

BYLAWS
OF
WOODLAKE VILLAS OWNERS ASSOCIATION, INC.

ARTICLE I

General

Section 1.1. Definitions. The terms used in these Bylaws, unless the context requires otherwise or unless otherwise specified herein, shall have the same meaning as the recorded Master Deed of Woodlake Villas Horizontal Property Regime to which these Bylaws are annexed.

Section 1.2. Applicability. These Bylaws are adopted pursuant to the Act and shall govern the operation of the Regime by the Association. These Bylaws shall be binding upon all Owners and lessees of Owners, their families, invitees and guests.

Section 1.3. Conflicts with the Act. These Bylaws are set forth to comply with the Act and the Master Deed and in the event any of the provisions hereof conflict therewith, the provisions of the Act and/or the Master Deed shall control.

Section 1.4. Incorporation of Master Deed by Reference. The provisions of the Master Deed, to the extent required by the Act to be set forth in the Bylaws, shall be deemed to be incorporated herein and all such provisions of the Master Deed shall be deemed Bylaw provisions for purposes of satisfying the requirements of the Act.

ARTICLE II

Name, Location and Membership

Section 2.1. Name. The name of the Association is Woodlake Villas Owners Association, Inc.

Section 2.2. Location. The principal office of the Association shall be located within the Project at Hilton Head Island, Beaufort County, South Carolina, but meetings of the Board of Directors may be held at any other location designated by the Board of Directors in accordance with the provisions of these Bylaws.

Section 2.3. Membership. Each Owner of a fee or undivided fee interest in any Unit shall be a member of the Association, excluding persons who hold such interest under a deed to secure debt, mortgage or deed of trust. Membership in the Association shall be confined to such Owners and shall be appurtenant to and inseparable from Unit ownership. Such Owner or Owners of each Unit shall designate in writing delivered to the Secretary one member of the Association from among such Owner or Owners of such Unit, or a member of the immediate family of such Owner or Owners, and such member shall represent the Owner or Owners of such Unit in connection with the activities of the Association and shall exercise the voting rights thereof. Such designation shall be valid until revoked in writing delivered to the Secretary or until such Owner sells his Unit, whichever event shall first occur. No Owner shall be required to pay any consideration whatsoever for his membership.

ARTICLE III

Meetings of Members

Section 3.1. Place of Meeting. Meetings of the Association shall be held at the Project at such suitable place convenient to the members as may be designated by the Board of Directors.

Section 3.2. Annual Meeting. The first annual meeting of the members shall be held not later than the earlier of: (1) 120 days after the date by which 75% of the units have been conveyed to Owners; or (2) on December 1, 1983. Thereafter, regular annual meetings shall be held on the first Saturday in December of each calendar year unless otherwise provided by the members at any previous meeting. If the date of the annual meeting shall fall on a legal holiday, the meeting shall be held at the same hour on the next following business day.

Section 3.3. Special Meetings. Special meetings of the Association may be called at any time by the President, by resolution of the Board of Directors, or upon the receipt of the Secretary of a petition signed by members holding greater than ten (10%) per cent of the Total Percentage Interests. 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.

Section 3.4. Notice of Meeting. 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 not less than 10 days or more than 50 days before the date of 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 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, joint tenant or tenant by the entirety shall be deemed notice to all such Owners.

Section 3.5. 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 or waiver of notice;
- c. Reading of minutes of preceding meeting;
- d. Reports of officers, if any;
- e. Reports of committees, if any;
- f. Election of directors;
- g. Unfinished business;
- h. New business;
- i. Adjournment.

In case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

Section 3.6. Quorum. At all meetings, regular or special, a quorum shall consist of the presence in person or by proxy of members holding not less than fifty-one (51%) per cent of the total vote of the Association. If a quorum shall not be present at any meeting, a majority vote of the members present, in person or by proxy, may adjourn the meeting from time to time until a quorum can be obtained. At any such meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 3.7. Voting Rights. The Association shall have one class of voting membership which shall consist of all Owners of Units in the Regime. The total number of votes of all members of the Association shall be One Hundred (100) and the persons designated by the Owner or Owners of each Unit shall be entitled to cast the number of votes (in fractions if necessary) equal to the Percentage Interest appurtenant to the Unit owned by such Owner or Owners multiplied by One Hundred. All Percentage Interests are set forth in the Master Deed and the vote of each Owner shall not be divisible nor may the vote thereof be cast in part.

Section 3.8. Proxy. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the designated time of each meeting.

Section 3.9. Majority Vote. Acts authorized, approved or ratified by the casting of a majority of the total vote of the Association, in person or by proxy, shall be the acts of the Association, except where a higher percentage vote is required by these Bylaws, the Master Deed or the Act, and shall be binding for all purposes.

Section 3.10. Actions Without Meeting. Anything to the contrary contained in these Bylaws notwithstanding, 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 shall be signed by all persons who would be entitled to cast 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 Minutes Book thereof.

ARTICLE IV

Board of Directors, Number, Powers, Meetings

Section 4.1. Number. The business and affairs of the Association shall be governed by a Board of Directors (herein sometimes referred to as the "Board"), who shall be members of the Association. Each director shall be at least twenty-one (21) years of age and any qualified director may be re-elected. Each director shall hold office until his death, resignation, retirement, removal, disqualification or his successor is elected and qualified.

Section 4.2. Powers. The Board of Directors shall direct the affairs of the Association and, subject to any restrictions imposed by law, by the Master Deed, or these Bylaws, may exercise all of the powers of the Association. The Board of Directors shall exercise such duties and responsibility as shall be incumbent upon it by law, the Master Deed, or these Bylaws as it may deem necessary or appropriate in the exercise of its powers.

Section 4.3. Election and Term of Office. The initial Directors of the Association, who need not be members of the Association, shall be:

Michael J. Murphy
L.F. Rossignol, III
Gregory J. Barbour

These individuals shall serve until the first meeting of the Association. At the first meeting of the Association members shall elect nine directors. The three directors receiving the greatest number of votes shall serve a three year term. The three directors receiving the next greatest number of votes shall serve two year terms and the remaining three directors shall serve one year terms. At the expiration of the initial terms provided herein, successors shall be elected to serve three year terms. In the event any tie vote occurs, the Board of Directors shall determine which director shall serve the longer term.

Section 4.4. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a

director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until a successor is elected at the next annual meeting of the Association. Vacancies caused by the removal as provided in Section 4.5 shall be filled by vote of the Association at the same meeting at which a director or directors were removed.

Section 4.5. Removal of Directors. At any regular or special meeting of the Association duly called, one or more of the directors may be removed with or without cause by a majority of the total vote of the Association, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by an Owner or Owners shall be given an opportunity to be heard at such meeting.

Section 4.6. Regular Meeting. The first regular meeting of the Board of Directors shall be held immediately following the first annual meeting of the members of the Association and regular meetings thereafter shall be held on such dates and at such time and place, but not less frequently than semi-annually, 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; provided, however, that notice of the first regular meeting shall not be required to be given to the directors provided that a majority of the entire Board is present at such meeting. Should any such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 4.7. Special Meetings. Special meetings of the Board of Directors 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 hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice upon the written request of at least two directors.

Section 4.8. Waiver of Notice. Before or at any meeting of the Board of Directors any director may, in writing, waive notice of such meetings 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.

Section 4.9. Quorum. At all meetings of the Board of Directors, a majority of the then qualified directors shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is 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.

Section 4.10. 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, that a director may be reimbursed for travel, lodging and other out-of-pocket expenses incurred by him in the performance of his duties.

Section 4.11. Action by Board Without a Meeting. The Board of Directors shall have the right to take any action which it could take at a meeting by obtaining the written approval of all directors thereto. Any action so approved shall have the same effect as though taken at a meeting of the Board.

Section 4.12. Liability of Directors. In accordance with and to the extent permitted by the laws of the State of South Carolina made and provided, 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, in accordance with and to the extent permitted by the laws of the State of South Carolina made and provided, each director shall be indemnified by the Association against all liabilities and expenses, including attorney's fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be party or in which he becomes involved by reason of his being or having been a director of the Association, whether or not he is a director of the Association 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 performance of his duties; provided, however, that in the event of 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 the approval by the members of the Association only when such approval is required by the laws of the State of South Carolina made and provided.

Officers

Section 5.1. Number and Election. There shall be elected annually by and from the Board of Directors a President (who shall also be Chairman of the Board), a Secretary and a Treasurer. The offices of Secretary and Treasurer may be filled by the same person. The directors may also elect from time to time such other officers as in their judgment may be needed, which officers need not be directors.

Section 5.2. 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.

Section 5.3. Duties. The duties of the officers shall be as follows:

(a) President. The President shall be the chief executive officer and shall preside at all meetings of the Board of Directors 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 the Treasurer all promissory notes and similar documents, if any, and shall perform such other duties as may be designated to him by the Board. He shall have all general powers and duties which are incident to the office of President of a business corporation organized under the laws of the State of South Carolina made and provided, and control and management of the Association in accordance with such laws and these Bylaws.

(b) Secretary. The Secretary shall record the votes and keep the minutes of all meetings in a Minute Book wherein all resolutions validly adopted by the Association shall be recorded 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; keep custody of and attest the seal of the Association; and perform such other duties as may be required of him by the Board or incident to the office of Secretary of a business corporation organized under the laws of the State of South Carolina made and provided.

(c) Treasurer. The Treasurer shall be responsible for the funds of the Association except to the extent a professional management company collects and disburses funds. The Treasurer

shall co-sign with the President all promissory notes and similar documents, shall maintain full and accurate fiscal accounts and records, and shall perform such other duties as may be designated by the Board of Directors or incident to the office of Treasurer of a business corporation under the laws of the State of South Carolina made and provided.

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Section 5.4. Compensation. No officer shall receive compensation for any service he may render to the Association nor shall the Association make any loan, directly or indirectly to an officer; provided, however, that an officer may be reimbursed for reasonable travel, lodging and other out-of-pocket expenses incurred by him in the performance of his duties. This does not preclude the Board of Directors from employing persons to perform services from time to time required by the Association, who shall receive compensation.

Section 5.5. Liability of Officers. In accordance with and to the extent permitted by the laws of the State of South Carolina made and provided, 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, in accordance with and to the extent permitted by the laws of the State of South Carolina made and provided, each officer shall be indemnified by the Association against all liabilities and expenses, including attorney's fees, reasonably incurred and imposed upon him in connection with any proceedings 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 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 such approval is required by the laws of the State of South Carolina made and provided.

ARTICLE VI

Compliance

Section 6.1. Compliance with Master Deed. The Association through the Board of Directors and Officers shall comply with all provisions of the Master Deed regarding the operation and administration of the Regime, including but not limited to:

(a) Establishing an Annual Assessment by estimating the Common Expenses to be incurred during each fiscal year; collecting the Annual Assessments on a monthly basis; levying and collecting

Special Assessments for the purposes as set forth in the Master Deed; collecting Working Capital Assessments; and in general, causing the Association to have sufficient funds to perform the obligations imposed upon it by the Act, the Master Deed and these Bylaws;

(b) Causing the Project to be maintained in good condition and repair with adequate security;

(c) Regulating the use and enjoyment of the Project to promote the enjoyment thereof by all parties entitled to the benefits therefrom;

(d) Causing the Association to comply with all obligations related to insurance coverage contained in applicable provisions of the Federal National Mortgage Association Conventional Home Mortgage Selling Contract Supplement and as specified in the Master Deed; and

(e) Causing the Association to provide all documents and to undertake all activities specified in the Master Deed for the benefit of mortgagees;

(f) Causing personnel necessary for the proper operation of the Regime to be employed; and

(g) Entering into all other contractual arrangements deemed necessary or appropriate by the Board of Directors to permit the Regime to comply with the requirements of the Act, Master Deed or these Bylaws.

Section 6.2. Employment of Professional Condominium Manager. The Board of Directors shall cause the Association to employ a professional management company in accordance with the provisions of the Master Deed, which shall be delegated with such powers and charged with such responsibilities as deemed necessary or appropriate by the Board of Directors to permit, at a minimum, the collection of all Assessments, payment of recurring expenses attending to proper maintenance and operation of the Project on a day-to-day basis.

ARTICLE VII

Financial Matters

Section 7.1. Availability of Funds. The Board of Directors shall cause the Association to establish reasonable reserves for working capital, deferred maintenance and replacement to promote the operation of the Regime on a sound financial basis.

Section 7.2. Collection of Assessments. The Board of Directors shall use all reasonable efforts to collect Assessments from Owners on a current basis and shall pursue all Owners for delinquent assessments in a vigorous manner except to the extent that it is unlikely that the Association will be able to recover a material portion of the Assessment after deducting the costs incurred in connection with the collection thereof.

Section 7.3. Records of Receipts and Expenditures. The Association shall keep accurate books and records, including but not limited to a ledger book with detailed accounts in chronological order of the receipts and expenditures affecting the Project and its administration; and specifying the maintenance and repair expenses of the Common Area and all other expenses incurred by the Association.

Section 7.4. Record of Assessments. An Assessment Roll shall be maintained in which there shall be an account for each Unit. Such an account shall designate the name and address of the Owner, the amount of each Assessment against the Owner, the date and amount in which Assessments come due, the amount received on the account from time to time and any balance due from the Owner. Upon request, the Association shall issue a certificate utilizing the Assessment Roll as a status of the owner and the Unit with respect to the payment of Assessments to any party having an interest in a Unit.

Section 7.5. Audit of Financial Statements. No later than 120 days after the close of any fiscal year of the Association, the Association shall cause audited financial statements for such fiscal year to be prepared by a certified public accountant licensed in the State of South Carolina.

Section 7.6. Access to Information. The Association shall make available to Owners and holders, insurers or government guarantors of any mortgage information concerning the Regime as provided in the Master Deed.

Section 7.7. Depository. The depository for the Association shall be such bank or banks as shall be designated from time to time by the Board of Directors and in which monies of the Association shall be deposited. Withdrawals of monies from such accounts shall be only by check signed by such persons as are authorized by the Board of Directors.

Section 7.8. Fidelity Bonds. Fidelity bonds shall be required of all parties having access to funds of the Association in accordance with the provisions of the Master Deed.

Section 7.9. Fiscal Year. The fiscal year of the Association shall be the calendar year.

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ARTICLE VIII

Association Seal

Section 8.1. Description. The Association shall have a seal in circular form having within its circumference the words "Woodlake Villas Owners Association, Inc./South Carolina/1982."

ARTICLE IX

Parliamentary Rules

Section 9.1. Roberts Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Act, the Master Deed or these Bylaws.

ARTICLE X

Amendments

Section 10.1. Bylaws. These Bylaws may be amended by a vote of at least sixty-seven (67%) per cent of the total vote of the Association at a duly constituted meeting for such purposes, in strict accordance with the provisions of the Master Deed and the Act. Said amendments shall be set forth in an amendment to the Master Deed and duly recorded. Each Owner, by accepting a deed to a Unit, expressly agrees to be bound by and benefit from any such amendment hereto.

Section 10.2. Master Deed. The Master Deed shall be amended only upon the written consent of sixty-seven (67%) per cent of the total vote of the Association as provided therein.

Section 10.3. Additional Consent. Anything to the contrary contained in the Master Deed or these Bylaws notwithstanding, no amendment to the Master Deed or the Bylaws shall discriminate against any Owner or against any Unit or class of Units unless the Owners so effected shall consent in writing thereto.

ARTICLE XI

Rules and Regulations

Section 11.1. Promulgation. The Board of Directors shall promulgate Rules and Regulations in accordance with the authority granted in the Master Deed to regulate the use and enjoyment of the Project by all parties. Copies of all amendments to the Rules and Regulations shall be mailed to all Owners promptly upon adoption of such amendments and complete copies of the Rules and Regulations shall be made available to Owners and lessees of Owners upon request.