

EXHIBIT E TO  
MASTER DEED  
OF  
SHIP WATCH VILLAS  
HORIZONTAL PROPERTY REGIME

BOOK 2112 PAGE 392

BYLAWS

THESE BYLAWS of Ship Watch Villas Horizontal Property Regime (the "Regime") are promulgated pursuant to the Horizontal Property Act of South Carolina (the "Act") for the purpose of governing the Council of Co-owners (the "Council") and the administration of the Regime. All terms not defined in these Bylaws have the meaning set out in the Act or the Master Deed.

ARTICLE I

COUNCIL OF CO-OWNERS

A. Membership. Each Co-owner shall be a member of the Council, which is thus composed of sixty-two members. A person who holds title to a Villa merely as security for payment of a debt shall not be a member entitled to exercise the rights of a Co-owner unless such person holds a proxy conferring such rights.

B. Quorum. The presence of Co-owners owning fifty-one per cent of the value of the Property shall constitute a quorum for the transaction of business at meetings of the Council.

C. Voting. A Co-owner's voting rights and the vote required to adopt decisions shall be as set out in Article II, Paragraph B of the Master Deed. Votes can be cast only at meetings of the Council convened in accordance with the Bylaws, and in the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof, and any other legal entity shall act by any managing agent thereof. When a Co-owner consists of two or more persons, any one of such persons shall be deemed authorized to act for all in taking any action on behalf of such Co-owner unless another of such persons objects, in which case the vote which such Co-owner would otherwise be entitled to cast may not be cast. All votes appurtenant to a single Villa must be cast together and may not be split.

D. Proxies. Any Co-owner may by written proxy designate an agent to cast his vote. Unless a proxy otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Council. A proxy may be revocable or irrevocable but shall be deemed revocable at will unless otherwise specified therein. No proxy shall be honored until delivered to the Secretary of the Council.

E. Consents. Any action which may be taken by a vote of the Co-owners may also be taken by written consent to such action signed by all Co-owners.

F. Annual Meetings. An annual meeting of the Council shall be held on the second Saturday in January of each year or at such other time during each year as may be determined by a vote of the Co-owners. Any business which is appropriate for action of the Co-owners may be transacted at an annual meeting.

G. Special Meetings. Special meetings of the Council may be called at any time by the President of the Council or by a majority of the Board of Directors and shall be called upon the written request of Co-owners owning a majority of the value of the Property. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Co-owners waive notice of any additional business.

*no quorum then 30*

H. Notice of Meetings. Written notice of every annual or special meeting of the Council stating the time, date, and place of the meeting and, in the case of a special meeting, the business proposed to be transacted, shall be given to every Co-owner not fewer than ten nor more than thirty days in advance of the meeting. Failure to give proper notice of a meeting of the Co-owners shall not invalidate any action taken in such meeting unless (1) a Co-owner who was present but was not given proper notice objects at such meeting, in which case the matter to which such Co-owner objects shall not be taken up, or (2) a Co-owner who is not present and was not given proper notice objects in writing to the lack of proper notice within thirty days following such meeting, in which case the action to which such Co-owner objects shall be void.

I. Waiver of Notice. Waiver of notice of a meeting of the Council shall be deemed the equivalent of proper notice. Any Co-owner may in writing waive notice of any meeting either before or after such meeting. Attendance at a meeting by a Co-owner, whether in person or by proxy, shall be deemed waiver by such Co-owner of notice of the time, date, and place thereof unless such Co-owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless objection to lack of notice is raised before the business of which proper notice was not given is put to a vote.

J. Place of Meeting. All meetings of the Council shall be held upon the Property or at such other convenient place as the President of the Council or the Board of Directors may direct.

K. Adjournment. Any meeting of the Council may be adjourned from time to time for periods not exceeding forty-eight hours by vote of Co-owners holding a majority of the vote represented at such meeting, regardless of whether a quorum is present. Any business which could properly be transacted at the original session of a meeting may be transacted at an adjourned session, and no additional notice of adjourned sessions shall be required.

L. Order of Business. The order of business at all meetings of the Co-owners shall be as follows:

1. Roll Call;
2. Proof of proper notice of the meeting or waiver of notice;
3. Reading of minutes of preceding meeting;
4. Report of the Board of Directors;
5. Reports of officers;
6. Reports of committees;
7. Report of Manager;
8. Election of Directors (when required);
9. Unfinished business;
10. New business.

M. Minutes of meeting. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Council. Such minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

## ARTICLE II

## BOARD OF DIRECTORS OF THE COUNCIL

5 Directors

A. Form of Administration. The Council shall act by and through its Board of Directors consisting of five Directors elected by and from the Co-owners.

B. Authorities and Duties. On behalf of and as directed by the Council, and as required by the Act, the Master Deed, and these Bylaws, the Board of Directors shall provide for the following:

1. the contracting with a management agent to provide for the surveillance and security of the Property, the maintenance, repair, and replacement of the Common Elements, and the designation and dismissal of the personnel necessary to accomplish the same;
2. the collection of assessments from the Co-owners;
3. the procuring and keeping in force of insurance on the Property;
4. the enactment of reasonable regulations governing the operation and use of the Common Elements;
5. the enforcement of the terms of the Master Deed, these Bylaws, and any Regulations promulgated pursuant to the Bylaws;
6. to otherwise administer the Council and the Regime on behalf of and for the benefit of all Co-owners.

C. Qualification. Only an individual who is a Co-owner, or who together with another person or other persons is a Co-owner, or who is an officer of a corporation, a general partner of a partnership, an associate of an association, a trustee of a trust, or a managing agent of any other legal entity which is a Co-owner, or which together with another person or other persons is a Co-owner, may be elected or continue to serve as a Director of the Council. The number of Directors provided at any one time by a Co-owner which is an organization or which consists of more than one individual shall not exceed the number of apartments owned by such Co-owner.

D. Election and Term. The initial Board of Directors shall be elected at the organizational meeting of the Council and shall serve until the first annual meeting of the Co-owners. At each annual meeting of the Co-owners a new Board of Directors shall be elected to succeed the Directors whose terms expire at such meeting. Each Director shall be elected to serve until the next annual meeting of the Co-owners following his election. A Director may be elected to succeed himself, and a Director shall be deemed to continue in office until his successor has been elected and has assumed office.

E. Removal. A Director may be removed from office with or without cause by the vote of the Co-owners.

F. Vacancies. Any vacancy in the Board of Directors shall be filled by a new Director elected by the vote of the Co-owners.

G. Voting. Each Director shall have one vote on all matters acted upon by the Board of Directors. The affirmative vote of three Directors shall be sufficient for any action unless otherwise specified in the Master Deed or these Bylaws.

H. Quorum. Three Directors shall constitute a quorum for the transaction of business.

I. Consents. Any action which may be taken by a vote of the Board of Directors may also be taken by written consent to such action signed by all Directors.

3 Directors  
sufficient  
Quorum

J. Referendum. Any decision voted by the Council shall be binding upon the Board of Directors and shall supersede any previous inconsistent action or make invalid any subsequent inconsistent action taken by the Board of Directors, but no such action by the Co-owners shall impair the enforceability of any contract duly authorized or entered into by the Board of Directors pursuant to authority granted in the Act; the Master Deed, or these Bylaws.

*annual Bd  
10 days  
after annual  
Co-o.*

K. Annual Meetings. An annual meeting of the Board of Directors shall be held during each fiscal year within ten days following the annual meeting of the Co-owners. The time, date, and place of the annual meeting of the Board of Directors shall be fixed at the annual meeting of the Co-owners by mutual agreement of the Directors present at such meeting, and no further notice thereof shall be necessary. Any business which is appropriate for action of the Board of Directors may be transacted at an annual meeting.

L. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times, dates, and places as the Board of Directors may determine from time to time, but at least three regular meetings shall be held each fiscal year. Any business which is appropriate for action of the Board of Directors may be transacted at a regular meeting.

M. Special Meetings. Special meetings of the Board of Directors may be called from time to time by the President of the Council and shall be called upon the written request of two of the Directors. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Directors waive notice of any additional business.

N. Notice of Meetings. Written notice of every regular or special meeting of the Board of Directors stating the time, date, and place of the meeting and, in the case of special meeting, the business proposed to be transacted shall be given to every Director not fewer than three nor more than ten days in advance of the meeting. Failure to give proper notice of a meeting of the Board of Directors shall not invalidate any action taken at such meeting unless (1) a Director who was present but was not given proper notice objects at such meeting, in which case the matter to which such Director objects shall not be taken up, or (2) a Director who is not present and was not given proper notice objects in writing to the lack of proper notice within thirty days following such meeting, in which case the action to which such Director objects shall be void.

O. Waiver of Notice. Waiver of notice of a meeting of the Board of Directors shall be deemed the equivalent of proper notice. Any Director may in writing waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by a Director shall be deemed waiver by such Director of notice of the time, date, and place thereof unless such Director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless objection to lack of notice is raised before the business of which proper notice was not given is put to a vote.

P. Place of Meeting. All meetings of the Board of Directors shall be held upon the Property or at such other convenient place as the President of the Council or the Board of Directors may direct. Meetings may be conducted by telephone if all Directors consent.

*Minutes to  
all Co-owners*

Q. Minutes of Meetings. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Board of Directors. A copy of such minutes shall be distributed to each Co-owner within thirty days following each meeting, and all such minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

R. Compensation. The Directors shall serve without compensation but shall be entitled to reimbursement by the Council for expenses incurred in the conduct of their duties.

## ARTICLE III

## OFFICERS OF THE COUNCIL

A. Designation. The Council shall have a President, a Vice President, a Secretary, and a Treasurer. The Council may also have one or more assistants to any of such officers as may be necessary from time to time. The offices of Secretary and Treasurer may be filled by the same individual. The officers shall have the authority, powers, duties, and responsibilities provided by these Bylaws, or, to the extent not so provided, by the Board of Directors.

B. Qualifications. The President and the Vice President must be Directors, and all other officers must be individuals who are qualified to be Directors.

C. Election and Term. Officers of the Council shall be elected at each annual meeting of the Board of Directors and at such other times as may be required to fill vacancies in any office. All officers shall serve until their successors have been elected and assumed office unless sooner removed as hereinafter provided. An officer may be re-elected to any number of terms.

D. Removal. Any officer may be removed from office at any time with or without cause by the Board of Directors or by the Co-owners. An officer removed by the Co-owners shall be replaced only by the Co-owners.

E. President. The President shall be the chief executive officer of the Council. He shall preside at all meetings of the Council and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in a corporate president, including but not limited to the power to appoint committees from among the Co-owners from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Council.

F. Vice President. The Vice President shall take the place and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Co-owner to take the place and perform the duties of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

G. Secretary. The Secretary shall prepare and keep, or cause to be prepared and kept, the minutes of all meetings of the Co-owners and of the Board of Directors, and shall have charge of such books and papers as the Board of Directors may direct.

H. Treasurer. The Treasurer shall have custody of and responsibility for Council funds and securities and shall keep the financial records and books of account belonging to the Council. If a Manager is employed as hereinafter provided, custody of Council funds and securities and responsibility for maintaining full and accurate accounts of all receipts and disbursements may be delegated to the Manager if the Board of Directors so determines, but in such case the Treasurer shall verify the amounts of Council funds and securities in the custody of the Manager and review and reconcile the accounts maintained by the Manager at such intervals as may be determined by the Board of Directors.

I. Compensation. The officers may receive such compensation as the Co-owners may determine and shall be entitled to reimbursement by the Council for expenses incurred in the conduct of their duties.

## ARTICLE IV

## MANAGER

A. Employment. Unless the Kiawah Island Company Limited or its designee consents to a shorter time, for a period of one calendar year from and including the date upon which the Master Deed is recorded, Kiawah Island Company Limited or its designee shall be employed by the Council as the Manager of the Regime. After such period of time, the Council shall employ a management agent entirely of its own choosing.

B. Qualification. The Manager may be a natural person or a corporation or other legal entity. No individual who is a Director or an officer of the Council or who resides in the home of a Director or an officer of the Council shall be the Manager.

C. Authority and Duties. The Manager shall provide the services and perform the duties set out in Article II, Paragraph B, Section 1 of these Bylaws, and shall provide such other services and perform such other duties (including, but not limited to, those enumerated in Article II, Paragraph B, Sections 2 through 6) as authorized and directed from time to time by the Board of Directors. The Manager shall confer fully and freely with the Board of Directors and shall attend meetings of the Board and of the Council when requested to do so by the Board.

## ARTICLE V

### FINANCES

A. Fiscal Year. The fiscal year of the Council shall be the calendar year unless the Co-owners shall otherwise determine.

B. Budget. The Board of Directors shall prepare, and submit, or cause to be prepared and submitted, to the Co-owners at their annual meeting a proposed budget for the Regime for the fiscal year in which the meeting is held. The proposed budget shall set forth with particularity the anticipated Common Expenses for the fiscal year and the amount of money needed to establish reasonable reserves for the payment of future Common Expenses and contingencies.

C. Approval of Budget. The proposed budget, as it may be amended upon motion of any Co-owner, shall be submitted to a vote of the Co-owners and when approved shall become the budget of the Regime for the fiscal year (the "Budget"). The terms of the Budget shall be binding upon the Board of Directors until such terms are amended by action of the Co-owners.

D. Regular Assessments. The funds required by the Budget shall be collected from the Co-owners in proportion to their respective interests in the Common Elements as set out in Exhibit D by the Board of Directors in equal monthly or quarterly assessments as the Board of Directors may determine ("Regular Assessments").

E. Special Assessments. The funds required from time to time to pay any Common Expenses which are not covered by the Budget but which are approved by the Co-owners shall be collected from the Co-owners by the Board of Directors in such installments as the Co-owners shall determine ("Special Assessments").

F. Individual Assessments. Any payments to the Council which one or more, but fewer than all, of the Co-owners shall be obligated to make pursuant to the terms of the Act, the Master Deed, or these Bylaws shall be due upon demand and shall be collected by the Board of Directors as individual assessments ("Individual Assessments").

G. Collection. Co-owners shall be personally liable for all assessments and shall pay the same promptly when due. The Board of Directors shall take prompt and appropriate action to collect by suit, foreclosure, or other lawful method any overdue assessment. If any overdue assessment is collected by an attorney or by action at law, the Co-owner owing the same shall be required to pay all reasonable costs of collection, including attorney's fees.

H. Penalty. An assessment not paid within ten days following the date when due shall bear a penalty of five dollars plus one per cent of the assessment per month from the date when due. The penalty shall be added to and collected in the same manner as the assessment. For purposes of this paragraph only, an unpaid assessment shall not be deemed overdue until the Board of Directors has delivered to the Co-owner owing the same a demand for payment, unless the Board of Directors has within thirty days prior to the date when due delivered to such Co-owner a written notice of the amount and the date due, in which case no further demand shall be necessary. The Board of Directors may in its discretion waive all or any portion of a penalty or interest imposed pursuant to this paragraph if it affirmatively appears that the failure to pay the assessment when due was caused by circumstances beyond the control of the Co-owner.

*Penalty  
\$5.00  
plus 1%  
/b*

I. Accounts. The Board of Directors shall maintain on behalf of the Council a checking account with a state- or federally-chartered bank having an office in the county where the Property is situated. The Board of Directors may also maintain on behalf of the Council an interest-bearing savings account with a state- or federally-chartered bank, savings and loan association, or building and loan association. If a Manager is employed, said accounts may be maintained in the name of the Manager as agent of the Council. All funds of the Council shall be promptly deposited in one of said accounts, except that the Board of Directors may maintain a petty cash fund of not more than fifty dollars for payment of minor current expenses of the Council. The books and records relating to any account of the Council shall be made available for examination and copying by any Co-owner at any reasonable time.

J. Payments. The Board of Directors shall provide for payment of all debts of the Council from the funds collected from the Co-owners. Expenditures specifically approved in the budget may be paid without further approval unless the Board of Directors shall otherwise determine. All other expenditures which are in excess of fifty dollars shall be reviewed and approved by the President or the Board of Directors before payment is made. All checks and requests for withdrawals drawn upon any account of the Council shall be signed by the President and the Treasurer or by any two officers of the Council designated by the Board of Directors. The Board of Directors may authorize the Manager to draw checks upon the account of the Council. The Board of Directors may also authorize the Manager to make disbursements from the petty cash fund, if any.

K. Bonding. The Board of Directors shall secure a fidelity bond in an amount of not less than ten thousand dollars covering every individual authorized to withdraw funds from any checking or savings account maintained by the Council. The cost of the bond shall be a Common Expense.

#### ARTICLE VI

#### MAINTENANCE AND IMPROVEMENTS

A. Maintenance by Manager. The Manager shall provide for the maintenance, repair, and replacement of the Common Elements.

B. Maintenance by Co-owners. The Villas and Reception Room shall be maintained in good condition and repair by their respective Co-owners.

C. Default by Co-owner. In the event that any Co-owner fails to perform the maintenance required of him by these Bylaws or by any lawful Regulation, and such failure creates or permits a condition which is hazardous to life, health, or property, which unreasonably interferes with the rights of another Co-owner, or which substantially detracts from the value or appearance of the Property, the Board of Directors shall, after giving such Co-owner reasonable notice and opportunity to perform such maintenance, cause such maintenance to be performed and charge all reasonable expenses of so doing to such Co-owner by an Individual Assessment.

D. Expenses. The expenses of all maintenance, repair, and replacement provided by the Manager shall be Common Expenses, except that when such expenses are necessitated by (1) the failure of a Co-owner to perform the maintenance required by these Bylaws or by any lawful Regulation, (2) the willful act, neglect, or abuse of a Co-owner, or (3) an uninsured loss which is to be borne by a Co-owner in accordance with Article VII of these Bylaws, they shall be charged to such Co-owner by an Individual Assessment.

E. Improvements. The Board of Directors shall provide for the making of such improvements to the Common Elements as may be approved from time to time by the Co-owners. The cost of such improvements shall be Common Expenses; provided, however, that no Co-owner shall without his consent be assessed in any one year for the making of improvements to the Common Elements, an amount in excess of one per cent of the value of his Villa or Reception Room as set forth in the Master Deed.

## ARTICLE VII

## RECONSTRUCTION

A. Reconstruction. Unless the Co-owners affirmatively determine in the manner provided in the Master Deed not to reconstruct the Property following damage or destruction thereof, the Board of Directors shall promptly provide for such reconstruction. If the cost of such reconstruction exceeds ten thousand dollars, the Board of Directors shall employ an architect licensed to practice in the jurisdiction in which the Property is situated to supervise the reconstruction. It shall be the duty of such architect to inspect the progress of the reconstruction at regular intervals and to submit written authorizations to the Council for payment for work performed. When an architect is not required by the terms hereof, the Board of Directors may perform such inspections and submit such authorizations.

B. Costs. The Board of Directors shall employ for the purpose of reconstructing the Property the proceeds of any insurance obtained on the Property by the Board of Directors on behalf of the Council. If such insurance proceeds do not cover the cost of the reconstruction, the deficiency shall be borne by the Council as a Common Expense up to an amount equal to the sum of (1) the amount deducted pursuant to a "loss deductible" clause of the insurance policy plus (2) all expenses of the Council in administering the proceeds. Any deficiency in excess of such amount shall be borne by the Co-owners in proportion to their respective interests in the portion or portions of the Property reconstructed.

## ARTICLE VIII

## CONDEMNATION

A. Rights of Co-owners. If any portion of the Property is condemned by any authority having the power of eminent domain, each Co-owner shall be entitled to receive notice of such condemnation and to participate in the proceedings incident thereto unless otherwise prohibited by law. Each Co-owner shall be entitled to an individual award to be determined by the value of his interest in the portion or portions of the Property condemned.

B. Duties of Council. In the event that any award is received by the Council on account of condemnation of any portion or portions of the Common Elements, the Board of Directors shall hold such award for disbursement in the same manner as if it were insurance proceeds. The Board of Directors shall promptly call a special meeting of the Council to determine whether any condemned portion of the Common Elements shall be replaced. If the Council determines to replace any condemned portion of the Common Elements, the Board of Directors shall provide for the replacement of such portions in the same manner as if such portions had been destroyed by casualty.

## ARTICLE IX

## INSURANCE

A. Insureds. Insurance policies upon the Property, covering the items described below, shall be purchased by the Council or its Manager for the benefit of the Regime, the Council, and the Co-owners of the Villas and the Reception Room and their mortgagees, as their interests may appear. Provision shall be made for the issuance of certificates of insurance, with mortgagee endorsements, to the mortgagees of all Co-owners. Such policies and endorsements shall be deposited with and held by the Manager.



**B. Coverage.** Insurance shall cover the following when available:

- (a) the Property (all apartments and Common Elements) in an amount equal to their replacement value. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and against such other risks as are customarily covered with respect to buildings and improvements similar to the buildings and improvements on the Land. No insurance of the contents of or improvements to any Villa or Reception Room (other than the fixtures originally installed therein during construction) shall be provided by the Council;
- (b) public liability in such amounts and with such coverage as shall be determined by the Board of Directors, including, but not limited to, hired automobile and non-owned automobile coverage;
- (c) workmen's compensation (if required); and
- (d) such other insurance as the Board of Directors shall from time to time determine to be desirable.

**C. Premiums.** Premiums upon insurance policies shall be paid by the Council as a common expense

**D. Claims Adjustment.** The Board of Directors is hereby irrevocably appointed agent for each Co-owner to adjust all claims arising under insurance policies purchased by the Council or its Manager, and to execute and deliver releases upon payment of claims.

**E. Proceeds.** The proceeds received by the Council from any indemnity paid under a hazard insurance policy shall be held by the Board of Directors. After deduction of all reasonable expenses of the Board in administering such proceeds, the net proceeds shall be distributed as follows:

- (a) if the Property is not reconstructed as provided in Article VII of the Master Deed, then each Co-owner shall receive a share of the proceeds proportionate to his interest in the Common Elements as shown in Exhibit "D"; or
- (b) if reconstruction takes place, then such proceeds shall be used to meet reconstruction costs as provided in Article VII of the Master Deed, and Article VII of these Bylaws, and any proceeds remaining after all the costs of reconstructing the Property have been paid shall be distributed to the Council for the benefit of all Co-owners.

**F. Insurance by Co-owners.** Each Co-owner shall be responsible for obtaining such amounts of (1) hazard insurance on his Villa or Reception Room and its contents for his own benefit, and (2) liability insurance covering accidents occurring within his Villa or Reception Room. Any Co-owner who obtains hazard insurance for his own benefit shall within thirty days of obtaining the same deliver to the Board of Directors a copy of the policy of insurance.

## ARTICLE X

### RESTRICTIONS AND REGULATIONS

**A. Restrictions.** The use of the Property shall be subject to the following restrictions:

1. Villas shall be used only as residences.
2. The Reception Room shall be used for parties, group meetings, as a hospitality room for Ship Watch Villa guests, and for other related uses.

3. No Co-owner shall create or permit excessive noise, smoke, or offensive odors or any nuisance or unreasonably interfere with the use and enjoyment of the Property by any other person entitled to the same. No person shall maintain on the Property, and no Co-owner shall permit within his Villa or Reception Room any condition which is unreasonably hazardous to the life, health or property of any other person.

B. Regulations. The Board of Directors shall adopt and amend from time to time such reasonable regulations ("Regulations") governing the operation and use of the Property as they may deem necessary or desirable. It shall not be necessary to record Regulations newly adopted or the amendment or repeal of existing Regulations, but no Co-owner shall be bound by any newly adopted Regulation or any amendment or repeal of an existing Regulation until a copy of the same has been delivered to him.

C. Enforcement. The Board of Directors shall enforce the terms of the Act, the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto by taking prompt and appropriate action to correct any violations. In addition to any other remedy to which the Council or any Co-owner may be entitled, the Board of Directors may impose against a Co-owner reasonable fines not to exceed a total of ten dollars (\$10.00) per day for any violation of the terms of the Act, the Master Deed, or these Bylaws or of the Regulations promulgated pursuant hereto. Such fines shall be collected by Individual Assessment. Each day during which a violation occurs or continues may be deemed a separate offense.

D. Responsibility of Co-owners. Each Co-owner shall be deemed responsible for the conduct of members of his household and his tenants, agents, guests and pets, but the responsibility of the Co-owner shall not relieve any member of his household or any of his tenants, agents, or guests for any liability to the Council or to a Co-owner for their own acts.

#### ARTICLE XI

##### LIABILITIES AND INDEMNIFICATION

A. Liability of Council. No Co-owner shall be liable upon a debt or tort of the Council for any amount in excess of one-sixty-second of the total liability of the Council. All correspondence of the Council and all contracts executed by the Council shall incorporate the following recital:

Ship Watch Villas Council of Co-owners is an association established pursuant to the Horizontal Property Act of South Carolina. No member of the Council shall be liable upon a debt of the Council for an amount in excess of one-sixty-second of the total debt.

B. Indemnification Among Co-owners. Each Co-owner shall be entitled to contribution from and indemnification by every other Co-owner to the extent that such Co-owner discharges or is required to discharge any portion of any liability of the Council in excess of such Co-owner's proportionate share thereof, except that no Co-owner shall be required to provide contribution or indemnification on account of a debt which was due and payable prior to the time such Co-owner became a Co-owner.

C. Liability of Directors and Officers. No Director or officer of the Council shall be liable to any Co-owner for any decision, action, or omission made or performed by such Director or officer in the course of his duties unless such Director or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Act, the Master Deed, or these Bylaws.

D. Indemnification of Directors and Officers. The Council shall indemnify and defend each Director and each officer of the Council from any liability claimed or imposed against him by reason of his position or actions as a Director or an officer of the Council if all of the following conditions are satisfied:

1. such Director or officer is not required to bear such liability by the terms of the Act, the Master Deed, or these Bylaws;

2. such Director or officer gives the Council adequate notice of the claim or imposition of liability to permit the Council reasonable opportunity to defend against the same; and
3. such Director or officer cooperates with the Council in defending against the liability.

The expense of indemnifying a Director or an officer shall be a Common Expense and shall be borne by all the Co-owners, including such Director or officer, in equal shares.

ARTICLE XII

ATTESTATIONS AND CERTIFICATIONS

A. Attestation of Documents. The presence of the signature of the Secretary or an assistant secretary of the Council on any contract, conveyance, or any other document executed on behalf of the Council by another officer of the Council shall attest:

1. that the officer of the Council executing the document does in fact occupy the official position indicated, that one in such position is duly authorized to execute such document on behalf of the Council, and that the signature of such officer subscribed on the document is genuine; and
2. that the execution of the document on behalf of the Council has been duly authorized.

B. Certification of Documents. When any document relating to the Property or the Council is certified as authentic by the Secretary or an assistant secretary of the Council, a third party without knowledge or reason to know to the contrary may rely on such document as being what it purports to be.

C. Certification of Actions and Facts. When there is executed by the Secretary or an assistant secretary a written statement setting forth (1) actions taken by the Council or by the Board of Directors, or (2) facts relating to the Property or the Council as determined by the Board of Directors, a third party without knowledge or reason to know to the contrary may rely on such statement as factually true and correct.

ARTICLE XIII

MISCELLANEOUS

A. Record of Ownership. Any person who acquires title to a Villa or the Reception Room, except a person who acquires title merely as security for a debt, shall promptly inform the Board of Directors of his identity and the date upon and manner in which title was acquired. The Board of Directors shall maintain a record of the names of all Co-owners and of the dates upon which they acquired title to their Villas or the Reception Room.

B. Notices. Any notices or documents placed in the mail receptacle or affixed to the front door of a Villa or the Reception Room by or at the direction of the Board of Directors shall be deemed delivered to the Co-owner of such Villa or Reception Room, unless the Co-owner has previously specified to the Board of Directors in writing another address for delivery of such notices and documents. Any notice or document addressed to the Board of Directors and delivered to any Director by or at the direction of a Co-owner shall be deemed delivered to the Board of Directors.

C. Waiver. No provision of these Bylaws or of the Regulations promulgated pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

D. Conflicts. In the event of any conflict between these Bylaws and the Act or the Master Deed, the Act or the Master Deed shall control, as appropriate. In the event of a conflict between these Bylaws and the Regulations, these Bylaws shall control.

E. Severability. The provisions of these Bylaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder hereof.

F. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision hereof.

G. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

FURMAN, JENKINS & BUIST

147

BOOK 7112 PAGE 392

4.00

9 Exhibits 28.00

37.00

Filed, Indexed and Recorded

July 19 19 77 3:55  
DATE TIME

Book 7112 Page 392

*Arthur T. Burton*

Register Mesne Conveyance  
Charleston County, S. C.

Recorded this 19<sup>th</sup> day of July 1977

in Book \_\_\_\_\_ Page \_\_\_\_\_ Fee \_\_\_\_\_

*Pauline S. Rogers*  
Auditor Charleston County

STATE OF SOUTH CAROLINA )  
 )  
 COUNTY OF CHARLESTON ) ADDENDUM TO MASTER DEED OF SHIP WATCH  
 VILLAS HORIZONTAL PROPERTY REGIME,  
 KIAWAH ISLAND, SOUTH CAROLINA

This Addendum to Bylaws of Ship Watch Villas Horizontal Property Villas Regime is made as of this fourth day of September, 1982, by the Ship Watch Council of Co-owners of Ship Watch Villas Horizontal Property Regime.

W I T N E S S E T H

WHEREAS, the Ship Watch Villas Horizontal Property Regime, a South Carolina Horizontal Property Regime, (hereinafter referred to as the "Regime"), was established by the Kiawah Island Company Limited on or about the 19th day of July 1977, by execution and recordation of a Master Deed of Ship Watch Villas Horizontal Property Regime, (hereinafter referred to as the "Master Deed"), and Bylaws therefor attached to said Master Deed as Exhibit "E" (hereinafter referred to as the "Bylaws") in the R.M.C. Office of Charleston County, S.C. in Book Z112, page 392; and

WHEREAS, Article VIII, paragraph B, of the Master Deed provides a mechanism whereby the Members of the Council of Co-owners may amend the said Bylaws by affirmative vote of the Co-owners owning two-thirds of the value of the Property as set forth in the Master Deed; and

WHEREAS, The Council of Co-owners, by vote of the membership at its annual meeting held September 4, 1982, and upon proper notice given, did amend the said Bylaws as set forth herein; and

WHEREAS, the Council of Co-owners is desirous that said amendment be made of record by execution and recording of a written addendum to the Master Deed of which the Bylaws are a part;

NOW THEREFORE, BE IT KNOWN TO ALL MEN BY THESE PRESENTS that the Bylaws of the Master Deed of Ship Watch Villas Horizontal Property Regime as recorded in the R.M.C. Office of Charleston County, S.C. in Book Z112, page 392, have been amended by the Regime, by a vote of the membership of the Council of Co-owners at the annual meeting held September 4, 1982 at 10:00 a.m. at the Ship Watch Villas Conference Room on Kiawah Island, South Carolina. Notice of the meeting, together with notice of the proposed amendment to the Bylaws to be acted upon by the said meeting, was mailed to each Member of the Council of Co-owners as provided for in the Bylaws of the Regime.

The total number of votes necessarily cast in favor of the proposed amendment to the Bylaws to adopt the said amendment was two-thirds of the value of the Property as set forth in the Master Deed. The following amendment to the Bylaws was approved by affirmative votes of Co-owners representing 73.125 percent of the value of the Property (36.25 percent cast in favor of said amendment by those Co-owners present, and 36.875 percent by proxies cast in favor of the amendment). No votes were cast disapproving the amendment.

Article V of the Bylaws, entitled "Finances", Section I, entitled "Accounts", has been amended to read as follows:

I. Accounts. The Board of Directors shall maintain on behalf of the Council a checking account with a state or federally chartered bank having an office in the county where the Property is situated. The Board of Directors may also maintain on behalf of the Council an interest-bearing savings account with a state or federally chartered bank, savings and loan association, or building and loan association. Funds of the Council may also be invested in any instrument, obligation or security (or fund comprised solely of said instruments or securities) which is insured by the United States Government, a state government, or any local government entity. If a Manager is employed, said accounts may be maintained in the name of the Manager if the Board of Directors approve. All funds of the Council shall be promptly deposited in one of said accounts, except that the Board of Directors may maintain a petty cash fund of not more than fifty dollars (\$50.00) for payment of minor current expenses of the Council. The books and records relating to any account of the

Council shall be made available for examination and copying by any Co-owner at any reasonable time.

The effective date of the aforesaid amendment to the Bylaws is the date of the aforesaid annual meeting at which the amendment was adopted.

In Witness Whereof, the Council of Co-owners of Ship Watch Villas Horizontal Property Regime has caused these presents to be executed by its duly authorized officers as of the day and year first above written.

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF:

Ship Watch Villas Horizontal  
Property Regime

David E. Burns

By: James L. Dodson  
James L. Dodson, its President

Dee S. Henlee

By: James H. Smads  
James H. Smads, its Vice-Pres.

STATE OF SOUTH CAROLINA )  
  )  
COUNTY OF CHARLESTON     )

PROBATE

PERSONALLY appeared before me the witness first named above, who, on oath, says that (s)he saw the within named SHIP WATCH VILLAS HORIZONTAL PROPERTY REGIME by James L. Dodson, its President and by James H. Smads, its Vice-President, sign the within amendment, and the said Regime by said Officers, seal said amendment, and as its act and deed deliver the same, and that (s)he with the other witness named above, witnessed the execution thereof.

SWORN to before me this 28th  
day of February, 1983

X David E. Burns

Crawford N. Edwards (SEAL)  
Notary Public for South Carolina  
My commission expires: 11-5-91.

JENKINS & BUIST

3K 14 B 132 PG 949

*Handwritten initials*

FILED, INDEXED & RECORDED

B132-349  
1983 JUN 30 AM 11:02 W

ROBERT M. KING  
REGISTER MESHE CONVEYANCE  
CHARLESTON COUNTY, S.C.

Recorded this 30<sup>th</sup> day of June 1983  
On Property Record Card

*Pauline S. Hoyer*

Auditor Charleston County

TMS VERIFIED
BAC. <i>[Signature]</i>
DTD. 7-1-83
207-06-00-125-82