedies of the Association. Any Assessments of an Owner or any portions thereof which are not paid when due shall be delinquent. The continuing lien and equitable charge of such Assessment shall include all costs of collection (including reasonable attorneys, fees and court costs) and any other amounts provided or permitted hereunder or by law. In the event that the Assessment remains unpaid after sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. The equitable charge and lien provided for in this Article shall be in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Lot, vests in the Association and its agents the right and power to bring all actions against him personally for the collection of such Assessments as a debt and/or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The Association shall have the power to bid on the Lot at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner may waive or otherwise escape liability for the Assessments provided herein, including by way of illustration but not limitation, non-use of the Common Areas or abandonment of his Lot, and an Owner shall remain

personally liable for Assessments, and late charges which accrue prior to a sale, transfer or other conveyance of his Lot.

In the event that any Lot is to be sold at the time when payment of -any Assessment against the Owner of such Lot to the Association shall be in default (whether or not a claim of lien has been recorded by the Association) then the proceeds of such purchase shall, after payment of those sums given priority by S.C. Code Ann. Section 27-31-200 (1976) (whether or not such Lot is a condominium apartment) be applied by the purchaser first to payment of any then delinquent Assessment or installment thereof due to the Association, or installment thereof due to the Association before the payment of any proceeds of purchase to the Owner who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of any Lot (other than deed in lieu of foreclosure as set forth above), the Grantee shall be jointly and severally liable with the Grantor for all unpaid assessments against Grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of the Grantee to recover from the Grantor the amounts paid by the Grantee therefor.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by Association which shall prevent its thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure, nor shall proceeding by foreclosure to attempt to effect such collection be deemed to be an election precluding the institution of suit at law to attempt to effect collection of any sums then remaining owed to it.

12.8 Certificate. The Treasurer, any Assistant Treasurer or the manager of the Association shall, within ten (10) days of a written request and upon payment of such fee as is from time to time determined by the Board of Directors, furnish to any Owner or such Owners' mortgagee which requests the same, a certificate in writing signed by the said Treasurer, Assistant Treasurer or manager of the Association setting forth whether the Assessments for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, late charges and other penalty charges. Such certificate shall be conclusive evidence against all but such Owner of payment of any Assessments stated therein to have been paid.

13. RULE MAKING

13.1 Rules and Regulations. Subject to the provisions hereof, the Board of Directors may establish reasonable rules and regulations concerning the use of Lots and the Common Areas and facilities located thereon, including without limitation the Recreational Amenities. In particular but without limitation, the Board of Directors may promulgate from time to time rules and regulations which shall govern activities which may, in the judgment of the Board of Directors, be environmentally hazardous, such as application of fertilizers, pesticides and other chemicals. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees, servants and agents, until and unless any such rule or regulation be specifically overruled, canceled or modified

by the Board of Directors or in a regular or special meeting of the Association by the vote of the Owners.

13.2 Authority and Enforcement. Subject to the provisions hereof, upon the violation of the Declaration, the By-Laws or any rules and regulations duly adopted hereunder, including without limitation the failure to timely pay any assessments, the Board shall have the power: (i) to impose reasonable monetary fines which shall constitute an equitable charge and a continuing lien upon the Lot, the Owners, occupants or guests of which are guilty of such violation; (ii) to suspend an Owner's right to vote in the Association; or (iii) to suspend an Owner's right (and the right of such Owner's family, guests and tenants and of the co-Owners of such Owner and their respective families, guests and tenants) to use any of the Recreational Amenities, and the Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests or tenants or by his Owners or the family, guests or tenants of his Owners or the family, guests or tenants of his Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

13.3 Procedure. Except with respect to the failure to pay assessments, the Board shall not impose a fine, suspend voting rights or infringe upon or suspend any other rights of an Owner or other occupant of the Subdivision for violations of the Declaration, By-Laws or any rules and regulations for the Association, unless and until the following procedure is followed:

a) written demand to cease and desist from an alleged violation shall be served upon the Owner responsible for such violation specifying the alleged violation; the action required to abate the violation; and a time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

b) within two (2) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice of a hearing to be held by the Board in executive session. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice; (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his behalf; and (iv) the proposed sanction to be imposed.

c) the hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or other individual who delivered such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the

results of the hearing and the sanction imposed, if any.

13.4 Enforcement. Each Owner shall comply strictly with the By-Laws and the published rules and regulations of the Association adopted pursuant to the Declaration, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in the Declaration and in the deed or other instrument of conveyance to his Lot, if any. Failure to comply with any of the same shall be grounds for imposing fines, for suspending voting rights or rights of use in and to the Recreational Amenities, or for instituting an action to recover sums due, for damages and/or for injunctive relief, such actions to be maintainable by the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Owner. Should the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the violating Owner. Inasmuch as the enforcement of the provisions of the Declaration, the By-Laws and the rules and regulations of the Association are essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and all other remedies, may require and shall be entitled to the remedy of injunction to restrain any such violation or breach or any threatened violation or breach. No delay, failure or omission on the part of the Association or any aggrieved Owner in exercising any right, power or remedy herein provided shall be construed as an acquiescence thereto or shall be deemed a waiver of the right to enforce such right, power or remedy thereafter as to the same violation or breach, or as to a violation or breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whomsoever against the Association for or on account of any failure to bring any action on account of any violation or breach, or threatened violation or breach, by any person under the provisions of the Declaration, the By-Laws or any rules and regulations of the Association, however long continued.

14. DEFINITIONS

All terms defined in the Declaration shall have the same meaning in these By-Laws as in the Declaration.

15. CONFLICTS

In the event of any conflict between the provisions of the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and the provisions of these By-Laws, the provisions of the Declaration shall control.