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FIRST AMENDED
BY-LAWS OF TWIN OAKS VILLAS HORIZONTAL PROPERTY REGIME AND THE
TWIN OAKS VILLAS OWNERS' ASSOCIATION, INC.

THIS FIRST AMENDED BY-LAWS OF TWIN OAKS VILLAS HORIZONTAL
PROPERTY REGIME AND THE TWIN OAKS VILLAS OWNERS' ASSOCIATION, INC. is
made this 17TH day of ~~January~~^{FEBRUARY}, 2009 in accordance with the provisions of Article XII of said By-
Laws, the Owners of Villas to which at least sixty-seven percent (67%) of the votes in the
Association are allocated having given their consent.

ARTICLE I

PLAN OF VILLA OWNERSHIP

The following By-Laws shall govern the operation of Twin Oaks Villas Owners' Association
Inc.

Section 1. HORIZONTAL PROPERTY REGIME. The term "Property" as used herein
means and includes the land, the buildings, improvements and structures thereon) located on Hilton
Head Island, in Beaufort County, South Carolina, known as TWIN OAKS VILLAS HORIZONTAL
PROPERTY REGIME has been, by Master Deed, submitted to the provisions of the Horizontal
Property Act of South Carolina, which said Property shall hence be known as TWIN OAKS VILLAS
HORIZONTAL PROPERTY REGIME (hereinafter referred to as "Regime").

Section 2. ASSOCIATION. In conjunction of the creation of above described Regime
there also has been incorporated under the laws of the State of South Carolina as Association known
as Twin Oaks Villas Owners Association, Inc. (hereinafter referred to as "Association") which
pursuant to the provisions of the aforementioned Master Deed, constitutes the incorporated Twin
Oaks Villas Council of Co-Owners. The offices of the Association shall be at the offices of High
Tide Associates, 211 Fountain Center, P. O. Box 7665, Hilton Head Island, South Carolina 29938,
or such other place as subsequently designated by the Board of Directors of the Association.

Section 3. BY-LAWS APPLICABILITY. The provisions of these By-Laws are
applicable to the Property and the Regime. All terms used herein and not otherwise defined shall
have the meaning ascribed to them in the MASTER DEED, certain provisions of which Master Deed
may be repeated in full or in part.

Section 4. PERSONAL APPLICATION. All present or future Co-Owners, tenants,
future tenants, or their employees, or any other person who might use the facilities of the Property
in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed
establishing said Regime as they may be amended from time to time. The mere acquisition or rental
of any of the Dwelling Villas (hereinafter) usually referred to as "Villa") as defined in the Master
Deed of the Property or the mere act of occupancy of any of said Villas will signify that these By-

Laws, the provisions of the Master Deed, the Covenants as defined in Section 15 of the Master Deed and any authorized, recorded Amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. **ELIGIBILITY.** Any person who acquires title to a Villa in the Regime is deemed to have consented to be a Member of the Association. There shall be one membership for each Villa owned. Transfer of Villa ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee. If Villa ownership is vested in more than one person, then all of the persons so owning such Villa shall agree upon the designation of one of the Co-Owners of such Villa to act as a Member of the Association. If Villa ownership is vested in a Corporation, Limited Liability Company, or Partnership, said entity may designate an individual officer or employee, partner or member of the Corporation, Limited Liability or Partnership to act as a Member of the Association.

Section 2. **VOTING.** Voting shall be on a percentage basis and the percentage of the vote to which the Co-Owner is entitled is the statutory percentage assigned to the Villa or Villas in the Master Deed.

Section 3. **MAJORITY OF CO-OWNERS.** As used in these By-Laws, the term "majority of Co-Owners" shall mean those Co-Owners holding fifty-one (51%) percent or more of the total statutory value of the Property, in accordance with the statutory percentages assigned in the Master Deed, and any authorized Amendments thereto.

Section 4. **QUORUM.** Except as otherwise provided in Article III, Section 7 and elsewhere in these By-Laws, the presence in person or by proxy of a majority of Co-Owners as defined in Section 3 of this Article shall constitute a quorum.

Section 5. **PROXIES.** Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting.

Section 6. **MAJORITY VOTE.** The vote of a majority of the Villa Owners present at a meeting at which a quorum shall be present shall be binding upon all Villa Owners for all purposes except where in the Master Deed or in these By-Laws or by law, a higher percentage is required.

ARTICLE III

TWIN OAKS VILLAS OWNERS' ASSOCIATION

Section 1. ASSOCIATION RESPONSIBILITIES. The Co-Owners of the Villa will constitute the Association which will have the responsibility of administering the Property and electing the Board of Directors. Except as otherwise provided herein or in the Master Deed or By-Laws, decisions and resolutions of the Association shall require approval by a majority of Co-Owners.

Section 2. PLACE OF MEETINGS. All meetings, annual and special, of the Association shall be at the offices of the Association, or at such other place and at such time convenient to the Co-Owners, as shall be designated by the Board of Directors of the Association or the Management Agent and stated in the Notice of Meeting.

Section 3. ANNUAL MEETINGS. The annual meetings of the Association shall be held at the call of the President once a year on the first Monday in April or at such other time as a majority of the Co-Owners may agree upon. At such meetings there shall be elected by ballot of the Co-Owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. There shall be a report by the President or Secretary-Treasurer on the activities and financial condition of the Association. The Co-Owners may also transact such other business of the Association as may properly come before them.

Section 4. SPECIAL MEETINGS. It shall be the duty of the Secretary to call a special meeting of the Co-Owners as directed by: (i) resolution of the Board of Directors; (ii) at the request by a majority of the Directors; (iii) or upon a petition signed by Co-Owners holding at least five percent (5%) of the total voting power of the Association and having been presented to the Secretary. A notice of any special meeting shall state the time and place of such meeting and the purpose or purposes thereof. No business shall be transacted at a special meeting except as stated in the notice. If a Co-Owner intends to raise a matter at a special meeting, said Co-Owner shall submit such request in writing to the Secretary or President at least ten (10) days before the date notice is to be mailed to the Co-Owners in order for such matter to be included in the Notice of Special meeting.

Section 6. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purposes thereof as well as the time and place where it is to be held, to each Co-Owner of record, at least fifteen (15), but not more than forty-five (45) days prior to such meeting. The mailing of a notice in the manner provided in this Section 6 shall be considered notice served. The notice of meeting shall include any matters the Co-Owners intend to raise at the meeting if a request is submitted to the Secretary or President in writing at least ten (10) days prior to notice being mailed, which request sets forth the matters to be raised.

Section 7. ADJOURNED MEETING. If any meeting of the Association cannot be organized because a quorum was not in attendance, the Co-Owners who are present, 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. The time, date, and place of the meeting shall be set and announced before adjournment of the first meeting. Upon the reconvening of said meeting a quorum shall be constituted if Co-Owners holding at least thirty-three (33%) of the total statutory value of the property in accordance with the percentages assigned in the Master Deed are present in person or by proxy at said reconvened meeting.

Section 8. ORDER OF BUSINESS. The order of business at all Annual Meetings of the Association shall be as follows:

- (a) Roll Call.
- (b) Proof of Notice of Meeting or Waiver of Notice.
- (c) Reading of Minutes of Preceding Meeting.
- (d) Reports of Officers.
- (e) Reports of Committees.
- (f) Election of Inspectors of Election.
- (g) Election of Directors.
- (h) Unfinished Business.
- (i) New Business.

The order of business at a Special Meeting of the Association shall include items (a) through (d) above, and thereafter, the agenda shall consist of the items specified in the notice of meeting.

Section 9. RECORD DATE. The Board of Directors shall fix a record date for determining Co-Owners entitled to notice of and to vote at each annual or special meeting. Such record date shall be at least fifteen (15) but not more than forty-five (45) days before the meeting.

Section 10. WAIVER AND CONSENT. Whenever the vote of Co-Owners of a meeting is required or permitted by any provision of these By-Laws to be taken in connection with action of the Association, the meeting and vote of Co-Owners may be waived if a majority of Co-Owners who would have been entitled to vote on the action if such meeting were held, shall consent be given to all Co-Owners, unless all Co-Owners participated in the approval of such action.

Further, any Co-Owner may waive any notice of meeting required by these By-Laws if the waiver is submitted in writing, signed by the Co-Owner entitled to notice, and delivered to the Association prior to the date of the meeting. A Co-Owner's attendance at a meeting waives objection to lack of notice or defective notice of the meeting unless the Co-Owner, at the beginning of the meeting, objects to holding the meeting or transacting business at a meeting. Further, a Co-Owner's attendance at a meeting waives objection to considerations of a particular matter at the meeting that is not within the purpose described in the notice for the meeting, unless the Co-Owner objects to the consideration of the matter at the time when it is presented at the meeting.

Section 11. MEMBERSHIP LIST. After a record date for a notice of meeting has been fixed by the Board of Directors, a complete list of Members of the Association shall be prepared by the Secretary-Treasurer. This Membership list shall list the Members by classification of Membership and shall include the addresses and number of votes each Member is entitled 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.

Section 12. RULES OF ORDER. Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Master Deed or these By-Laws.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATIONS. The affairs of the Association shall be governed by a Board of Directors (hereinafter referred to as the Board") comprised of five (5) persons. All Directors shall be Owners of Villas.

Section 2. GENERAL POWERS AND DUTIES. The Board shall have the powers and duties 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 these By-Laws, directed to be executed and done by the Association or individual Co-Owners.

Section 3. SPECIFIC POWERS AND DUTIES. In addition to the general powers and duties referenced above, duties imposed by these By-Laws, or by resolutions of the Association, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and any Amendments thereto and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the Common Elements.
- (c) Establishment of the annual budget. The budget shall be distributed by the Board to all Members of the Association at least thirty (30) days in advance of its effective date and at least thirty (30) days in advance of the Association's Annual Meeting. Notwithstanding the responsibilities and authority of the Board, the budget may be modified by the Association at the Annual Meeting or a Special Meeting of the Association by a two-thirds (2/3) vote of the Co-Owners present at such meeting, in person or by proxy.

- (d) As a part of the annual budget described in (d) above, establishment and maintenance on behalf of the Association of an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the Common Elements.
- (e) Employment, dismissal and control of the Management Agent (defined in Section 4 of this Article IV) and any personnel necessary for the maintenance and operation of the Common Elements.
- (f) Collection of all assessments and fees from the Co-Owners.
- (g) Performing repairs caused by any natural disaster or manmade damage using funds from the reserve account and any special assessment, or causing the same to be done.
- (h) Obtaining of insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done as set forth in ARTICLE VIII hereof.
- (i) Grant or relocate easements which are not inconsistent with the owners' full use and enjoyment of the Common Elements.
- (j) Making of, or causing to be made, repairs, additions and improvement to or alterations of, the Property and repairs to and restoration of the Property in accordance with the other provisions of these By-Laws.
- (k) To make available, for inspection, upon request during normal working hours or under other reasonable circumstances, to Villa Owners, the holders, insurers or guarantors of any first mortgage on any Villa, current copies of the Master Deed, By-Laws, other Rules or Regulations pertaining to the Association, and the books, records and financial statements of the Association.
- (l) To adopt and implement a policy regarding resale of Villas within the regime, the purpose of said policy to assist owners to provide timely information to prospective buyers while not burdening the Association financially.

Section 4. MANAGEMENT AGENT. Thereafter, the Board may employ a Management Agent at the compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to the duties listed in Section 3 of this Article. Any such management contracts shall be for a reasonable term and shall contain reasonable provisions regarding the right of the Association to terminate said contracts.

Section 6. VACANCIES. Vacancies in the Board of Directors caused by reason other than the removal of a member of the Board by a vote of the Association shall be filled by vote of the majority of the remaining members, even though they constitute less than a quorum; and each person

so elected shall be a member of the Board until a successor is elected at the next meeting of the Association.

Section 7. REMOVAL OF MEMBERS OF THE BOARD. At any annual or special meeting of the Association duly called, any one or more of the members of the Board may be removed with or without cause by a majority of Co-Owners and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. No Board member shall continue to serve on the Board if during the term of office, he shall cease to be a Villa Owner at such time, said Board member shall either resign or be removed by the Board. Notwithstanding any other provision contained herein, any member of the Board who was elected by the Co-Owners shall only be removed by the Co-Owners at a meeting where the purpose or one of the purposes, as stated in the Notice of Meeting, is the removal of said Board member.

Section 8. ORGANIZATIONAL MEETING. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board members were elected by the Association, and no notice shall be necessary to the newly elected Board members in order to legally constitute such a meeting, providing a majority of the Board shall be present.

Section 9. REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least one (1) such meeting shall be held each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary-Treasurer or other designated person, to each Board member, personally or by mail, express delivery service such as Federal Express, telephone, electronic mail, telefax or telegraph, at least ten (10) days prior to the day named for such meeting. Telephonic meetings are expressly authorized based upon the likelihood that Board members will be from different geographical locations.

Section 10. SPECIAL MEETINGS. Special meetings of the Board may be called by the President on three (3) days notice to each Board member, given personally or by mail, telephone, electronic mail, or telegraph, which notice shall state the time, place, and the purpose or purposes of the meeting. Special meetings of the Board shall be called by the P Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) Board members.

Section 11. WAIVER OF NOTICE. Before or at any meeting of the Board, any member of the Board may, in writing, signed by that Board member, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice and shall be filed with the minutes of the meeting in the corporate records. Attendance at or participation by a Board member at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof unless the Board member, upon arriving at the meeting or prior to a vote on a matter not noticed in conformity with these By-Laws, objects to lack of notice and does not thereafter vote for or assents

to the objected action. If all members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. ACTION WITHOUT A MEETING. Actions required or permitted by law, the Articles or these By-Laws may be taken without a meeting if the action is taken by all members of the Board and evidence by one or more consents describing the action taken, signed by each Director, and included in the Minutes filed in the Corporate records reflecting the action taken.

Section 13. BOARD QUORUM. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. Any or all Board members may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may hear each other simultaneously during the meeting, and directors so participating by this means shall be deemed to be present in person at the meeting. If, at any meeting of the Board, there is less than a quorum present, the majority of the Board members present may adjourn the meeting to another 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. Unless subsequently approved by Co-Owners by an Amendment to these By-Laws, proxies shall not be available for either a Board quorum or for voting purposes.

Section 14. FIDELITY BONDS. The Board may require that any and all officers and employees of the Regime handling or responsible for Regime funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Regime.

Section 15. COMPENSATION. No member of the Board of Directors shall receive any compensation from the Regime for acting as such. However, any Director may be reimbursed for his actual expenses incurred in the performances of his duties.

Section 16. LIABILITY OF THE BOARD OF DIRECTORS. Except as required under the laws of the State of South Carolina, the members of the Board of Directors shall not be liable to the Villa Owners 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 Villa Owners shall indemnify and hold harmless each of the Members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Master Deed or of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of any Villa Owner arising out of any contract made by the Board of Directors, shall be limited to such proportions of the total liability thereunder as his interest in the Common Elements bears to the interest of all Villa Owners in the Common Elements. Every agreement made by the Board of Directors or by the Management Agent on behalf of the Association shall provide that the members of the Board of

Directors, or the Management Agent, as the case may be, are acting only as agent for the Villa Owners and shall have no personal liability thereunder (except as Villa Owners), and that each Villa Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Villa Owners in the Common Elements.

ARTICLE V

OFFICERS

Section 1. DESIGNATION. The principal officers of the Association shall be a President, a Vice President, and a Secretary-Treasurer all whom shall be elected by and from the Board. The Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as, in their judgement may be necessary. One person may hold more than one of the aforementioned offices.

Section 2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. No officer shall continue to serve as such if, during his term of office, he shall cease to be a Villa Owner.

Section 4. VACANCIES. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the office he replaces.

Section 5. PRESIDENT. The President shall be the Chief Executive Officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of a Regime or incorporated Association, 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, feel appropriate to assist in the conduct of the affairs of the Association. Unless otherwise directed by the Board, the President shall sign all leases, mortgages, deeds and other written contracts and instruments and shall co-sign all checks and promissory notes, and perform all of the duties which may be delegated to him from time to time by the Board of Directors.

Section 6. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties when the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do

so 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.

Section 7. SECRETARY-TREASURER. The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct and shall authenticate the records of the Association; and he shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board. He shall, in general, perform all the duties incident to the office of the Secretary and Treasurer.

ARTICLE VI

NOTICES

Section 1. DEFINITION. Whenever under the provisions of the Master Deed or of these By-Laws notice is required to be given to the Board of Directors, the Management Agent or Villa Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by first class, certified or registered mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board of Directors, such Manager or such Villa Owners at such address as appears on the books of the Association. Notice shall be deemed given as of the date of mailing.

Section 2. SERVICE OF NOTICE-WAIVER. Whenever any notice is required to be given under the provisions of the Master Deed, or law, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice and delivered to the President or Secretary-Treasurer of the Association, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VII

OBLIGATIONS OF THE CO-OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All Co-Owners shall be obligated to pay the periodic assessments imposed by the Association to meet all Association Common Expenses, which shall include, among other things, liability insurance policy premiums and an insurance policy premium to cover repair and reconstruction work in case of hurricane, fire, earthquake, and other hazards and fines imposed by the Association for violation of the Master Deed, the Bylaws or any rules or regulations (hereinafter sometimes referred to as "Common Charges," "Common Expenses," and "assessments"). The Common Expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Property and any authorized

additions thereto. Such may include without limitation, any amount for general working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year. Not less than thirty (30) days prior to the Annual Meeting, the Board shall furnish all Villa Owners with a copy of the budget for the next fiscal year and shall likewise advise them of the amount of the assessments payable by each of them respectively, as determined by the Board as aforesaid. Payment of the periodic assessments shall be in equal monthly or quarterly (as determined by the Board) installments on or before the first day of each month or quarter, as appropriate, or in such other reasonable manner as the Board shall designate.

The transfer of ownership of an individual Villa within the Association shall carry with it the proportionate equity of that Villa's ownership in the Association operating escrow, working capital or reserve accounts set aside to provide a contingency fund for the maintenance and repair of the Association Property. Transfer of ownership and resignation or termination of a Co-Owner of the Association shall not relieve the Co-Owner from any obligations the Co-Owner may have to the Association as a result of obligations incurred or commitments made before resignation or termination.

Section 2. ASSESSMENTS TO REMAIN IN EFFECT UNTIL NEW ASSESSMENTS MADE. The omission by the Board of Directors before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the Master Deed and By-Laws or a release of any Owner from the obligation to pay the assessments, or an installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed by the Board at a duly held Board meeting. Amendments to this paragraph shall be effective upon unanimous written consent of the Owners and their mortgagees. No Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the General or Limited Common Elements or by abandonment of his Villa.

Section 3. RECORDS. The Management Agent or Board of Directors shall keep detailed records of the receipts and expenditures affecting the General and Limited Common Elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by any Owner during reasonable business hours.

Section 4. DEFAULT IN PAYMENT OF ASSESSMENTS OR OTHER CHARGES IMPOSED BY THE BOARD. The Board shall take prompt action to collect any assessment or charge including fines imposed hereunder due from any Villa Owner which remains unpaid for more than five (5) days from the due date for payment thereof. In the event of default by any Villa Owner in paying to the Board the assessments or charges as determined by the Board, such Villa Owner shall be obligated to pay a late charge of one and one-half (1½%) percent of the delinquent amount per month on such unpaid assessments or charge from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid assessment or charge. The Board shall have the right and duty to attempt to recover such assessment or charge, together with interest thereon, and the expenses of the proceeding, including

attorney's fees in action to recover the same brought against such Villa Owner, or by foreclosure of the lien on such Villa granted by Section 27-31-210, Code of Laws of South Carolina, 1976. With regard to the subordinate nature of such liens as it relates to mortgages recorded prior to the recording of any evidence of such lien, the provisions of Section 27-31-210, Code of Laws of South Carolina, 1976, as amended, shall be controlling. In addition to the foregoing, during the period an Owner remains in default, the Board may suspend all privileges of said Owner and any lessee, guest, invitee, or any other person planning to occupy that Owner's Villa by reason of permission of that Owner, and such persons may be refused entrance into the Regime or barred from use of amenities, including the pool and other common facilities.

Section 5. STATEMENT OF ASSESSMENT. The Board shall, for a reasonable fee, promptly provide any purchaser, Villa Owner, mortgagee or prospective mortgagee of a Villa so requesting the same in writing, with a written statement of all unpaid assessments and charges due from the Owner of that Villa and the purchaser's liability therefor shall be limited to the amount as set forth in the statement. Any mortgagee holding a lien on a Villa may pay any unpaid assessment and charge payable with respect to such Villa and upon such payment such mortgagee shall have a lien on such Villa for the amounts paid of the same rank as the lien of his encumbrance.

Section 6. STATEMENT UPON RESALE. Any Villa may be conveyed by an Owner free of any restrictions except for those set forth herein, except that no Owner shall convey, sell, or lease his Villa unless and until all unpaid Association expenses assessed against the Villa shall have been paid as directed by the Board of Directors. Such unpaid Association expenses, however, may be paid out of the proceeds from the sale of a Villa or by the grantee. Upon the written request of an Owner or Owner's prospective buyer, the Board or the Management Agent shall furnish a written statement of the unpaid charges due from such Owner which shall be conclusive evidence of the payment of amount assessed prior to the date of the statement, but unlisted thereon. Further, the Association shall undertake to provide copies of these By-Laws or other materials described by the Association upon the written request of a Co-Owner in connection with the sale or lease of their Villa. A reasonable charge may be made by the Board for the issuance of statements and other materials.

The provisions of this Section shall not apply to the acquisition of a Villa by a mortgagee who shall acquire title to such Villa by foreclosure or by deed in lieu of foreclosure. In such event, the unpaid assessments against the Villa which were assessed and became due prior to the acquisition of title to such Villa by such mortgagee shall be deemed waived by the Association and shall be charged to all other Co-Owners of the Association as a Common Expense. Such a provision shall not however apply to any assessments which are assessed and become due after the acquisition of title to such Villa by the mortgagee and to any purchaser to such mortgagee.

Section 7. MAINTENANCE AND REPAIR

(a) Each Co-Owner must perform work within his own Villa, which, if omitted, would affect the Property in its entirety or in a part belonging to another Co-Owner, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of the Villas and of those items described in Section 5.06 of the Master Deed, and of all other accessories and Limited Common Elements appertaining or belonging to the Villa shall be at the expense of the Co-Owner.

(c) All maintenance, repair and replacement to the Common Elements as defined in the Master Deed, unless otherwise provided in the Master Deed, shall be made by the Board or its agent and shall be charged to all the Villa Owners as a Common Expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of the Villa Owner, in which such case the expense shall be charged to such Villa Owner.

Section 8. UTILITIES.

(a) **WATER CHARGES AND SEWER RENTS.** Water shall be supplied and sewer services shall be supplied to all Villas and the Common Elements by the South Island Public Service District, or its successors, (the "District") and each Owner shall be required to pay for all charges for water consumed and sewer services in his Villa and to the Common Elements promptly after the bill for the same have been rendered as part of the common expense assessment.

(b) **ELECTRICITY.** Electricity shall be supplied by the public utility company serving the area directly to each Villa through a separate meter and each Villa Owner shall be required to pay the bills for electricity consumed or used in his Villa. The electricity serving the Common Elements shall be separately metered, and the Board shall pay all bills for electricity consumed in such portions of the Common Elements, as a Common Expense.

(c) **CABLE TELEVISION/SATELLITE COMMUNICATIONS.** Except with the prior written approval of the Board of Directors, its Management Agent, or a Board designated Committee, which approval shall not be unreasonably withheld, no outside television or radio aerial or antenna, satellite dish, or other device, for the reception or transmission of radio or television, or other electronic signals, shall be erected or maintained on any Villa or upon the exterior of any Villa, Common Element or the Limited Common Elements appurtenant to any Villa. The Board of Directors or its Management Agent or its designated Committee, may approve any applications for the installation for the personal use of the Owner, and either (a) the device shall not be visible from neighboring Villas, streets or common area; or (b) the Villa Owner, prior to installation, has received the written consent of all of the Owners of all Villas who would have views of the installation from their Villas; (c) and all other private and public approvals, as applicable, have been obtained. In approving such applications, the Board of Directors, its Management Agent, or its designated Committee shall have the power to require such specific forms of placement of the

device as it deems appropriate in order to effectuate the intent of this Section 8(c) that such devices be as inoffensive as possible to other Owners and Residents. All installations must comply with local zoning requirements and building codes, if applicable. Any Owner requesting such a device may be required to pay a reasonable charge to the Association for the reviewing of such Application by the Board, its Management Agent, or its designated Committee. Further, the Owner shall be required to pay the installation costs for installing such device and to pay all bills associated with such Owner's use of the device.

The Board may approve the use of such devices to serve the Common Elements and the Board shall pay all costs of installation and bills for use of such devices in such portions of the Common Elements as a Common Expense.

Section 9. USE OF VILLAS: INTERNAL OR EXTERNAL CHANGES

(a) A Co-Owner may make internal structural modifications or alterations in his Villa or installations located therein subject to Sections 5.10 and 5.11 of the Master Deed. As provided in Section 5.10 of the Master Deed, the Association shall have the obligation to answer within sixty (60) days from the actual receipt of such notice.

(b) A Co-Owner shall make no changes or additions whatsoever to the exterior of the Villa, any stairs or decks, appurtenant thereto, or to any of the Limited Common Elements without prior written approval of the Board. The Board may also approve minor additions to landscaping and other minor exterior changes or additions of this nature which in its sole discretion will not interfere or conflict with the overall scheme and appearance of the common areas. If any changes as described herein are approved by the Board, the Co-Owner requesting such change shall be totally financially responsible for the cost of such change and the incurred costs, if applicable, of the maintenance and repair of such change. The Board, through its agent, may include this additional maintenance cost in the periodic assessment for the Villa in question.

Section 10. USE OF COMMON ELEMENTS. Except as authorized by Section 9(b) a Co-Owner shall not place or cause to be placed in the passages, parking areas, roads, or other common areas any furniture, packages or obstructions of any kind. Such areas shall be held in common for the enjoyment of the Co-Owners and shall be used for no other purpose than for normal transit through or use of them and for normal vehicular parking.

Section 11. RIGHT OF ENTRY.

(a) A Co-Owner shall grant the right of entry to the Management Agent or to any person authorized by the Board in case of any emergency originating in or threatening his Villa, whether the Co-Owner is present at the time or not.

(b) A Co-Owner shall permit other Co-Owners, or their representatives, when so required, to enter his Villa for the purpose of performing installations, alterations, or repairs to the

mechanical or electrical services, provided that such requests for entry are made in advance and that such entry is at a time convenient to the Co-Owner. In case of emergency, the right of entry shall be immediate.

Section 12. RULES OF CONDUCT. In order to assure the peaceful and orderly use and enjoyment of the Villas and Common Elements of the Association, the Board of Directors may from time to time adopt, modify, and revoke in whole or in part, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules of Conduct, governing the conduct of persons on said property of the Association as it may deem necessary. Such Rules of Conduct, upon adoption, and every Amendment, modification, and revocation thereof, shall be delivered promptly to each Owner by posting same with postage prepaid addresses to the Owner at the last registered address of the Owner and shall be binding upon all Villa Owners and the occupants of Villas in the Regime. The following shall constitute the initial Rules of Conduct for the Regime:

A. Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, televisions and amplifiers that may disturb other residents.

B. No Co-Owner shall:

- (1) Post any advertisements or posters of any kind in or on the Property except as authorized by the Association;
- (2) Hang garments, towels, rugs, or similar objects from the windows or balconies or from any of the facades of the Property;
- (3) Clean dust mops, rugs or similar objects from the windows or balconies by beating on the exterior part of the Property;
- (4) Throw trash or garbage outside the disposal installation provided for such purpose in the service areas;
- (5) Act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Villas in the Property;
- (6) Maintain any pets which cause distress to Co-Owners through barking, biting, scratching or damaging of property. No more than two (2) pets may be maintained in any one Villa. Aggressive breeds as determined by the Board are prohibited. No pet weighing more than seventy-five (75) pounds shall be permitted.
- (7) Operate, park, or store on the Property any recreational vehicles, motor homes, trucks, commercial vans or boats.

C. A vehicles must be operational and have valid current license plates and registration.

D. Each Villa Owner shall be responsible financially and otherwise for the actions or inaction of said Villa Owners' tenant or guests to include violation of the Master Deed, By-Laws and Rules of Conduct.

E. In addition to the foregoing, each Owner shall cause his/her guests or tenant to abide by all Rules of Conduct for use of recreational areas, parking, service and common elements. Rules for use of said facilities shall be posted. Initial rules are as follows:

- (1) No thong or revealing swimsuits;
- (2) No Cut-offs or glass containers shall be permitted in the pool area;
- (3) Owners or tenant of Owners must accompany guests using common amenities;
- (4) No more than two (2) guests shall be permitted in the recreational areas at any time without approval of the Management Agent.

F. No Co-Owner, resident, or lessee shall install wiring for electrical or telephone installations, televisions or radio antenna, air conditioning fixtures, or similar objects outside of his dwelling or which protrudes through the walls or the roof of his Villa except as authorized by the Board and where appropriate, subject to Section 8(c) of this Article VII.

Section 13. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY VILLA OWNERS. The violation of any rules or regulations adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provisions of the Master Deed, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the Villa in which or as to which such violations or breach exists and to summarily abate and remove, at the expense of the defaulting Villa Owner, any structure, thing or condition, that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorney's fees, and until such expense is recovered it shall be a lien upon said Villa which lien shall be inferior to the lien of all prior mortgages, and/or (c) to impose fines for violations therefore in amounts determined by the Board, the amount thereof to be added to the assessments payable by fined Owner and subject to same rights of collection as provided herein.

Section 14. FISCAL YEAR. The fiscal year for the Association shall begin on the 1st day of January of each year; provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations

from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

Section 15. LITIGATION. No judicial proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the votes eligible to be cast by the Owners. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided herein; (c) proceedings involving taxation, including, e.g., challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. In the event any litigation is instituted, then the Association shall assess all Owners for the costs of litigation, including, without limitation, attorney's fees incurred, and funds from regular assessments shall not be used for any such claim or litigation.

ARTICLE VIII

INSURANCE

The Board of Directors shall be required to obtain and maintain, as set forth below, in forms and amounts as hereinafter prescribed, the following insurance, without prejudice of the right of the Co-Owner to obtain additional individual insurance at his own expense:

Section 1. HAZARD INSURANCE. The Board of Directors shall insure the Property, as it may be constituted from time to time, against loss or damage due to fire, windstorm, lightning, and flood, with extended coverage, in an amount not less than the maximum insurable replacement value of the Property as determined by the Board upon recommendation made by the Regime's insurer, it being understood that the Board, at its discretion may have an appraisal made of the Property for this purpose, or in the amount reasonably obtainable as it relates to the flood coverage. The Board of Directors shall have the Authority also to insure against other hazards and risks as it may deem desirable for protection of the Property. All hazard insurance shall cover the entire Property, exclusive only of the contents and furnishings of the individual Villas.

(a) All hazard insurance policies obtained by the Board of Directors shall designate the Board of Directors as the named insured as Insurance Trustee for the benefit of all the Owners and their mortgagees collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid jointly to the Board of Directors as Insurance Trustee under the provisions of this Master Deed, it being understood and acknowledged that the distribution of such proceeds shall be controlled by the Horizontal Property Act and the provisions of this Master Deed.

(b) All hazard insurance policies obtained by the Board of Directors shall provide for the issuance of Certificates of Insurance to each Villa Owner. Each Certificate shall evidence the issuance of the Master Policy and shall indicate the amount of insurance covering the building

within which the respective Villa is located. If a Villa is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

(c) If obtainable, all hazard insurance policies upon the Property shall include provisions waiving (i) any rights of the insurer to subrogation against the Association, its agents and employees, and against the individual Owners and their servants, agents, and guests; and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Villa Owner upon the contents and furnishings of their Villas.

(d) Each mortgagee of which the Board has notice as herein provided shall be entitled to receive upon request, a statement of the replacement value as determined herein this Section 1. If any such mortgagee disagrees with the values assigned to the Property by such determination and presents an appraisal prepared at such mortgagee's expense showing higher values which has been performed by a qualified appraiser, then the Board shall either adopt the higher value or shall cause a reappraisal to be made by a qualified appraiser approved by the Board and by the appraisers who conducted the prior appraisals and the findings of the third appraiser shall be conclusive to determining such value for insurance purposes.

(e) Each hazard insurance policy shall contain a loss payee provision designating the interest of the various mortgagees as to the various Villas within the Regime which are covered by the Master Policy. Such policies shall also provide that they shall not be cancelled without giving thirty (30) days prior written notice to all such mortgagees about which the insurer has been given written notice.

Section 2. **PUBLIC LIABILITY INSURANCE.** The Board of Directors shall obtain comprehensive public liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Association to an individual Villa Owner and to liabilities of one Villa Owner to another Villa Owner.

Section 3. **WORKMEN'S COMPENSATION INSURANCE.** The Board of Directors, as necessary, shall obtain Workmen's Compensation Insurance to meet the requirements of law.

Section 4. **PREMIUMS.** All premiums upon insurance policies purchased by the Board of Directors shall be assessed as Common Expenses to be paid by the Villa Owners through periodic assessment as herein provided.

Section 5. **ADJUSTMENT.** Each Villa Owner shall be deemed to have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Association, subject to the rights of mortgagees of such Villa Owners.

Section 6. **INSURANCE BY VILLA OWNERS.** Each Villa Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal property, wall coverings,

decorations, and furnishings within his own Villa and the additions and improvements made by him to the Villa. Each Villa Owner shall also be responsible for obtaining at his own expense, insurance covering his liability for the safety of the premises within his Villa. All such insurance policies shall include, however, provisions waiving (i) any right of the insurer to subrogation claims against the Association and against individual Villa Owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or proration because of the master hazard policy.

As set forth in the Master Deed, each Co-Owner is responsible for any damage to his Villa or another Villa or to the Common Elements caused by his negligent action or inaction by said Co-Owner's tenants, family members residing in the Villa, or guests. If a claim is made against the Association's policy as a result of such negligence by a Co-Owner, then the Board may make a determination to assess any non-reimbursable expenses, such as the deductible, attorney's fees, and

the like, against the negligent Co-Owner, and such assessment shall be collectible just as any other assessment described in Section 1 of Article VII.

Section 7. DISTINCTION ON OWNER'S COVERAGE AND REGIME COVERAGE.

As reflected above, both the Association and the Co-Owner have certain insurers' responsibilities. The Board, acting through the Management Agent, shall have the discretion to balance competing interests of said insurers, should such an occasion arise. Each Co-Owner shall, upon request, provide to the Management Agent, the name and address of his insurer.

Section 8. SUBSTITUTION OF INSURANCE TRUSTEE. The Board of Directors, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has an office in Beaufort County, South Carolina. Any substitute Insurance Trustee appointed by the Board of Directors shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of this Master Deed.

ARTICLE IX

RECONSTRUCTION AND REPAIR

In the event of casualty loss or damage to the Property, the Board of Directors shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Property in accordance with the provisions of this ARTICLE IX. Reconstruction or repair shall be mandatory unless otherwise provided in the Act, as amended from time to time, or unless seventy-five (75%) percent or more of the Villa Owners vote, at a duly authorized meeting, not to reconstruct. In situations where reconstruction or repair is not to be undertaken, the insurance indemnity received by the Board of Directors shall be distributed pro-rata to the Villa Owners and their mortgagees jointly in proportion to their respective statutory interests. The remaining portion of the Property shall be subject to an action for partition at the suit of any Villa Owner or lien or as

if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and distributed pro-rata among all Villa Owners and their mortgagees jointly in proportion to their respective statutory interests. In the situation where reconstruction or repair is undertaken, then such Property shall be repaired in the following manner:

(1) Any reconstruction or repair must follow substantially the plans and specifications of the Property (Exhibit "C-1" to the Amended Master Deed), including any modifications approved pursuant to the provisions of the Amended Master Deed), unless the Villa Owners holding seventy-five percent (75%) or more of the total interest in Common Elements and their mortgagees, if any, vote to adopt different plans and specifications, and all Owners whose Villas are being reconstructed or repaired unanimously consent to the adoption of such different plans and specifications.

(2) The Board of Directors shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include such professional fees and premiums for bids as the Board of Directors deems necessary.

(3) If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the Association may use funds out of its reserve or replacement accounts, and, if still not sufficient, the Association shall levy and collect an assessment against all Owners in an amount which shall provide the funds required to pay for the repair, replacement, or reconstruction.

(4) The insurance proceeds received by the Board of Directors and the mortgagees, and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board of Directors and the mortgagees, shall disburse payment of the costs of reconstruction and repair. The first disbursements from the construction fund shall be insurance proceeds; and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be distributed to the Villa Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be retained by the Association.

ARTICLE X

INSURANCE TRUST

In the event of casualty loss to the Property, all insurance proceeds indemnifying the loss or damage shall be paid jointly to the Board of Directors as Insurance Trustee. The Board of Directors, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this ARTICLE X and the benefit of the Association, the Villa Owners, and their respective mortgagees in the following share:

(1) Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interests in the Common Elements which are appurtenant to each of the Villas.

(2) Insurance proceeds paid on account of loss or damage to less than all of the Villas, when the damage is to be restored, shall be held for the benefit of Villa Owners of the damaged Villas and their respective mortgagees in proportion to the costs of repairing each damaged Villa.

(3) Insurance proceeds paid when the Property is not to be restored shall be held for the benefit of all Owners, and their respective mortgagees the share of each being equal to the undivided share or interest in Common Elements appurtenant to the applicable Villa.

(4) In the event a Certificate of Insurance has been issued to a Villa Owner bearing a mortgagee endorsement, the share of the Villa Owner shall be held in trust for the mortgagee and the Villa Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds required by the loan documents to be paid jointly to the Villa Owners and their respective mortgagees pursuant to the provisions of the Master Deed.

ARTICLE XI

MORTGAGES

Section 1. NOTICE TO BOARD. A Co-Owner who mortgages his Villa shall notify the Board through the Management Agent, if any, or the President if there is no Management Agent, of the name and address of his Mortgagee; and the Association shall maintain such information in a book entitled "Mortgages on Villas" or in the individual Villa file.

Section 2. NOTICE TO MORTGAGEE. The Board shall give reasonable advance written notice of the following events to all mortgagees from which it receives a written request (the term "mortgagee" to include the holder, insurer or guarantor with respect to any such mortgage). Such written request must identify the name and address of the holder, insurer or guarantor and the Villa number and address:

- (a) Any change in the Condominium documents;
- (b) Any unpaid assessments due the Association for over ninety (90) days from the Co-Owner(s) (mortgagor(s)) of the Villa;

- (c) Any default by the Co-Owner (mortgagor) of a Villa in the performance of such Co-Owners' obligations under the Master Deed and associated Condominium documents when such default is not cured within sixty (60) days;
- (d) Any notice of special or annual meetings of the Association;
- (e) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Villa on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;
- (f) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (g) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in these By-Laws or in the Master Deed.
- (h) Any proposed change from professional management of the Property to self management of the Property by the Association.

ARTICLE XII

AMENDMENTS

Section 1. REQUIREMENTS FOR AMENDMENTS. Except as provided in the Master Deed for an Amendment or Amendments to admit further Phases to the Regime, if appropriate, and except where a greater percentage is expressly required, either herein, or by law, these By-Laws may be materially amended only with the consent of the Owners of Villas to which at least sixty-seven (67%) percent of the votes in the Association are allocated and the approval of eligible mortgagees from which the Association has received written notice holding mortgages on Villas which have at least fifty-one (51%) percent of the votes of Villas subject to such mortgages, as it relates to modification of any material provisions of these By-Laws, the Articles of Incorporation or other governing document, which establish, provide for, govern or regulate any of the following:

- (a) Voting;
- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the Common Elements;
- (d) Insurance or Fidelity Bonds;
- (e) Rights to use of the Common Elements;

- (f) Responsibility for maintenance and repair of the several portions of the Property;
- (g) Expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project except as expressly provided in the Master Deed;
- (h) Boundaries of any Villa;
- (i) The interests in the General or Limited Common Elements;
- (j) Convertibility of Villas into common areas or of common areas into Villas;
- (k) Leasing of Villas;
- (l) Imposition of any additional or further right of first refusal or similar restriction on the right of a Villa Owner to sell, transfer, or otherwise convey his or her Villa; and
- (m) Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on Villas.

Section 2. MATERIALITY OF AMENDMENTS; MORTGAGEE APPROVAL PROCEDURE. An addition or Amendment to the By-Laws or Master Deed shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. An eligible mortgage holder who receives a written request to approve additions or Amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request and proof of mailing such request in affidavit form, together with an affidavit of non-receipt, shall be sufficient evidence of such approval.

ARTICLE XIII

MISCELLANEOUS MATTERS

Section 1. GENDER; NUMBER. The use of the masculine gender in these By-Laws includes the feminine gender, and when the context requires the use of the singular includes the plural.

Section 2. DEFINITIONS. The definitions contained in Section 4 and elsewhere in the Master Deed also apply to these By-Laws.

Section 3. EXECUTION OF DOCUMENTS. The President or Vice President and Secretary or Assistant Secretary are responsible for preparing, executing, filing and recording Amendments to the Master Deed and By-Laws, and shall be authorized to execute any other document which the Association may from time to time be required to execute.

Section 4. NOTICES. All notices required by these By-Laws shall be hand delivered or sent by mail to the Association at the address of the Managing Agent; to Villa Owners at the address of the Villa or at such other address as may have been designated by such Villa Owner from time to time in writing to the Association. All notices from or to the Association shall be deemed to have been given when mailed or delivered, except notice of changes of address which shall be deemed to have been given when received.

Section 5. 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 provision of the By-Laws.

Section 6. INVALIDITY. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 7. CONFLICT. These By-laws are set forth to comply with the requirements of the Horizontal Property Act of South Carolina, as amended, and the South Carolina Non-Profit Corporation Act of 1994, and may be amended from time to time. In the event of any conflict between these By-Laws and the provisions of such statutes or the Master Deed, the provisions of such statutes or the Master Deed, as the case may be, shall control.

Section 8. 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 violations or breaches thereof which may occur.

IN WITNESS WHEREOF, Twin Oaks Villas Horizontal Property Regime and Twin Oaks Villas Owners' Association, Inc. have caused this instrument to be executed this 17 day of FEBRUARY, 2009.

WITNESSES:

Ann H. Hoag

Jack Hunt

W. Ted Hoag

TWIN OAKS VILLAS HORIZONTAL
PROPERTY REGIME and
TWIN OAKS VILLAS OWNERS'
ASSOCIATION

BY:

ITS: PRESIDENT

STATE OF South Carolina)
COUNTY OF Beaufort)

ACKNOWLEDGMENT

I, Tracie D Skelly (Notary Public), do hereby certify that

T. DENNY HOAG, PRESIDENT, of Twin Oaks Villas Horizontal Property
Regime and Twin Oaks Villas Owners' Association, Inc., personally appeared before me this day
and acknowledged the due execution of the foregoing First Amended By-Laws of Twin Oaks Villas
Horizontal Property Regime and Twin Oaks Villas Owners' Association, Inc.

Witness my hand and seal this 17TH day of FEBRUARY, 2009

Tracie D Skelly

Notary Public for S.C.

My commission expires: 8/16/2014