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**ROSE HILL PLANTATION PROPERTY OWNERS ASSOCIATION, INC.**

**BY-LAWS**

**ARTICLE I**  
**IDENTITY**

The following By-Laws shall govern the operation of the Rose Hill Plantation Property Owners Association, Inc.

1.01 Name. The name of the corporation is Rose Hill Plantation Property Owners Association, Inc., a not for profit corporation (the "Association") incorporated and existing under the laws of the State of South Carolina.

1.02 Offices of the Association. The offices of the Association shall be at 1 Rose Hill Way, Bluffton Township, Beaufort County, South Carolina 29910, or such other location as may be determined by the Board from time to time.

**ARTICLE II**  
**DEFINITIONS**

2.01 General. All terms used herein and not otherwise defined shall have the meaning ascribed to them in that certain FIRST AMENDED DECLARATION OF COVENANTS AND RESTRICTIONS AND THE PROVISIONS FOR THE ROSE HILL PLANTATION PROPERTY OWNERS ASSOCIATION, INC. dated \_\_\_\_\_, 2009, as amended from time to time, and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Book \_\_\_\_\_ at Page \_\_\_\_\_ (the "Restated Covenants"), certain provisions of which Restated Covenants may be repeated in full or in part and may be renumbered as they appear.

**ARTICLE III**  
**MEMBERSHIP AND VOTING PROVISIONS**

3.01 Membership. The record owner of a fee simple or undivided fee simple interest in any property which is subject to the Restated Covenants shall be a Member ("Member") of the Association; provided however, that any such person or entity holding such title or interest merely as a security for performance of an obligation shall not be a Member of the Association; and provided further that, in the case of multiple ownership of any Lot or portion of the Property, there shall be a maximum of one (1) Member. In the event of such multiple ownership of any kind, including by a partnership, corporation, limited liability partnership or limited liability company, the name of the Owner designated as Member shall be submitted to the Association in accordance with the rules and regulations of the Association, and such person shall remain the Member for all purposes hereunder and in the Association's records unless and until the Association is notified by the record Owner of a change of name of the person designated as Member. Only the designated Member and such Member's immediate family shall be entitled to access the facilities of the Association as a Member. Remaining owners shall be entitled to access only in accordance with rules and regulations established by the Association, its successors and assigns, for guests from time to time. Membership may be transferred only as part of the

conveyance of fee simple title to such Member's Lot, Family Dwelling Unit or other portion of the Property.

3.02 Voting Rights. A Member shall be entitled to the voting rights described in Section 5.3 of the Restated Covenants. Except for the Class "B" Member, a Member shall be entitled to one (1) vote for each Lot owned or two (2) votes for each Family Dwelling Unit owned. Multiple Owners of any Lot shall be entitled to one (1) vote for each Lot owned and two (2) votes for each Family Dwelling Unit owned. Voting privileges are extended only to Members in good standing and are subject to Article XIV of these By-Laws. Only Members in good standing with no Assessments due but unpaid shall be considered "eligible" to vote. This Section, including but not limited to eligibility to vote, shall be applicable, insofar as possible, to execution of waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

3.03 Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association, a vote cast by more than fifty (50%) percent of the Membership eligible to vote shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice under the provisions of Article IV, Section 4.04 and the required quorum at such meeting shall be a vote cast by more than twenty-five (25%) percent of the Membership eligible to vote. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Section 3.03, and any other requirements for such "duly called meeting" which may be established by the By-Laws of the Association. For the purpose of this section, "proper notice" shall be deemed to be given when notice is mailed to Members under the provisions of Article IV, Section 4.04. This provision shall not apply when the proposed action is the amendment of the Restated Covenants; in such instance, the quorum requirement established by Article XII, Section 12.1 of said Restated Covenants shall control. This provision shall not apply to the vote of the Members in any runoff election to elect Directors; in such event, the quorum requirement in Section 5.08 will control. Unless otherwise provided, any reference hereafter to any vote of the Members shall be construed to be the vote of only those Members eligible to vote as described in Section 3.02.

3.04 Proxies. Proxy voting shall not be allowed. All voting will occur by specially provided ballots either in person, mail, by other electronic method, or by placement in a ballot box at the Association's office prior to the date specified in the notice of the vote or meeting.

3.05 Majority Vote. At a meeting at which a quorum is present, the vote of a majority of the Members present at the meeting, who are eligible to vote, shall be binding upon all Members for all purposes, except where in the Restated Covenants or in these By-Laws, or by law, a higher percentage is required.

ARTICLE IV  
MEETING OF THE MEMBERSHIP

4.01 Place. All meetings, annual and special, of the Membership shall be held at the office of the Association, or at such other place and at such time as shall be designated by the Board and stated in the Notice of Meeting, and shall be open to all Members.

4.02 Record Date. The Board shall fix a record date for determining Members entitled to notice of and Members eligible to vote at each annual or special meeting. Such record date shall be not less than thirty (30) days before the meeting.

4.03 Membership List. After a record date for a notice of a meeting has been fixed by the Board, a complete list of Members shall be prepared by the General Manager and forwarded to the Secretary. This Membership list shall list the Members by classification of Membership and shall include the address of record on file with the Association, lot number, and number of votes such Member is eligible to vote at the meeting. Such list shall be maintained in the office of the Association beginning the day after notice is given of the meeting for which the list was prepared and continuing through the meeting.

4.04 Notices. Except as otherwise provided in the Restated Covenants or these By-Laws, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized or qualified to call the meeting, by mailing a copy of such notice, with proper postage affixed, at least thirty (30) days, but not more than forty (40) days, before such meeting to each Member eligible to vote thereat, to the last known address of the person or entity who appears as Owner of record of each Lot, Family Dwelling Unit or other portion of the Property on the record date in which said notice is mailed. Notice to one (1) of two (2) or more co-Owners of a Lot, Family Dwelling Unit or a portion of the Property shall constitute notice to all co-Owners. It shall be the obligation of every Member to immediately notify the General Manager of the Association in writing of any change of address. Any person who becomes the Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor-in-title. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. Evidence of such notice having been given may consist of an Affidavit of Meeting evidencing that the requisite notice was posted in accordance with these By-Laws. The presence at the meeting that is the subject of the notice by any Member shall constitute such Member's waiver of notice.

4.05 Annual Meeting. The Annual Meeting shall be held during the month of March of each year. At the Annual Meeting, the Members shall elect new Members of the Board in accordance with Article V of these By-Laws, and shall transact such other business as may properly be brought before the meeting.

4.06 Special Meetings. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President of the Association upon the affirmative vote of the majority of the Board. In addition, a special meeting of the Members shall be called by the President or Secretary of the Association within forty-five (45) days after a petition requesting such a meeting is filed with the Secretary of the Association, which petition must be signed by not less than twenty-five percent (25%) of the eligible votes in the Association, which request shall specifically state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the notice thereof.

4.07 Waiver and Consent. Whenever the vote of Members at a meeting is required or permitted by any provision of these By-Laws or the Restated Covenants to be taken in connection with any action of the Association, the meeting and vote of Members may be waived if a majority of Members who would have been eligible to vote on the action if such meeting were held, shall consent in writing to such action being taken; provided, however, notice of such action shall be given to all Members, unless all Members participated in the approval of such action.

## ARTICLE V DIRECTORS

5.01 Composition of the Board. A Board of Directors elected by the Members of the Association consisting of seven (7) or nine (9) Members shall govern the Association, each elected for staggered three (3) year terms.

5.02 Term of Office. A term of office is three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting. Board members are subject to replacement in the event of death, resignation, or removal from office as set forth in Sections 5.03, 5.04 and 5.05.

5.03 Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members at a meeting where a quorum is present, called for the purpose of removing the director, provided the notice of the meeting stated that this was the purpose, or one of the purposes, of the meeting. A successor may then and there be elected by the Members to fill the vacancy thus created. If the Association fails to elect a successor, the Board may fill the vacancy in the manner provided in Section 5.04 below.

5.04 Vacancies on Directorate. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, such vacancy or vacancies shall be filled in accordance with the provisions of Article V, Section 5.6 of the Restated Covenants.

5.05 Disqualification and Resignation of Directors. Any Director may resign at any time by sending written notice of such resignation to the Board. Resignation shall take effect upon receipt thereof by the Secretary. In the event that any Director shall be absent from three (3) consecutive regular Board of Directors meetings or more than a total of four (4) such meetings within any one (1) year period, the Board member may be considered to have vacated his/her seat in the sole discretion of the Board. The transfer of ownership of his only Lot, Family Dwelling unit or other portion of the Property by an Owner while serving as a Director to a third party other than an Owner's spouse or trust for the benefit of such Owner or such Owner's spouse, or the delinquency of payment of any assessment or other charges of over sixty (60) days shall constitute a resignation. In such circumstances, the vacancy shall be filled in accordance with the provisions of Article V, Section 5.6 of the Restated Covenants.

5.06 Nominations. Nominations for election by the Members to the Board shall be made by a Nominating Committee and submitted to the Board no later than forty-five (45) days prior to the Annual Meeting. Nominations may also be made by written petition signed by not less than twenty-five (25) Members eligible to vote submitted to the Board no later than forty-five (45) days prior to the Annual Meeting.

5.07 Nominating Committee. The Nominating Committee shall consist of three (3) or more Members, one of whom shall be a Board member, appointed by the Board, but this Board Representative shall not be the President of the Board. The Board shall designate the chairman of the Committee who shall not be a Board member. The Nominating Committee shall serve until the close of the next Annual Meeting.

The Nominating Committee shall make as many nominations as it shall determine, subject to review and confirmation by the Board, but not less than the number of vacancies to be filled. Other than candidates nominated by the petition process, the Nominating Committee has sole discretion to select candidates for election to the Board pursuant to the rules and protocols established by the Committee and the Board from time to time.

5.08 Election of Directors. Election to the Board shall be by secret written ballot of the Membership "sent" not less than four (4) weeks prior to the Annual Meeting at which such election shall take place. Ballots shall be returned by mail or hand delivery to the individual designated by the Board at the administrative office of the Association, or as otherwise specified, and received no later than the date and time specified on the ballot. Ballots not properly cast or timely received shall be declared invalid and not counted; no ballots will be accepted after the date and time specified on the ballot. Cumulative voting shall not be permitted. Electronic voting is permitted.

Persons receiving the largest number of eligible votes shall be elected. In the event of a tie, a runoff election shall be conducted by written ballot as the first course of business at the Annual Meeting and the person(s) receiving the largest number of votes in such runoff election shall be elected. For purposes of such runoff election, the Members present at the Annual Meeting eligible to vote shall constitute a quorum.

5.09 Regular Meetings. The Board may establish a schedule of regular meetings to be held at such time and place as the Board may designate from time to time. All meetings of the Board, including special meetings, except for executive sessions, shall be open to all Members.

5.10 Special Meetings. Special meetings of the Board may be called by the President, and in his absence, by the Vice President, or by any two (2) of the members of the Board, by giving three (3) days notice by first class mail, facsimile, telephone, e-mail or other electronic means of communication, to all of the members of the Board of the time and place of said meeting. All notices of special meetings shall state the purpose of the meeting.

5.11 Action Without a Meeting. Actions required or permitted by law, the Restated Covenants or these By-Laws may be taken without a meeting if the action is taken by each Director and evidenced by one or more consents describing the action taken, signed by each Director and included in the minutes. The vote for such actions shall be unanimous.

5.12 Directors' Waiver of Notice. Before or at any meeting of the Board, any Director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. The waiver must be in writing, signed by the Director entitled to notice, and filed with the minutes; provided, however, attendance by a Director at any meeting of the Board shall constitute a waiver of notice of such meeting.

5.13 Quorum. At all meetings of the Board, a majority of the members of the Board shall constitute a quorum for the transaction of business; however, the affirmative vote of the majority of the total number of Directors authorized to serve shall be required to take action by

the Board, unless the vote of a greater number of Directors is required by the Restated Covenants or these By-Laws. If, at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting. At each such adjourned meeting, any business, which might have been transacted at the meeting, as originally called, may be transacted at a future meeting without further notice. The joinder of a Director in the action of a meeting by approval of the minutes shall reflect the presence of such Director for the purpose of determining a quorum.

5.14 Attendance by Electronic Means. Directors may participate in any regular or special meeting by any means of communication by which all Directors participating may hear each other simultaneously during the meeting. The director so participating shall be deemed to be present in person at the meeting.

5.15 Compensation. No Directors shall receive compensation for any service such Director may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of the duties by such Director.

5.16 Powers. The Board shall have the powers necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Restated Covenants, the Association's Articles of Incorporation, or these By-Laws, directed to be exercised and done by Members. These powers shall specifically include, but shall not be limited to, the powers granted to the Board by law or the Restated Covenants and the following:

- (a) To exercise all powers specifically set forth in the Restated Covenants, in this Association's Articles of Incorporation, in these By-Laws, and all powers incidental thereto.
- (b) To fix and levy Assessments, as set forth in the Restated Covenants, collect said Assessments and use and expend the Assessments to carry out the purposes and powers of the Association.
- (c) To employ, dismiss and control the personnel necessary for the maintenance and operation of the Property and of the Common Property, including the right and power to employ attorneys, accountants, contractors and other professionals as the need arises.
- (d) To make and amend Rules and Regulations respecting the operation and use of the Common Property and any Public and Commercial Units owned by the Association and establish a schedule of fines and penalties from time to time.
- (e) To contract for the management of the Property and to delegate to such contractor all of the powers and duties of the Association, except those, which are required by these By-laws or by the Restated Covenants to have approval of the Directors. To contract for the management or operation of portions of the Common Property and any Public and Commercial Units owned by the Association to the separate management or operation thereof, and to lease or concession such portions.
- (f) To make further improvements to the Common Property, both real and personal, and any Public and Commercial Units owned by the

Association, and the right to purchase realty and items of furniture, furnishings, fixtures and equipment for the foregoing, and the right to acquire and enter into agreements, including leases, subject to provisions of the Restated Covenants, this Association's Articles of Incorporation and these By-Laws.

- (g) In addition to those set forth in the Restated Covenants, to designate one or more standing and/or ad hoc committees. Committees established hereunder are: Audit Committee; Long Range Planning Committee; Nominating Committee; Election Committee, and any other committee established by the Board hereunder. Such committees shall make recommendations to the Board for Board approval. Such committees shall consist of at least three (3) Members. The committees shall have such purposes as may be determined by the Board, and said committees shall keep regular minutes of their proceedings and report the same to the Board. Each committee shall have a Director liaison who shall serve as an ad hoc Member of such committee.
- (h) To borrow money to meet the financial needs of the Association and to mortgage the property of the Association and to pledge revenues of the Association as security for such loans made to the Association, the proceeds of which loans shall be used by the Association in performing its authorized functions.
- (i) To create and manage other business entities to hold, manage or operate real property of and for the benefit of the Association; except, however, the Association shall not operate or manage the Golf Course.

5.17 Duties. The duties of the Board shall specifically include, but shall not be limited to the duties imposed upon it by the Restated Covenants and the following:

- (a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members, or any special meeting when such statement is requested by a petition signed by not less than twenty-five percent (25%) of the eligible votes of the Association is filed with the Secretary of the Association.
- (b) To employ, dismiss and supervise all officers, agents and employees of the Association necessary for the maintenance and operation of the Property, and to employ attorneys, accountants, contractors and other professionals as the Board deems appropriate and necessary.
- (c) As more fully provided in the Restated Covenants, to:
  - (i) fix the amount of the annual Assessments as defined in the Restated Covenants not later than the first calendar quarter in each year;

- (ii) send written notice of the annual Assessments payable to every Member subject thereto as soon as practicable after the fixing hereof; and
  - (iii) collect such annual Assessments and use and expend such amounts to carry out the purposes and powers of the Association; and
  - (iv) take action against delinquent payment of Assessments, enforce these lien, collection and legal rights against any property and/or Member for which Assessments are not paid.
  - (v) Take action against delinquent payment of Assessments and charges to Member accounts with the right to place a lien on the property of such Member, and to take any and all other action at law against the Member personally obligated to pay the same.
- (d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessments have been paid. A reasonable charge may be made by the Board for the issuance of these certificates.
  - (e) To procure and maintain adequate liability and hazard insurance on property owned by the Association in the form and amount required by the Restated Covenants.
  - (f) To cause, in the sole discretion of the Board, all officers or employees of the Association having fiscal responsibilities to be bonded, with fidelity bonds in the form and amount required by the Association, and the premium on such bonds shall be paid by the Association.
  - (g) To cause the Common Property to be maintained.
  - (h) To review and amend, if appropriate, the proposed annual budget.
  - (i) To agree to be bound by a Conflict of Interest statement.
  - (j) To perform any other duties consistent with the carrying out of the purpose of the Restated Covenants and these By-Laws.
  - (k) To not disclose confidential or privileged information in breach of the Board's confidential information disclosure policy whether written or otherwise, unless otherwise required by law.

5.18 Liability of the Board; Indemnification. Except as required under the laws of the State of South Carolina, the members of the Board shall not be liable to the Members or the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. To the extent permitted under the laws of the State of South Carolina, the Association shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary

to the provisions of the Restated Covenants, of these By-Laws, and of law. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible and shall not be deemed to be self-dealing for the Association to contract with corporations owned or controlled, or affiliated with Members of the Association or the Board. It is also intended that the liability of any Member arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportions of the total liability thereunder as his interest in the Common Property bears to the interests of all the Board, or by any managing agent, or by any management firm, as the case may be, are acting only as agent for the Members and shall have no personal liability thereunder (except as Members), and that each Members' liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Property bears to the interests of all Members in the Common Property.

## ARTICLE VI OFFICERS

6.01 Elective Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of whom shall be members of the Board.

6.02 Election of Officers. The election of officers shall take place at the first meeting of the Board following each Annual Meeting of the Members.

6.03 Resignation and Removal of Officers. Any officer may be removed from office with cause by the Board by majority of vote by the Board. Any officer may resign from office by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, the acceptance and/or acknowledgement of acceptance of such resignation shall not be necessary to make it effective. Resignation from office shall not require resignation from the Board.

6.04 Vacancies. A vacancy in any office may be filled by appointment by the Board to such office. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

6.05 The President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and of the Board. The President shall have executive powers and general supervision over the affairs of the Association and other officers and shall see that orders and resolutions of the Board are carried out. The President shall sign all leases, mortgages, deeds, and other written contracts and instruments, which commit or oblige the Association or otherwise make the Association financially or legally liable. The President is authorized on behalf of the Board and the Association to execute all promissory notes and perform all of the duties incident to this office which may be delegated from time to time by vote by the Board and reflected in the minutes.

6.06 The Vice President. The Vice President shall take the place of and perform all of the duties of the President in his/her absence or when the President is unable to act. The Vice President shall have such other duties incident to his office which may be delegated to him from time to time by the Board and recorded in the minutes.

6.07 The Secretary. The Secretary shall issue notices of all Board meetings and all meetings of the Members. The Secretary shall have charge of all of the Association's books, records, and papers, except those kept by the Treasurer and shall authenticate the records of the Association when necessary.

6.08 The Treasurer. The Treasurer shall have such accounting duties as may be assigned from time to time including but not limited to:

- (a) have custody of the Association's funds and securities, except the funds payable to any management firm, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association, in such depositories as may be designated from time to time by the Board as recorded in the minutes.
- (b) co-sign checks and promissory notes at the request of the President of the Board, as referenced in Section 6.05.
- (c) disburse the funds of the Association as may be ordered by the Board in accordance with these By-Laws.
- (d) promptly report the status of Assessments, maintenance fees, collections, and all delinquencies to the Board.
- (e) in conjunction with the Association's General Manager and such other persons as the Treasurer recommends or as the Board may designate, shall prepare an annual budget for consideration, modification, if appropriate, and ultimate approval by the Board.
- (f) the duties of the Treasurer may be delegated to a management firm or professional employed by the Association, in which event such management firm shall have custody of the books of the Association as it determines is necessary for the performance of such Treasurer duties and the foregoing may include any books required to be kept by the Secretary of the Association.

## ARTICLE VII

### MAINTENANCE, CHARGES, ANNUAL ASSESSMENTS AND SPECIAL ASSESSMENTS

7.01 Payment of Annual Assessments, Special Assessments and Other Charges. As more fully provided in the Restated Covenants and in these By-Laws, each Member's financial obligation to the Association is secured by a continuing lien upon the Lot, Family Dwelling Unit or other portion of the Property against which the annual Assessments, special Assessments, or other charges are made. The Association may bring an action at law against the Member personally obligated to pay the same or foreclose the lien against the Lot, Family Dwelling Unit or other portion of the Property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such annual Assessments, special Assessments, or other charges. No Member may waive or otherwise escape liability for the Assessments provided herein by nonuse of the Common Property or abandonment of such Member's Lot, Family Dwelling Unit or other portion of the Property which is subject to the Restated Covenants.

7.02 Depositories. The funds collected shall be deposited in such banks and depositories as may be determined by the Board upon resolutions approved by the Board. Such funds shall be withdrawn only upon checks and demands for money signed as designated in Sections 6.05 and 6.08 hereof. Obligations of Association shall be signed by at least two (2) officers of the Association as may be designated by the Board; provided, however, that the provisions of any agreement between the Association and any management firm or professional relative to the subject matter in this Section shall supersede the provisions hereof. Such agreement shall be recorded in the minutes.

7.03 Fidelity Bonds. At the option of the Board, the Treasurer and all officers who are authorized to sign checks and all officers and employees of the Association and any employee or management agent handling or responsible for the Association funds, and of any contractor handling or responsible for Association funds including any management firm be bonded in such amount as may be determined by the Board. Such bonds shall be in an amount sufficient to equal the monies an individual handles or has control of via a signatory or a bank account or other depository account. Except fidelity bonds that a management agent or contractor obtains for its personnel, all bonds shall name the Association as an obligee and shall have their premiums paid as a common expense by the Association. All such bonds shall provide for at least ten (10) days' written notice to the Association before the bond can be canceled or substantially modified for any reason.

7.04 Fiscal Year. The fiscal year for the Association shall begin on the 1<sup>st</sup> day of January of each year. However, the Board is expressly authorized to change to a different fiscal year by majority vote of the Board and in accordance with the Internal Revenue Code of the United States of America, at such time as the Board deems it advisable.

7.05 Application of Payments and Commingling of Funds. All sums collected by the Association from Assessments, charges and other fees may be commingled in a single fund or divided into more than one fund, as determined by the Board, except as otherwise provided in the Restated Covenants and these By-Laws. All Assessments, charges and other fees paid by a Member shall be applied as to interest, delinquencies, costs and attorney's fees, other charges, expenses and advances as provided herein and in the Restated Covenants, in such manner and amounts as the Board determines in its sole discretion.

7.06 Acceleration Upon Default. If a Member shall be in default in the payment of an installment for any Assessment, the Board may accelerate the remaining installment(s) for the fiscal year upon written notice, mailed via U.S. Postal Service to the Member; and the unpaid balance of the Assessment shall become due upon the date stated in the notice, but not less than fifteen (15) days after the mailing of such notice to the Member.

7.07 Audits. An audit of the accounts of the Association will be made upon request of a majority of the Members in writing to the Board and at such times as the Board deems necessary, but not less frequently than every year commencing in the year 2009.

7.08 Application of Surplus. Any payments or receipts to the Association, whether from Members or otherwise, paid during the fiscal year in excess of the common expenses of the Association shall be kept by the Association and applied against the Association's expenses for the following year or applied to the Reserve Fund.

ARTICLE VIII  
COMPLIANCE AND DEFAULT

8.01 Violations. In the event of a violation (other than the non-payment of charges or an assessment which shall require no notice) by a Member of any of the provisions of the Restated Covenants, these By-Laws, or the Rules and Regulations of the Association, by direction of its Board, may notify the Member by written notice of such breach, and if such violation shall continue for a period of time in excess of the amount stated in the notice of such violation from the date of the notice, the Association, through its Board shall have the right to treat such violation as the intentional and material breach of the Restated Covenants, By-Laws or the Rules and Regulations. The Association may then, at its option, exercise the following elections through the Board:

- (a) Suspension of such Member's rights hereunder, including the right to vote, but only in the event of non-payment of Assessments of any kind;
- (b) Any reasonable action taken by the Association in the form of a fine, or denial of community services, the purpose which is to motivate compliance;
- (c) An action at law to recover for its damage, on behalf of the Association or on behalf of the other Members;
- (d) An action in equity to enforce performance on the part of the Member; or
- (e) An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief.

Any violations which are deemed by the Board to be a hazard to public health may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the Member as a specific item which shall be a lien against the property of such Member and/or Membership with the same force and effect as if the charge were a part of the common expenses.

8.02 Attorney Fees. In the event any legal action be commenced concerning these By-Laws, the prevailing party in such action(s) shall be entitled to reimbursement of all costs and expenses including all reasonable attorney fees and costs, including those incurred prior to commencement of such action(s) and during any and all appellate proceedings.

8.03 No Waiver of Rights. The failure of the Association or of a Member to enforce any right, provision, covenant or condition which may be granted by the Restated Covenants, Articles of Incorporation or these By-Laws shall not constitute a waiver of the right of the Association, the Member to enforce such right, provision, covenant or condition in the future.

8.04 Election of Remedies. All rights, remedies, and privileges granted to the Association or any Member, pursuant to any terms, provisions, covenants or conditions of the Restated Covenants, Articles of Incorporation or these By-Laws shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such other party by the Restated Covenants, Articles of Incorporation or these By-Laws or at law or in equity.

8.05 Statement of Common Charges. The Board shall, for a reasonable fee, promptly provide any purchaser of any Lot or other property or any Institutional Mortgagee so requesting the same in writing, with a written statement of all unpaid Assessments or common charges due from any appropriate Member and the purchaser's liability therefore shall be limited to the amount as set forth in the statement. Any Institutional Mortgagee may pay any unpaid common expenses payable with respect to property in which it owns an interest and upon such payment such Institutional Mortgagee shall be entitled to have a lien on such property for the amounts paid of the same rank as the lien of its encumbrance.

8.06 Transfer of Property. All Members shall notify the Association of any transfer, by sale or otherwise, of any Lot, Family Dwelling Unit or other portion of the Property within ten (10) days of the date of same. Said notice shall include such information and be in the form that the Association shall prescribe. The Association may send all necessary notices to the person shown as Member in its records, and said notice shall be binding as to any other Member where the Association has not been notified as provided therein.

## ARTICLE IX FUNCTIONS OF ASSOCIATION

9.01 Ownership and Maintenance of Common Property, Open Space and Any Public and Commercial Units. The Association shall be authorized to own and maintain any Common Property, Open Space areas, Public and Commercial Units, and equipment, furnishings, and improvements as more particularly described in the Restated Covenants and for any other reasonable maintenance, improvements, sales or acquisitions thereof determined by the Board from time to time as reflected in minutes or resolutions of the meeting when such action was approved.

9.02 Authorized Services. The Association shall be authorized, but not required, to provide the services as more particularly described herein and in the Restated Covenants. The function and services which the Association is authorized to provide may be increased or decreased from time to time upon the affirmative vote of a majority of the Members eligible to vote in a Referendum conducted by the Board under the procedures set forth in the Restated Covenants.

9.03 Obligations of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified or implied in the Restated Covenants, except as required and approved by Referendum vote. Except as herein expressly mandated, the functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board taking into consideration the funds available to the Association and the needs of the Members.

9.04 Mortgage and Pledge. The Board shall have the power and authority to borrow money for use by the Association and to mortgage the property of the Association and to pledge the revenues of the Association as security for such loans made to the Association which loans shall be used by the Association only in performing its authorized functions.

ARTICLE X  
AMENDMENTS TO THE BY-LAWS

The By-Laws may be amended at any duly called meeting of the Members, provided:

10.01 Notice of the meeting shall state that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of By-Laws and shall contain a statement of the proposed Amendment or a copy or summary of the proposal.

10.02 Amendments to these By-Laws shall be made in the same manner as amendments to the Restated Covenants as more particularly described in Article XII, Section 12.1 thereof.

ARTICLE XI  
LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of Membership in the Association shall not relieve or release any such former Member from any liability or obligations incurred under or in any way connected with the Association during the period of such ownership and Membership, or impair any rights or remedies which the Association may have against such former Member arising out of or in any way connected with such ownership of property subject to the Restated Covenants and governed by the Association and obligations incident thereto.

ARTICLE XII  
PARLIAMENTARY RULES

The most recent edition of Roberts Rules of Order for small boards shall govern the conduct of the Association's meetings when not in conflict with the Restated Covenants or these By-Laws.

ARTICLE XIII  
LIENS

13.01 Protection of Property. All liens against the Common Property or other property of the Association or any portion thereof, other than for mortgages, taxes or Assessments shall be satisfied or bonded or otherwise removed within sixty (60) days of the date the lien attached. All taxes and Assessments upon the Common Property or other property of the Association shall be paid before becoming delinquent, unless contested in accordance with applicable law, or as provided in the Restated Covenants, Articles of Incorporation and these By-Laws or by law whichever is sooner.

13.02 Notice of Suit. All Members shall give Notice to the Association of every suit or court-ordered sale of any Property of the Association.

ARTICLE XIV  
RULES AND REGULATIONS

14.01 Establishment of Rules and Regulations. Subject to the provisions hereof and the provisions of the Restated Covenants, the Association may establish reasonable rules and regulations concerning the use of Lots, other properties, easement areas, Open Space and the Common Property and facilities located thereon which are subject to the Restated Covenants. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Members prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Members, their families, tenants, guests, invitees, servants and agents, until and unless any such rules or regulations are specifically overruled, cancelled or modified by the Board or in a regular or special meeting of the Association by the vote of the Members, in person or by proxy, holding a majority of the total votes in the Association.

14.02 Authority and Enforcement. Subject to the provisions of the Restated Covenants, upon the violation of the Restated Covenants, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any Assessments, the Board shall have the power to:

- (a) impose reasonable monetary fines on the Member guilty of such violation which shall also constitute a continuing lien upon the properties of such Member,
- (b) suspend a Member's right to vote in the Association; and
- (c) suspend a Member's right to use any Common Property other than the right of ingress and egress and the Board shall have the power to impose all or any combination of these sanctions.

A Member shall be subject to the foregoing sanctions in the event of such a violation by such Member, his family, guests, tenants or invitees, or by his co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter not to exceed six (6) months.

14.03 Due Process Procedure. Except with respect to the failure to pay Assessments, the Board shall not suspend voting rights, or infringe upon or suspend any other rights of a Member for violations of the Restated Covenants, the By-Laws, or any rules and regulations of the Association, or pursue actions defined in Section 8.01 unless and until the following procedure is followed:

- (a) Written notice of the violation shall be delivered to the person alleged to be responsible for such violation specifying:
  - (i) the alleged violation and, if such violation is continuing, a demand to cease and desist from such violation;
  - (ii) the action required to abate the violation; and
  - (iii) a statement of any restitution required and/or any possible sanctions to be imposed after notice and hearing.

- (b) In the event (i) the violation continues past the period set forth in such written notice and demand, (ii) required restitution is not timely made, or (iii) sanctions are to be imposed, the Board shall deliver to the alleged violator written notice of a Board meeting on the matter to be held in executive session at the time and date specified in the written notice. Such written notice shall include a description of the alleged violation, the time and place of the hearing and a statement that the alleged violator may attend the hearing and present such information to the Board, as he deems appropriate. The failure of the alleged violator to attend the hearing set forth in the notice shall in no way limit or prohibit the Board from taking the action it deems appropriate at such meeting.
- (c) Fines for violations of the Covenants, by failing to maintain any Lot, violation of ARB Guidelines, or Rules and Regulations may be imposed by the Association without the notice described in Section 14.03(a), but shall be subject to right to appeal at a hearing conducted as described in Section 14.03(b).

Prior to the effective date of any sanction hereunder, proof of such written notice shall be entered in the minutes of such meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer, director or other individual who delivers such notice. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any. In addition to the notice provisions described herein, attendance at the meeting by the alleged violator shall be deemed receipt of such notice.

## ARTICLE XV MISCELLANEOUS MATTERS

15.01 Gender; Number. The use of the masculine gender in these By-Laws includes the feminine gender, and when the context requires the use of a singular, includes the plural.

15.02 Definitions. The definitions of terms contained herein but defined in the Restated Covenants shall have the same meaning when used in these By-Laws.

15.03 Execution of Documents. The President or Vice President and Secretary or Assistant Secretary are all responsible for preparing, executing, filing and recording Amendments to the Restated Covenants and By-Laws and shall be authorized to execute any other document which the Association may from time to time be required to execute.

15.04 Captions. The captions contained in these By-Laws are inserted as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-laws or the intent of any provisions of the By-Laws.

15.05 Invalidity. The invalidity of any part of these By-Laws shall not impair or affect, in any manner, the validity and enforceability or effect of the balance of these By-Laws.

15.06 Waiver. No restriction, condition, obligation or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violation or breaches thereof which may occur.

15.07 How Notice Given. Any notice required to be sent to any Owner under these By-Laws shall be deemed to have been properly sent, and notice thereby given, when deposited in the U.S. Mail, with the proper postage affixed, to the last known address of the person or entity who appears as Owner in the public records of Beaufort County, South Carolina, on the first day of the calendar month in which said notice is mailed.

Adopted and approved this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_.

By: \_\_\_\_\_

Its: Secretary