

EXHIBIT CBYLAWS OF WILD DUNES YACHT HARBOR
COUNCIL OF CO-OWNERS, INC.ARTICLE I
INTRODUCTION

Section 1.1. Introduction. These are the Bylaws of the WILD DUNES YACHT HARBOR COUNCIL OF CO-OWNERS, INC., a South Carolina non-profit corporation, (hereinafter referred to as the "Council of Co-Owners"). Terms which are defined in the Master Deed of WILD DUNES YACHT HARBOR HORIZONTAL PROPERTY REGIME are used herein as therein defined.

ARTICLE II
BOARD OF DIRECTORSSection 2.1. Number and Qualification.

(a) The affairs of the Condominium and the Council of Co-Owners shall be governed by a Board of Directors consisting of no less than three (3) persons and no more than nine (9) persons, all of whom, excepting the members of the Board of Directors elected by the Declarant, shall be Co-Owners. Should any Unit be owned by a partnership or corporation, in a fiduciary capacity or otherwise, any officer or employee of such owner shall be eligible to serve as a Director. At any meeting at which Directors are to be elected, the Co-Owners may, by resolution, adopt specific procedures for conducting such elections, not inconsistent with these Bylaws or the Corporation Laws of the State of South Carolina.

(b) The terms of at least one-third (1/3rd) of the members of the Board of Directors shall expire annually.

(c) When Co-Owners other than the Declarant own more than one-third of the Units in the Condominium, they shall be entitled to elect not less than one-third of the members of the Board of Directors of the Council of Co-Owners. Co-Owners other than the Declarant shall elect not less than a majority of the members of the Board of Directors of the Council of Co-Owners not later than ten (10) years after the date of the recording of the first deed to a unit to a person other than Declarant, and, prior to the expiration of such ten year period, shall be entitled to elect not less than a majority of the members of the Board of Directors upon the sale by Declarant of ninety percent (90%) of the Dock Units in the Condominium. All references in this subsection to "Units in the Condominium" shall mean the aggregate of the Units shown in the plot plans filed with the original Declaration. The Declarant shall be entitled to designate not less than one member of the Board of Directors of the Council of Co-Owners so long as it holds for sale in the ordinary course of business any Unit in such Condominium.

(d) At any time after Co-Owners other than the Declarant are entitled to elect a member or members of the Board of Directors of the Council of Co-Owners, the Council of Co-Owners shall call and give not less than thirty (30) nor more than forty (40) days notice of a

meeting of the Co-Owners for this purpose. Such meeting may be called and the notice given by any Co-Owner if the Council of Co-Owners fails to do so. Thereafter, meetings shall be called in accordance with Sections 2.7 and 2.8 of these Bylaws.

Section 2.2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Council of Co-Owners and of the Condominium and shall do all such acts and things except as by law or by the Declaration, or by these Bylaws may not be delegated to the Board of Directors by the Co-Owners. Such powers and duties of the Board of Directors shall include, but not be limited to, the following:

(a) Operation, care, surveillance, upkeep and maintenance of the Common Elements or the Limited Common Elements and services, including, either itself or through the Morgan Creek Harbor Association, Inc., dredging of slips and adjacent waters leading to the Intercoastal Waterway.

(b) Determination of the Common Expenses required for the affairs of the Condominium and of the Council of Co-Owners, including, without limitation, the operation and maintenance of the Property.

(c) Assessment and collection of the Common Charges from the Co-Owners.

(d) Employment and dismissal of the personnel necessary for the maintenance, operation, repair and replacement of the general services and the Common Elements or the Limited Common Elements and real and personal property owned by the Council of Co-Owners.

THE COUNCIL OF CO-OWNERS SHALL RETAIN THE SERVICES OF WILD DUNES YACHT HARBOR, INC., THE DECLARANT UNDER THE MASTER DEED, OR ITS AFFILIATE, DURING THE FIRST THREE (3) YEARS OF THE OPERATION OF THE HORIZONTAL PROPERTY REGIME AS THE MANAGEMENT AGENT FOR THE HORIZONTAL PROPERTY REGIME AT SUCH MANAGEMENT AGENT'S REASONABLE FEE CHARGES.

(e) Adoption and amendment of Regulations covering the details of the operation, use and maintenance of the Property following Notice and Comment.

(f) Opening of bank accounts on behalf of the Council of Co-Owners and designating the signatories required therefore.

(g) Purchasing or leasing or otherwise acquiring in the name of the Council of Co-Owners, or its designee, corporate or otherwise, on behalf of all Co-Owners, Units offered for sale or lease or surrendered by their owners to the Council of Co-Owners.

(h) Purchasing of Units at foreclosure or other judicial sales in the name of the Council of Co-Owners, or its designee, corporate or otherwise, on behalf of all Co-Owners.

(i) Selling, leasing, mortgaging, voting the votes appurtenant to Units (and for the election of members of the Board of Directors), or otherwise dealing with Units acquired by, and subleasing Units leased by the Council of Co-Owners or its designee, corporate or otherwise, on behalf of all Co-Owners.

(j) Organizing corporations to act as designees of the Council of Co-Owners in acquiring title to or leasing of Units on behalf of all Co-Owners.

(k) Granting of licenses.

(l) Obtaining insurance pursuant to the provisions of Article VIII hereof.

~~(m) Making of repairs, restorations, additions and improvements to or alterations of the Property, other than the Units including emergency repairs, and the borrowing of monies for such emergency repairs, which debt shall become a Common Expense.~~

(n) Suing to enforce, or settling and compromising claims of Co-Owners with respect to Common Elements and property which the Council of Co-Owners has the duty to maintain, repair, replace or restore, and other matters concerning the administration of the Condominium.

(o) Following Notice and Hearing, levy liquidated charges against Co-Owners for violations of the requirements of the Condominium Instruments or the Regulations, provided no charge shall exceed Twenty-Five and No/100 (\$25.00) Dollars per such violation, together with additional actual damages, cost of collection and reasonable attorney's fees, other than as provided for in Article V, Section 5.7, of these Bylaws. Each day that such violation exists may be considered a separate violation.

(p) Impose reasonable charges for preparation or recording of amendments to the Condominium Instruments, or for the issuance of reports, certificates, and documentation permitted by the Condominium Instruments or required by law, to the person requesting the same.

(q) Without limits, but in pursuit of the foregoing powers, and the purposes for which the Council of Co-Owners was created, to do any and all things lawfully permitted to be done by a corporation under the laws of the State of South Carolina, and a condominium Council of Co-Owners under the Horizontal Property Regime Act, (the Condominium Act), now in effect or as amended or replaced, if applicable or if agreed to by the Council of Co-Owners.

(r) Following Notice and Hearing, grant or withhold approval of any action which changes the exterior appearance of the Condominium, alters any portion of the Common Elements, or affects the structural or mechanical integrity of a Dock or its fixtures.

(s) Sue and be sued, and appear on behalf and for the benefit of all Co-Owners in any matter of common concern including class actions for the Co-Owners as a class, in and

before any court, office, agency, board, commission or department of the state or any political subdivision, and appeal from any judgments, orders, decisions or decrees rendered therein.

(t) To the extent desirable, create requirements for reasonable reserves for maintenance, repair and replacement of the Dock System and Common Elements, working capital, bad debts, depreciation, obsolescence, or other proper purposes agreed to by the Council of Co-Owners, and designate and establish trust funds for the benefit of Co-Owners or the Council of Co-Owners delegating thereto the collection and assessment powers permitted to the Council of Co-Owners by law or covenant to hold and disburse the funds so collected.

(u) Taking any and all such actions as may be necessary to comply with applicable city, county, state, or federal regulations, specifically including the South Carolina Coastal Council.

Section 2.3. Manager. ~~The Board of Directors may employ for the Condominium a~~ Manager, including the Declarant or its affiliate, at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize, and for such term as the Board may set. The Board of Directors may delegate to the Manager all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in Article II, Section 2.2, subparagraphs (b), (e), (f), (g), (h), (i), (j), (k), (n), (o), (p), (q), (r) and (s).

Section 2.4. Removal of Members of the Board of Directors. At any regular or special meeting of Co-Owners, any director, other than a director elected by Declarant, may be removed with or without cause by a majority of the Co-Owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. A director whose removal has been proposed by the Co-Owners shall be given an opportunity to be heard at the meeting if present.

Section 2.5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Co-Owners, may be filled by vote of a majority of the remaining directors at a special meeting of the Board of Directors held for that purpose at any time after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum, and each person so elected shall be a director for the remainder of the term of the director so replaced, and until a successor shall be elected.

Section 2.6. Organization Meeting. The initial Board of Directors shall be appointed or removed by Declarant as the owner of all Units and shall serve until the organizational meeting of Co-Owners. The first meeting of the elected Board of Directors shall be held within ten (10) days after the first organizational meeting of the Co-Owners at such time and place as shall be fixed by the Co-Owners at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the directors shall be present thereat.

Section 2.7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two (2) such meetings shall be held during the fiscal year. Written notice of regular meetings

of the Board of Directors shall be given to each director by mail or by hand at least three (3) business days prior to the day named for such meeting.

Section 2.8. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days written notice to each director given by mail or by hand, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors may be called in like manner and on like notice on the written request of at least twenty-five percent (25%) of the directors.

Section 2.9. Waiver of Notice. Any director may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 2.10. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 2.11. Fidelity Bonds. To the extent reasonably available, the Board of Directors shall obtain adequate fidelity bonds for all officers, employees and agents of the Council of Co-Owners handling or responsible for Council of Co-Owners funds. The premiums on such bonds shall constitute a Common Expense.

Section 2.12. Compensation. No director shall receive any compensation from the Council of Co-Owners for acting as such.

ARTICLE III CO-OWNERS

Section 3.1. Organizational Meeting. The organizational meeting of the Co-Owners shall take place within one hundred eighty (180) days of the filing of the Master Deed.

Section 3.2. Annual Meeting. Annual meetings of the Co-Owners shall be held on the first Monday in June of each year or at such time reasonably thereafter as may be adopted by resolution of the Board of Directors. At such meeting, the directors shall, subject to the provisions of these Bylaws and the Master Deed, be elected by ballot of the Co-Owners, in accordance with the provisions of Article II of these Bylaws. The Co-Owners may transact such other business at such meetings as may properly come before them.

Section 3.3. Place of Meetings. Meetings of the Co-Owners shall be held at the principal office of the Council of Co-Owners or at such other suitable place convenient to the Co-Owners as may be designated by the Board of Directors or the President.

Section 3.4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-Owners if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by not less than twenty-five percent (25%) of the Co-Owners.

Section 3.5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Co-Owners, except as provided in Article II, Section 2.1(d), at least fifteen (15) days, but not more than fifty (50) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Co-Owner of record, at such address of such Co-Owner as appears in the records of the Council of Co-Owners. ~~The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.~~ No business shall be transacted at a special meeting except as stated in the notice. No notice need be given to Co-Owners who attend a meeting in person or who waive notice in writing executed and filed on the corporate records before or within ten (10) days after the meeting. If all Co-Owners are present or consent thereto in writing, any business may be transacted, other than business which requires consent by mortgagees and for which sufficient consent by mortgagees has not been received.

Section 3.6. Adjournment of Meeting. If any meeting of Co-Owners cannot be held because a quorum has not attended, a majority of the Co-Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 3.7. Order of Business. The order of business at all meetings of the Co-Owners shall be as follows:

- (a) Roll call (or check-in procedure).
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports.
- (e) Election of members of the Board of Directors (when required).
- (f) Old business.
- (g) New business.

Section 3.8. Voting.

(a) When a vote or any other action by Co-Owners provided for herein or in the Condominium Instruments requires a specific percentage, portion or fraction of Co-Owners, such percentage, portion or fraction shall mean, unless otherwise stated in the Condominium Instruments, such percentage, portion or fraction in the aggregate of such voting power equal to the percentage interest in the Common Elements shown on Exhibit D of the Master Deed.

(b) If a Unit is owned by more than one person, such persons shall agree among themselves how a vote for such Unit shall be cast. Individual co-owners may not cast fractional votes. A vote by a co-owner for the entire ownership interest of a Unit shall be deemed to be pursuant to a valid proxy, unless another co-owner of the same Unit objects prior to or at the time the vote is cast, in which case the votes of such co-owners shall not be counted.

(c) A corporate Co-Owner's vote may be cast by any officer of such corporation in the absence of express notice of the designation of a specific person by the board of directors or bylaws of the owning corporation. A partnership Co-Owner's vote may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The directors may require reasonable evidence that a person voting on behalf of a corporate owner or partnership owner is qualified so to vote.

~~(d) A written proxy terminates eleven (11) months after its date, but shall expire earlier if it specifies a shorter term or limits its use to a particular meeting not yet held but to be held within eleven (11) months from its date.~~

Section 3.9. Quorum. Except as may be otherwise provided in these Bylaws, a majority of the Co-Owners present in person or by proxy, at any meeting of Co-Owners shall constitute a quorum at all meetings of the Co-Owners.

Section 3.10. Majority Vote. The vote of Co-Owners holding at least fifty-one percent (51%) of the percentage interest in the Common Elements at a meeting at which a quorum shall be present shall be binding upon all Co-Owners for all purposes except where in the Master Deed or these Bylaws or by law, a higher percentage vote is required.

ARTICLE IV OFFICERS

Section 4.1. Designation. The principal officers of the Council of Co-Owners shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President and Vice President, but no other officers, need be members of the Board of Directors. Any two offices may be held by the same person, except the offices of President and Vice President, the offices of Secretary and Treasurer, and the offices of President and Secretary. The office of Vice President may be vacant.

Section 4.2. Election of Officers. The officers of the Council of Co-Owners shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his

successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for that purpose.

Section 4.4. President. The President shall be the chief executive officer of the Council of Co-Owners. He shall preside at all meetings of the Co-Owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of president of a corporation organized under the laws of the State of South Carolina and consistent with the powers granted to the Board of Directors herein, 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 decide is appropriate to assist in the conduct of the affairs of the Council of Co-Owners.

Section 4.5. Vice President. The Vice President shall take the place of the President and ~~perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the~~ Board of Directors to act in the place 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 or by the President.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Co-Owners and the Board of Directors and he shall have charge of such books and papers as the Board of Directors may direct.

Section 4.7. Treasurer. The Treasurer shall have the responsibility for Council of Co-Owners funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in such depositories as may from time to time be designated by the Board of Directors. He may endorse on behalf of the Council of Co-Owners for collection only, checks, notes and other obligations, and shall deposit the same and all monies in the name of and to the credit of the Council of Co-Owners in such banks as the Board may designate. He may have custody of and shall have the power to endorse for transfer on behalf of the Council of Co-Owners, stock, securities or other investment instruments owned or controlled by the Council of Co-Owners, or as fiduciary for others.

Section 4.8. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Council of Co-Owners shall be executed by any officer of the Council of Co-Owners or by such other person or persons as may be designated by the Board of Directors.

ARTICLE V COMMON EXPENSES AND COMMON CHARGES

Section 5.1. Determination of Common Expenses and Fixing of Common Charges. The Board of Directors shall from time to time, and at least annually, and subject to Notice and Hearing, prepare a budget and include it in an Annual Report to Co-Owners for the Council of Co-Owners

and determine the Common Charges and establish their due date. Notwithstanding the foregoing, during the twelve month period following initial use of the first Unit to be sold to a Co-Owner other than the Declarant, the Common Charges set forth in the budget prepared by the Declarant and given to each Co-Owner prior to the sale of a Unit to that Co-Owner, cannot be increased by more than ten percent (10%) unless necessary to provide for unexpected increases in fixed recurring expenses of the Council of Co-Owners.

Section 5.2. Common Expenses. The Common Expenses shall include:

(a) The costs of maintaining and repairing the Common Elements and any real and personal property owned by the Council of Co-Owners, including dredging and the cost of a Manager and including emergency repairs and including any Commercial Unit owned by the Council of Co-Owners.

(b) The costs of restoring or repairing the Condominium, to the extent provided in Article IX.

(c) Such amounts as the Board of Directors deems proper for the operation of the Condominium and the Council of Co-Owners, including without limitation an amount for a Common Expense working capital reserve, and sums necessary to make up any deficit in income from Common Charges in any prior year.

(d) Expenses incurred in leasing or otherwise acquiring the right to use, either exclusively or in common with others, recreational or other facilities for the benefit of all Co-Owners.

(e) Such amounts as may be required for the purchase or lease of any Unit to be acquired by the Council of Co-Owners or its designee.

(f) Premiums for insurance pertaining to the Condominium, the Council of Co-Owners and the Board of Directors.

(g) Any other costs and expenses in connection with the operation and administration of the Condominium and the Council of Co-Owners designated as Common Expenses by the Board of Directors or by vote of the Co-Owners.

(h) Such amounts as the Board of Directors deems proper for a reserve fund for replacements of capital improvements, which may be deposited in a trust fund for holding and disbursing amounts collected for such purposes.

Section 5.3. Common Charges and Income. The Common Expenses shall be assessed against all Units (and their owners) as Common Charges and any profits (it is the stated purpose of the Council to operate on a non-profit basis) shall be distributed to all Units in proportion to their percentage interest in the Common Elements. Expenses for the maintenance and repair of Limited

Common Elements shall be assessed against those Units to which those elements have been allocated.

Section 5.4. Payment of Common Charges. All Co-Owners shall be obligated to pay the Common Charges or installments thereof at such time or times as the Board of Directors shall determine.

Section 5.5. No Waiver of Liability. No Co-Owner may exempt himself from liability for Common Charges by waiver of the use or enjoyment of any part of the Property or by abandonment of his Unit.

~~Section 5.6. Non-Liability After Conveyance. No Co-Owner shall be liable for the payment of any Common Charges assessed against his Unit subsequent to a sale, transfer or other conveyance of all such Co-Owner's interest in such Unit.~~

Section 5.7. Remedies. If any Common Charge is not paid when due, such Common Charge shall be delinquent and, together with interest and late charges as herein provided and cost of collection, including reasonable attorneys' fees, shall be a continuing lien on the Unit of the delinquent owner, as well as an indebtedness of the Co-Owner. Interest on delinquent Common Charges shall be established by the Board of Directors, subject to Notice and Comment, and shall accrue on the delinquent amount from the due date thereof until collected. The Board of Directors may by resolution, subject to Notice and Comment, establish late charges to defray the extra expenses and costs incurred by a Co-Owner's failure to pay Common Charges promptly. The Board of Directors shall attempt to recover such amounts by an action brought against such Co-Owner or by foreclosure of the lien, or both. The Board of Directors, on behalf of all Co-Owners, shall have the power to purchase such Unit at a foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant thereof (other than for the election of members of the Board of Directors), convey or otherwise deal with the same. A suit to recover a money judgment for delinquent amounts shall be maintainable without foreclosing or waiving the liens securing the same. Upon title to a Unit vesting in the heirs, successors, devisees, personal representatives or assigns of the owner, they shall become personally liable for the payment of such Common Charges assessed prior to such acquisition, except:

(a) The lien for all sums assessed by the Council of Co-Owners, but unpaid, for the share of the Common Expenses chargeable to any Unit shall be prior to all other liens, except all sums unpaid on mortgages of record.

(b) Where a mortgagee or a purchaser at a foreclosure sale obtains title to a Unit, such acquirer of title, its or his heirs, successors, transferees or assigns, shall not be liable for the unpaid share of the Common Expenses or assessments by the Council of Co-Owners chargeable to such Unit which became due prior to the acquisition of title to such Unit by such acquirer, but such expenses or assessments, if not fully satisfied out of the proceeds of such sale, shall become Common Expenses collectible from all of the Co-Owners, including such acquirer, its or his heirs, successors, transferees or assigns.

(c) The Board of Directors shall upon demand at any time furnish to any Co-Owner or applicable mortgagee a certificate in writing signed by an officer of the Council of Co-Owners, or an authorized agent of the Council of Co-Owners, setting forth any Common Charges then due and unpaid. Such certificate shall be conclusive evidence of payment of any Common Charges not therein stated as being unpaid.

ARTICLE VI
OPERATION OF THE PROPERTY

Section 6.1. Abatement and Enjoinment of Violations by Co-Owners. The violation of any Regulation adopted by the Board of Directors, or the breach of any provision of a Condominium Instrument, shall give the Board of Directors the rights, subject to Notice and Hearing, in addition to any other rights set forth in these Bylaws (i) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Co-Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed liable for any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 6.2. Maintenance and Repair.

(a) Except as provided in Article IX, all maintenance or any repairs to any Unit, ordinary or extraordinary, shall be made by and at the expense of the owner of such Unit. Each Co-Owner shall also be responsible for all damages to any and all other Units and to the Common Elements, that his failure so to do may engender.

(b) All maintenance, repairs and replacements to the Common Elements (unless otherwise provided in Article IX or in Article VI, Section 6.2, subsection [c]), and all maintenance and repair of all restrooms, shower facilities, and parking areas shall be made by the Board of Directors and be charged to all Co-Owners as a Common Expense (unless necessitated by the negligence, misuse or neglect of a Co-Owner, or provided for under Article VI, Section 6.8 hereby in which case such expense shall be charged to such Co-Owner).

(c) Except as provided in Article IX, all maintenance of and nonstructural repairs to the Limited Common Element shall be performed by and at the expense of the owner of the Unit to which such Limited Common Elements are appurtenant. If a Co-Owner fails to keep a Limited Common Element for which he is responsible in a sightly and safe condition and in good repair, the Council of Co-Owners may perform the necessary maintenance and repair and charge the cost thereof to such Co-Owner, which cost shall be treated for all purposes, if not paid when due, as a past due general assessment subject to the remedies provided for in Article V, Section 5.7 hereof.

Section 6.3. Restrictions on Conduct and Use of Property. In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Property

shall be restricted to and shall be in accordance with the following provisions (which may be more specifically detailed in the Regulations):

(a) The Common Elements shall be used only for the furnishing of the services and facilities for which they are designed and reasonably suited, and which are incidental to the use of the Units to which they are appurtenant. The Common Elements shall be for the sole use of Co-Owners, their guests and invitees.

(b) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by the Co-Owners, their guests and invitees.

~~(c) No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed, including, but not limited to, any South Carolina Coastal Council permit applicable to the Dock System. Violations of law, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be corrected, by and at the sole expense of the Co-Owners or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property.~~

(d) Any lease of an Unit shall be consistent with these Bylaws. The Board of Directors shall have the power to terminate such lease, and bring summary proceedings to evict the tenant in the name of the Co-Owner/landlord thereunder, in the event of failure by the tenant to perform any obligation in the Condominium Instruments and Regulations. Each tenant of an Unit shall be deemed to have attorned to the Council of Co-Owners as landlord under the lease with respect to enforcement of any provision of the Condominium Instruments and Regulations, provided that no enforcement proceedings shall be undertaken against a tenant by the Council of Co-Owners without prior notice to the Co-Owner, and a reasonable opportunity given to the Co-Owner to cure any default or to enforce the provision, before the Council of Co-Owners will proceed with enforcement proceedings.

Section 6.4. Additions, Alterations or Improvements. Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements which are intended to be assessed as Common Charges and the cost of which will equal or exceed a sum equal to ten percent (10%) of the operating budget then in effect, the making of such additions, alterations or improvements shall require approval by a Majority of Co-Owners. Any additions, alterations or improvements costing less than such sum may be voted by the Board of Directors. In either case, Notice and Comment shall be required.

Section 6.5. Additions, Alterations or Improvements by Co-Owners. No Co-Owner shall make any structural addition, structural alteration, or structural improvement in or to the Condominium or the Dock subject to such Co-Owners Moorage Easement without the prior written consent thereto of the Board of Directors. The Board of Directors shall have the obligation to answer any written request by a Co-Owner for approval of a proposed structural addition, alteration

or improvement within sixty (60) days after such request and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement shall be executed by the Board of Directors only, without however incurring any liability on the part of any director of the Council of Co-Owners to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to persons or damage to property arising therefrom. The provisions of this Section may be superseded in whole or in part by resolution of the Board of Directors and their administration may be assigned to a committee, subject to Notice and Comment. The provisions of this Section shall not apply to portions of the Condominium while owned by the Declarant.

~~Section 6.6. Right of Access. The Manager and any other person authorized by the Board of Directors or the Manager shall have the right of access to all portions of the Property for the purpose of correcting any condition threatening a Unit or the Common Elements, and for the purpose of performing installations, alterations or repairs, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Co-Owner. In case of an emergency, no such request or notice is required and such right of entry shall be immediate, whether the Co-Owner is present at the time or not.~~

Section 6.7. Regulations. Regulations concerning the use of the Units and the Common and Limited Elements may be promulgated and amended by the Board of Directors, subject to Notice and Comment. Notice of such Regulations shall be given to each Co-Owner prior to the time when the same shall become effective.

Section 6.8. Special Services. If upon request, or on an emergency basis, the Council of Co-Owners provides any service to any Unit, other than the services described in the Condominium Instruments to be provided to all Units, those services shall be specially assessed against the Unit to which the service is provided, and may be collected in the same manner as a Common Charge against such Unit.

ARTICLE VII MORTGAGES

Section 7.1. Notice to Board of Directors. A Co-Owner who mortgages his Unit shall notify the Council of Co-Owners of the name and address of his mortgagee. Such mortgagee shall thereafter be entitled to all rights and privileges under the Master Deed for Mortgagees.

Section 7.2. Notice of Default. The Board of Directors, when giving notice to a Co-Owner of a default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board of Directors.

Section 7.3. Examination of Books. Each mortgagee of an Unit shall be permitted to examine the records and books of account of the Council of Co-Owners and the vouchers

accrediting the entries made thereon at reasonable times, which times shall be set and announced for general knowledge.

ARTICLE VIII
INSURANCE

Section 8.1. Coverage. To the extent reasonably available, the Board of Directors shall obtain and maintain insurance coverage as set forth in this Article VIII, Sections 8.2, 8.3 and 8.4. Premiums for such insurance shall be Common Expenses.

Section 8.2. Physical Damage. All Docks and improvements (as defined in Subsection (e) hereof), and all of the personal property owned by the Council of Co-Owners shall be insured against risk of physical damage as follows:

(a) Amounts: As to real property, including the Dock System and any other improvements, for an amount equal to the full replacement cost of such property subject to physical damage; as to personal property, for an amount equal to its actual cash value. Prior to obtaining any insurance under this Section, and at least annually thereafter, the Board of Directors shall obtain an appraisal from a qualified appraiser for the purpose of determining the replacement cost of such real property.

(b) Risks Insured Against: The insurance shall afford protection against loss or damage by reason of:

(1) Fire and other perils, including wind, normally covered by extended coverage.

(2) Vandalism and malicious mischief.

(3) Such other risk of physical damage as from time to time may be customarily covered with respect to docks and improvements similar in construction, location and use as those on the Property, including, without limitation, flood insurance and builder's risk coverage for improvements under construction.

(4) Such other risks of physical damage as the Board of Directors may from time to time deem appropriate.

(c) Other Provisions: The insurance shall include, without limitation, the following provisions:

(1) Waivers by the insurer of rights of subrogation, other than those based on fraud or criminal acts, against the Council of Co-Owners, its directors and officers, and the Co-Owners.

(2) That the insurance shall not be affected or diminished by reason of any other insurance carried by any Co-Owner or mortgagee of a Unit.

(3) That the insurance shall not be affected or diminished by any act or neglect of any Co-Owner or any occupants or owners of any improvements when such act or neglect is not within the control of the Council of Co-Owners.

(4) That the insurance shall not be affected or diminished by failure of any Co-Owner or any occupants of any improvements to comply with any warranty or condition when such failure to comply is not within the control of the Council of Co-Owners.

~~(5) Such deductible as to loss, and coinsurance features, as the Board of Directors in its sole judgment deems prudent and economical.~~

(6) That the insurance may not be cancelled or substantially modified (except for the addition of property or increases in amount of coverage) without at least thirty (30) days prior written notice to the named insured, and to all mortgagees.

(7) Provisions for identification of mortgagees and for the allocation of their several interests to specific Units or other property.

(8) The standard mortgagee clause, except that any loss otherwise payable to named mortgagees shall be payable in the manner set forth in subsection (10) hereinbelow.

(9) Adjustment of loss shall be made with the Board of Directors.

(10) Proceeds for losses shall be payable to the Council of Co-Owners or its appointed trustee.

(11) The named insured shall be the Council of Co-Owners.

(d) Evidence of Insurance: The insurer shall make arrangements for Certificates of Insurance for all mortgagees and Co-Owners.

(e) Definition: As used in this Section, the term "docks and improvements" shall include, without limitation, the Dock System, fixtures and installations and replacements thereof as shown on such plans or other records as the Board of Directors may adopt for this purpose.

Section 8.3. Liability Insurance. The Board of Directors shall obtain and maintain public liability insurance for bodily injury and property damage in such limits as the Board of Directors may from time to time determine, insuring the Council of Co-Owners, the Manager (at the discretion of the Board of Directors), and each Co-Owner with respect to their liability arising from

ownership, maintenance or repair of the Property, including, without limitation, liability arising from construction operations (except as provided in subsection (d) hereinbelow). Such liability insurance shall also cover cross-liability claims among the insured parties. The Board of Directors shall review such limits at least annually. The insurance provided under this Section shall include, without limitation, the following provisions:

(a) That the insurance shall not be affected or diminished by any act or neglect of any Co-Owner or any occupants of any improvements when such act or neglect is not within the control of the Council of Co-Owners.

(b) That the insurance shall not be affected or diminished by failure of any Co-Owner or any occupants of any improvements to comply with any warranty or condition when ~~such failure to comply is not within the control of the Council of Co-Owners.~~

(c) Waivers by the insurer of rights of subrogation, other than those based on fraud or criminal acts, against the Co-Owners, and the Council of Co-Owners, its directors and officers.

(d) No liability insurance need be provided for a Co-Owner with respect to his Unit and any Limited Common Elements used exclusively by him.

Section 8.4. Workmen's Compensation Insurance. The Board of Directors shall obtain and maintain Workmen's Compensation Insurance if necessary to meet the requirements of the laws of the State of South Carolina.

Section 8.5. Other Insurance. The Board of Directors is authorized to obtain and maintain such other insurance as it may from time to time deem appropriate.

ARTICLE IX DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 9.1. Duty to Repair or Restore. Any portion of the Condominium damaged or destroyed shall be repaired or restored promptly by the Board of Directors, except as provided in Sections 9.4, 9.5 and 9.7 hereinbelow.

Section 9.2. Estimate of Cost. Promptly after the damage or destruction and thereafter as it deems advisable, the Board of Directors shall obtain reliable and detailed estimates of the cost of repair or restoration. The Board of Directors may retain the services of an architect to assist in the determination of such estimates and in the supervision of repair and restoration.

Section 9.3. Collection of Construction Funds. Construction funds may consist of insurance proceeds, condemnation awards, proceeds of assessments against Co-Owners, and other funds received on account of or arising out of the damage or destruction.

(a) Insurance Proceeds: The Board of Directors shall adjust losses under physical damage insurance policies. Such losses shall be payable in accordance with Section 8.2(c)(10) herein.

(b) Assessment of Owners: If insurance proceeds and funds described in subsection (c) below are insufficient for the necessary repair and restoration to be done at the Council of Co-Owner's cost, such deficiency shall be, unless otherwise provided by law, a Common Expense and the Board of Directors shall assess Common Charges therefore payable as specified in the resolution authorizing the same, which Common Charges shall be turned over by the Board of Directors to the Trustee.

~~(c) Payments by Others: All funds received on account of or arising out of such damage or destruction shall be turned over by the Board of Directors to the trustee if one is appointed.~~

(d) Condemnation Awards: Condemnation awards shall be payable in accordance with Article XXI of the Master Deed.

Section 9.4. Plans and Specifications. Any repair or restoration must be either substantially in accordance with the plans adopted by the Board of Directors pursuant to Section 8.2(e) herein, (and may also include additional improvements for which funds are made available), or according to plans and specifications approved by the Board of Directors and by a Majority of Co-Owners and the holders of first mortgages encumbering seventy-five percent (75%) of the Units subject to mortgages.

Section 9.5. Disbursement of Construction Funds. The trustee, as defined in Section 9.8 herein, if appointed, shall deduct from the construction funds its actual costs, expenses and a reasonable fee for the performance of its duties, and shall disburse the balance in the following manner:

(a) Damage or Destruction not Exceeding \$100,000.00: In the event of damage or destruction which is the responsibility of the Board of Directors to insure, not exceeding One Hundred Thousand and No/100 (\$100,000.00) Dollars, and upon receipt of proper certification of such fact from the Board of Directors, the trustee, if appointed, shall deliver such balance to the Board of Directors, and the Board of Directors shall thereupon administer said balance in the same manner as required of the trustee, if appointed, pursuant to this Article VIII.

(b) Damage or Destruction Exceeding \$100,000.00: In the event of damage or destruction which is the responsibility of the Board of Directors to insure exceeding One Hundred Thousand and No/100 (\$100,000.00) Dollars, a trustee shall be appointed by the Board of Directors and shall apply such balance to pay directly, or to reimburse the Board of Directors for the payment for, the costs of such repair or restoration, including the cost of temporary repairs for the protection of the Property pending the completion of permanent repairs and restoration, upon written request of the Board of Directors in accordance with Section 10.8(a) herein, and if an architect or engineer has

been retained by the Board of Director, upon presentation of an architect's certificate stating that the work represented by any such payment has been completed satisfactorily.

(c) Surplus Funds: If, after payment of all repairs and restoration, there remains any surplus funds, such funds shall be paid to Co-Owners in proportion to their contributions resulting from assessments levied against them pursuant to Section 9.3(b) herein; provided, however, that no Co-Owner shall receive a sum greater than that actually contributed by him. Any surplus remaining after such payments shall be paid to the Board of Directors and shall be part of the general income of the Council of Co-Owners.

Section 9.6. Determination Not to Repair or Restore. If the Dock System is damaged to the extent of eighty (80%) percent of its then replacement cost, the Dock System shall be repaired or restored unless otherwise agreed by all Co-Owners of Dock Units and the holders of mortgage liens affecting at least seventy-five percent (75%) of the Units subject to mortgages, in which event, the Dock System shall be deemed to be owned in common by the Co-Owners, and each Co-Owner shall own that percentage of the undivided interest in common as he previously owned in the Common Elements. Any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the Co-Owner of the Property; and the Property shall be subject to an action for partition at the suit of any Co-Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Property, if any, shall be considered as one fund and shall be divided among all the Co-Owners in accordance with their interests therein, after first paying all liens out of each of the respective interests.

Section 9.7. Certificates. The trustee, if appointed, may rely on the following certifications:

(a) By the Board of Directors: The Board of Directors shall certify to the trustee, if appointed, in writing as to the following matters:

(1) Whether or not damaged or destroyed property is to be repaired or restored.

(2) In the opinion of the Board of Directors the cost of repair or restoration may exceed One Hundred Thousand and No/100 (\$100,000.00) Dollars.

(3) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

(b) By Attorneys: The Board of Directors shall furnish the trustee, if appointed, in the event that any payments are to be made to owners or mortgagees, with an Attorney's Certificate of Title or Title Insurance Policy based on a search of the land records from the date of the recording of the original Declaration stating the names of the Co-Owners and the mortgagees.

Section 9.8. Trustee. The Board of Directors shall enter into and keep in force a trust agreement with a bank in the State of South Carolina with trust powers to receive, administer and

