

**BY LAWS  
OF  
SANDCASTLES BY THE SEA  
OWNERS ASSOCIATION, INC.**

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## ARTICLE I - NAME, LOCATION AND MEMBERSHIP

1.1 Name. The name of this association is Sandcastles by the Sea Owners Association, Inc. ("Association").

1.2 Location. The principal office of the Association shall be determined by the Board of Trustees ("Board"), and this address conveyed initially, and, whenever changed, to all owners at the annual meeting.

1.3 Membership. Each and every record Owner or Owners ("Owner") of a fee or undivided fee interest in any lot (hereinafter "Lot") located upon the property described in Exhibit A to the Declaration of Covenants, Conditions and Restrictions for Sandcastles by the Sea, dated May 22, 2006, ("Declaration"), said Property situate, lying and being in Beaufort County, South Carolina, is and will be a member of the Association, excluding persons who hold such interest under a deed to secure debt, mortgage or deed of trust. The Owner of each Lot shall designate in writing and deliver to the Secretary, as hereinafter identified, from among such Owner or Owners of such Lot, or a member of the immediate family of such Owner or Owners the name of the voting member and their address, and such member shall represent the Owner or Owners of such Lot in connection with the activities of the HOA and exercise the voting rights thereof. Such designation shall be valid until revoked by such Owner or Owners in writing and delivered to the Secretary or until such Owner sells his Lot, whichever event shall first occur. Owners are designated as Members and the collective body of membership is designated the POA or Association.

1.4 Suspension of Membership and Voting Rights. During any period in which an Owner shall be in default of the payment of any Annual or Special Assessment levied by the Board, the voting rights of the Owner and the rights of the Owner and his tenants or family members who use such Owner's Lot may be suspended by the Board until such time as the Assessment and all charges associated therewith have been paid.

1.5 Applicability. These ByLaws are applicable to all Lots and the Association, and are binding on all present or future Owners, their families, tenants, guests, employees, and any other person residing in or occupying a Lot. Each and every person who accepts a deed to, a lease of, or who occupies any Lot, thereby consents to be bound by the provisions of these ByLaws and the Declaration, including any and all amendments to each thereof.

1.6 Notification of Non-Owners. Each Owner shall be responsible for informing his/her families, tenants, guests, employees, and any other person residing in or occupying a Lot of the current Declaration and ByLaws.

## ARTICLE II - DEFINITIONS

The terms used in these ByLaws, unless the context requires otherwise or unless otherwise specified herein, shall have the same meaning as in the recorded Declaration, including any and all amendments thereto.

### **ARTICLE III - PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT**

3.1 **Delegation of Property Rights.** Each member of the Association shall be entitled to the use and enjoyment of the Common Property as provided in the Declaration. Any Owner may assign his rights of enjoyment and use of the Common Property to the members of his immediate family, to his guests or to his tenants who reside on his/her Lot. Such Member shall notify the Secretary in writing of the name or names of any such assignees. The rights and privileges of such assignees are subject to suspension to the same extent as those of the Member.

### **ARTICLE IV - MEETING OF ASSOCIATION**

4.1 **Place of Meeting.** Meetings of the Association shall be held at a place to be determined by the Board.

4.2 **Annual Meeting.** Annual meetings of members shall be held on the first Saturday in November at 11:00 o'clock a.m., unless changed by the Board with appropriate notice.

4.3 **Special Meetings.** Special meetings may be called at any time by (a) the President, (b) by resolution of the Board, or upon (c) the receipt by the Secretary of a petition signed by Members holding greater than twenty-five percent (25%) of the total vote of the Association. The call of a special meeting shall be by notice stating the date, time, place, purpose and order of business of such special meeting. Only the business stated in the notice may be transacted at a special meeting.

4.4 **Notice of Meetings.** The Secretary shall mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member at the last address of such member furnished to the Secretary at least fifteen (15) days but not more than forty-five (45) days prior to such meeting. Mailing notice as herein provided shall be deemed delivery thereof. Any Member may waive notice of the meeting in writing either before or after the meeting. Attendance of a Member at a meeting, either in person or by proxy, except for the purpose of stating, at the beginning of the meeting, any objection to the transaction of the business, shall constitute waiver of notice and any objection of any nature whatsoever as to the transaction of any business at such meeting. Notice given to one tenant in common or to one tenant with rights of survivorship, shall be deemed notice to all. It is the responsibility of each Owner to maintain a current mailing address with the Secretary.

4.5 **Order of Business.** The order of business at each annual meeting shall be as follows:

- a. Roll call and certification of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers and/or committees.
- e. Unfinished business.
- f. New business.
- g. Election of committee, if any.
- h. Election of Directors.

i. **Adjournment.**

The order of business at a special meeting shall include items a through c above, and, thereafter, the items specified in the meeting notice.

4.6 **Quorum.** At all meetings, regular or special, a quorum shall consist of the presence in person or by proxy, of Members holding greater than fifty percent (50%) of the total votes in the membership. If a quorum shall not be present at any meeting, a majority vote of those present, in person or by proxy, may adjourn the meeting from time to time until a quorum can be obtained. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.7 **Voting Rights.** The Association shall have one class of voting membership, which shall include all those Owners, including Declarant, of any Lot and each such Owner shall have one (1) vote for each Lot owned by such Owner, including Declarant, provided, however, that Declarant's consent is independently required under other provisions of these ByLaws for certain actions to be authorized.

4.8 **Proxy.** Votes may be cast in person or by written proxy. Proxies must be dated and filed with the Secretary prior to any voting action at any meeting.

4.9 **Majority Vote.** Acts consented-to, authorized, approved or ratified by the Declarant and by the casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be the acts of the Association, except where a higher percentage vote is required by these ByLaws, the Declaration, or by law, and shall be binding for all purposes; provided, however, that such consent by Declarant is not required after Declarant no longer owns any Lots within the Property.

4.10 **Actions without Meeting.** Any action which may be taken at a meeting of the membership may be taken without a meeting if a consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by the Declarant and by other persons who would be entitled to cast seventy-five percent (75%) of the votes of membership of the Association at a meeting and such consent is filed with the Secretary of the Association and is inserted in the Minute Book thereof.

## **ARTICLE V - BOARD OF DIRECTORS**

5.1 **Number.** The business and affairs of the Association shall be governed by a Board of Directors (herein sometimes referred to as the "Board"). The Board shall initially consist of one individual appointed by the Declarant and may thereafter, as long as Declarant shall own at least one Lot, at Declarant's option, consist of up to three duly-elected individuals. Each shall be at least twenty-five (25) years of age and any qualified person may be re-elected. Except as hereafter provided, each person shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified. Declarant shall have the unilateral right and power to elect all Board Members as long as Declarant owns at least one Lot upon the Property. Upon Declarant no longer owning at least one Lot, it shall relinquish control of the

Board to the Members, with Declarant's Board serving until the next Annual Meeting, at which time the current Board will step down and the Members shall elect five Board Members. Thereafter, the Board shall consist of five individuals.

**5.2 Power and Duties.** The Board shall manage and direct the affairs of the Association and, subject to any restrictions imposed by law, the Declaration, or these ByLaws, may exercise all the powers of the Association. The Board shall exercise such duties and responsibility as shall be incumbent upon it by law, the Declaration, or these ByLaws as it may deem necessary or appropriate in the exercise of its powers, including without limitation, (a) the determining of annual assessments, (b) the collection of assessments and charges for the owners, (c) the establishment and amendment from time to time of reasonable Rules of Conduct governing the use of the Common Property, and (d) the employment and dismissal of personnel necessary for the maintenance and operation of the Common Property, and (e) will accept the approval by Architectural Standards Committee under the standards set forth in the Declaration regarding any improvements to the Lots. Additionally, the Board may require that all employees handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

**5.3 Management.** Subject to the provisions of the Declaration, the Board may employ for the Association a manager or managing agent under such terms and conditions as the Board may authorize; provided, however, the Board shall not delegate to such agent the complete and total responsibility of the Association. Such managing agent shall have such duties and shall receive such compensation as determined by the Board.

**5.4 Election and Term of Office.** When the Association is to have five directors pursuant to Article V, Item 5.1 hereof, three of such directors will be elected for a term of three (3) years and the other two of such directors will be elected for a term of two (2) years. No cumulative voting will be permitted.

**5.5 Vacancies.** Vacancies on the Board caused by any reason other than the removal of a member by a vote of the Association shall be filled by vote of the majority of the remaining members of the Board, even though they may constitute less than a quorum, and each person so elected shall serve until a successor is elected at the next annual meeting. Vacancies caused by removal shall be filled by vote at the same meeting at which a Board member is removed.

**5.6 Removal.** At any regular or special meeting of the Association that is duly called after the Declarant has relinquished control of the Board and the Members have elected a new Board, any one or more of the Board may be removed with or without cause by a vote of seventy-five percent (75%) of the total votes of the Association with five (5) days written notice being given by the Secretary, and a successor may then and there be elected to fill the vacancy thus created. Any Board member whose removal has been proposed by an Owner shall be given an opportunity to be heard at such meeting.

**5.7 Regular Meetings.** The regular annual meeting of the Board shall be held immediately following the annual meeting of the Members of the Association and regular meetings thereafter shall be held on such dates and at such place and hour, but not less frequently than biannually, as

may be fixed from time to time by resolution of the Board. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day of such meeting.

5.8 Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the date, time, place (as herein above provided) and purpose of the meeting. Special meetings of the Board may also be called by the Secretary in like manner and on like notice upon the written request of at least two (2) Board Members.

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

5.10 Quorum. At all meetings of the Board, a majority of the then qualified Board shall constitute a quorum for the transaction of business, and the acts of the majority of the administrators present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.11 Compensation. No director shall receive compensation for any service he may render to the Association nor shall the Association make any loan, directly or indirectly, to a director; provided, however, a director may be reimbursed for reasonable costs and expenses incurred on behalf of the Association.

5.12 Action by Board Without a Meeting. The Board shall have the right to take any action which it could take at a meeting by obtaining the written approval or ratification of all directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

5.13 Liability. To the extent permitted by the South Carolina law in effect at the applicable time, no director shall be liable to any Owner for injury or damage caused by such director in the performance of his duties unless due to the willful misfeasance or malfeasance of such director. Furthermore, each director shall be indemnified by the Association against all liabilities and expenses, including attorneys' fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a part or in which he becomes involved by reason of his being or having been a director whether or not he is a director at the times such expenses and liabilities are incurred, except in such cases where the director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity shall be subject to approval by the members of the Association only when such approval is required by the laws of South Carolina.

## ARTICLE VI - OFFICERS

6.1 Number and Election. There shall be elected annually by and from the Board a President, a Secretary and a Treasurer. The office of President, Secretary and Treasurer may be filled by the same person whenever there is only one member of the Board. Otherwise, one member of the Board may fill both the offices of Secretary and Treasurer. The Board may also elect from time to time such other officers as in their judgment may be needed, which officers need not be Board Members.

6.2 Removal and Vacancies. Except as herein provided to the contrary, the officers shall be elected annually and hold office at the pleasure of the Board. A vacancy in any office may be filled by the Board at its next meeting. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

6.3 Duties. The duties of the officers shall be as follows, to-wit:

A. President. The President shall be the chief executive officer and shall preside at all meetings of the Board and the Association, shall see that orders and resolutions of the Board are carried out, shall appoint committees consisting of members of the Association as in his opinion is necessary, shall co-sign with another officer all contracts, checks, promissory notes, mortgages and similar documents, if any, and shall perform such other duties as may be delegated to him by the Board. He shall have all the general powers and duties which are incident to the office of the President of a corporation organized under the laws of South Carolina.

B. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the Association; keep appropriate current records, showing the members of the Association together with their addresses and designating those members entitled to vote; and perform such other duties as may be required of him by the Board or incident to the office of the Secretary of a corporation organized under the laws of South Carolina. In the event the President is unable to perform his duties at a meeting, the Secretary shall perform those duties.

C. Treasurer. The Treasurer shall be responsible for the funds of the Association, shall prepare financial reports of the activities of the Association, and shall maintain full and accurate duties as may be designated by the Board or incident to the laws of South Carolina.

6.4 Compensation. Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to their offices, nor shall the Association make loans, directly or indirectly, to any officer. The officers may be reimbursed for reasonable out of pocket business expenses incurred on behalf of the Association.

6.5 Liability. To the extent permitted by South Carolina law in effect at the applicable time, no officer shall be liable to any Owner for injury or damage caused by such officer in the performance of his duties unless due to the willful misfeasance or malfeasance of such officer. Furthermore, each officer shall be indemnified by the Association against all liabilities and



expenses, including attorneys' fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a party or in which he becomes involved by reason of his being or having been an officer of the Association, whether or not he is an officer of the Association at the times such expenses and liabilities are incurred, except in such cases where the officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity shall be subject to approval by the members of the Association only when required by South Carolina law.

## **ARTICLE VII - OBLIGATIONS OF THE OWNERS**

7.1 **Assessments.** All Owners are obligated to pay Assessments imposed by the Board as provided in the Declaration to meet Common Expenses, which may include, but are not limited to, the expense of liability insurance coverage and/or hazard insurance coverage for repair and reconstruction. An Owner is required to reimburse the Association for any expenses incurred by it in repairing or replacing Common Property damaged by such Owner in accordance with the Declaration.

7.2 **Right of Entry.** Each and every Owner by accepting a deed to a Lot thereby grants the managing agent or such other person designated by the Board, the right to enter the same upon reasonable notice or in the event of an emergency.

7.3 **Mortgage Notices.** An Owner who mortgages his dwelling or executes and delivers a mortgage, deed to secure a debt, deed of trust or other security instrument which may become a lien on his Lot, authorizes the Association to furnish such information as such mortgagees may request respecting unpaid assessments, taxes or other reasonable information concerning such Lot.

7.4 **Conduct of Members.**

A. All Owners, their families, guests, visitors and tenants, and each and every occupant of a Lot shall at all times observe the published Rules of Conduct which may be established from time to time by the Board.

B. The Board may promulgate and amend rules and regulations for the use of the Lots and the Common Property which shall be called the Rules of Conduct and shall be kept by the Secretary in a separate book for such purpose. The initial Rules of Conduct are set forth below and shall be effective until amended by the Board:

1. Property of the Association shall not be removed and shall be effective until amended by the Board.
2. No reprimand shall be given by Owners to employees of the Association. Complaints shall be made in writing to the Secretary giving the name of the

employee, date, and subject matter of the complaint requesting action by the Board.

3. Neither beer, wine, liquor nor any unlawful drugs shall be sold on any Lot or Common Property except lawful items in a lawful manner by the Association.
4. The Association shall not be responsible for valuables lost or stolen.
5. No garments, towels, rags, mops, clotheslines, or similar objects shall be hung from or placed on windows, balconies or any outside facade.
6. Boats, trailers and vehicles other than cars shall be parked as designated in the Declaration.
7. Owners and residents shall act so as not to unreasonably interfere with the peace, quiet and enjoyment of the other residents and shall exercise care to avoid unnecessary noise. This includes, but is not limited to, use of musical instruments, radios, televisions, and amplifiers that may disturb other residents.
8. Parents or guardians shall be responsible for all actions of their minor children.
9. Owners are at all times responsible for the conduct and behavior of their family members, invitees and guests and a violation by them shall be considered a violation by the Lot Owner.
10. The discharge of firearms, bows and arrows, cross bows, explosive devices and other such deadly weapons within the Lots and the Common Property is prohibited. The term "firearms" includes "BB" guns, pellet guns, paint ball guns and other firearms of all types, regardless of size or caliber. Use of firecrackers and fireworks of all types is also prohibited within the Lots and the Common Property.
12. It shall be the responsibility of each Owner, tenant, guest and invitee to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkempt condition of buildings or grounds on any Lot either before, during or after construction, nor to permit accumulations which shall tend to substantially decrease the beauty of the specific area or the community as a whole.
13. Subject to the limitations in the Declaration, the Board shall have the full power and authority to fine or take appropriate action for an infraction of the Rules of Conduct. Any complaint by one Owner against another shall be in writing and signed.
14. Pursuant to written notice being given forty-eight (48) hours in advance of the nature of the complaint, an Owner is entitled to a hearing before the Board with

15. The privilege given to family members and tenants or guests shall not be construed as granting membership to such persons.
16. The rights reserved unto the Association in the Declaration shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of this Declaration.

#### ARTICLE VIII - AMENDMENTS

8.1 Amendments. Until such time as Declarant no longer owns at least one Lot, these ByLaws may be amended only by the Declarant. Thereafter, by a vote of not less than eighty percent (80%) of the total vote of the Association at a duly constituted meeting for such purpose, in strict accordance with the recorded Declaration to which they are attached, and the laws of South Carolina. Any amendments shall be set forth in proper form and duly recorded as an amendment to the Declaration. Each and every Owner by accepting a deed therefor thereby agrees to be bound by and benefit from any such amendment hereto.

8.2 Conflicts. The ByLaws may be amended by a 2/3 vote if unanimous approval is given by the Board of Directors.

SANDCASTLES BY THE SEA  
OWNERS ASSOCIATION, INC.

 5-1-06

By: Michael F. Russo

Date

Its: Initial Director