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EXHIBIT "F"  
BY-LAWS OF  
2000 WATERMARK ASSOCIATION, INC.

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EXHIBIT "F"

BY-LAWS OF

2000 WATERMARK ASSOCIATION, INC.

a non-profit corporation existing under  
the laws of the State of South Carolina

-providing for-

THE ADMINISTRATION OF

2000 WATERMARK HORIZONTAL PROPERTY REGIME

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ARTICLE I

Section 1. Applicability. These are the By-Laws of 2000 Watermark Association, Inc., a non-profit corporation existing under the laws of the State of South Carolina (hereinafter called the "Association"), which has been organized for the purpose of administering a horizontal property regime established pursuant to the Horizontal Property Act of South Carolina (hereinafter called the "Act"), which is identified by the name 2000 WATERMARK HORIZONTAL PROPERTY REGIME (hereinafter called "Regime" or "Condominium"), said Regime being located on land lying and being on the waters of the Broad River, in the City of Columbia, Richland County, South Carolina, being more particularly described in the Master Deed establishing the Regime. The definitions contained in the Master Deed dedicating 2000 Watermark to the Horizontal Property Regime, of which these By-Laws form a part, shall be applicable to these By-Laws.

Section 2. Ratification. All Townhouse Dwelling Co-Owners, lessees, occupants, or persons in possession thereof, present or future, and all persons using the facilities of the Condominium and/or the premises thereof shall be bound by the provisions hereof. The mere acquisition, lease, or occupancy of a Townhouse Dwelling shall be deemed conclusive as an acceptance and ratification of these By-Laws by any such new Co-Owner, lessee, or occupant, as the case may be.

Any Co-Owner who sells, leases, or otherwise transfers his/her Townhouse Dwelling shall require from the purchaser, lessee, or transferee a statement in the Deed of Sale, lease or transfer, as the case may be,

that he/she knows and will comply fully with the provisions of the Horizontal Property Act, the Master Deed, the Charter, and these By-Laws and other principles of the Horizontal Property Regime.

Section 3. Council of Co-Owners. All of the owners of Townhouse Dwellings contained within the Condominium acting as a group in accordance with the Horizontal Property Act, the Master Deed, the Charter and these By-Laws, shall constitute the Council of Co-Owners which shall have the responsibility of administering the Condominium; reviewing an annual budget or budgets for the expenses of said Condominium; establishing the methods of collecting the contributions of the Condominium expenses, charges, special assessments and fees payable by each Co-Owner concerning these expenses; of imposing the special quotas (if any) to the Co-Owners of the Townhouse Dwellings (i) whose tenants or visitors or guests without impeding or encroaching on the lawful rights of the other Co-Owners, regularly makes such intensive use of any Limited or General Common Elements as to cause the operation, maintenance or repair expenses of said Limited or General Common Elements to exceed those which should reasonably be incurred in the normal and regular use of said facility; or, (ii), who, because of the nature of the activity which he/she lawfully carries out in a Townhouse Dwelling, in accordance with the purpose assigned to it in the Master Deed, causes certain common expenses in excess of such as would be incurred if said activity were not carried out in the Townhouse Dwelling in question; passing on claims that Co-Owners may present before special meetings; approving the execution of special works and improvements and assessments; and performing all the acts that may be required to be performed by the Council of Co-Owners, by the Horizontal Property Act, and the Master Deed and the Charter. Except as to those matters which either the Horizontal Property Act or the Master Deed specifically require to be performed by the vote of the Co-Owners, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth in these By-Laws.

## ARTICLE II

### MEETINGS

Section 1. Place of Meeting. The meetings of the Association shall be held at the 2000 Watermark Horizontal Property Regime, 2000 Watermark Place, Columbia, Richland County, South Carolina, if space is available in the building or at any other convenient place in Columbia or Richland County to be determined from time to time by the Board of Directors.

Section 2. Annual Meeting. The first annual meeting of the Association shall take place within one year of when all the Townhouse Dwellings of the Condominium have been sold by the Grantor or when the Grantor elects to terminate its control of the Condominium, whichever shall first occur. Thereafter, the Association shall hold the annual meeting at the same time and on the same date and month of each succeeding year unless the date falls on a legal holiday and then it will be held on the following working day. In said meeting a majority of Co-Owners as herein defined, shall elect the Board of Directors for the Association. In addition, the Co-Owners shall have the right to consider and pass on any new matters or subject which may be brought before them.

Section 3. Special Meetings. The President or Vice President or by a majority of the Board of Directors, or upon written request of Co-Owners who represent at least twenty-five (25%) percent of the percentages of participation in the General Common Elements as stated in Exhibit "H" which is attached and made a part of the Master Deed may call special meetings at any time. The call for the meeting shall be in writing and shall state forth the date, the time, the place of the meeting, and the matters to be considered and shall be delivered as early as possible at Townhouse Dwellings belonging to each Co-Owner or by general mail addressed to the place designated for such purposes by the Co-Owners who do not reside in the Condominium, but in no instance shall the notice be mailed less than seven (7) days prior to the date of the meeting.

Section 4. Roster of Co-Owners. The Council of Co-Owners shall maintain a current roster of the names and addresses of each Co-Owner to which written notice of meetings of the Council of Co-Owners shall be delivered or mailed. Each Co-Owner shall furnish the Council of Co-Owners with his name and current mailing address.

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Section 5. Notice of Annual Meeting. The President or the Secretary shall deliver to each Co-Owner the notice for the regular annual meeting at least ten (10) days prior to the date of the meeting, but not more than thirty (30) days prior to the date of the meeting. Such notice shall be in writing to each member at his or her address as it appears on the books of the Association. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of the meeting may be waived before or after the meeting.

51/2

Section 6. Quorum. A quorum at Council of Co-Owner meetings shall consist of Co-Owners with fifty-one (51%) percent or more of the basic value of the Condominium property, as a whole, as set forth in the Master Deed and Exhibit "H" (or Exhibit "H1", as appropriate) thereto. The acts approved by a majority of fifty-one (51%) percent, a quorum being present, shall constitute a decision of the Co-Owners and shall be binding upon the Co-Owners, except where approval of a greater percentage is required by the Act, the Master Deed establishing the Regime, the Charter of the Association, or these By-Laws.

Section 7. Lack of Quorum. When a quorum is not obtained at a meeting to adopt a decision, for lack of attendance of the Co-Owners, the majority present, either in person or proxy, may adjourn the meeting from time to time until a quorum is present.

Section 8. Voting. Each Co-Owner shall have a vote equal to his or her percentage ownership in the Regime property as a whole as set forth in Exhibit "H" to the Master Deed. If a Townhouse Dwelling is owned by one person, his or her right to vote shall be established by the recorded title to his or her Townhouse Dwelling. If any Townhouse Dwelling is owned by more than one person, those having interest in said Townhouse Dwelling shall appoint a single person to represent their interest and to vote their percentage at any meeting of the Association.



When one or more units belong to, or are owned by a corporation, partnership, or other business entity, the entity shall designate one of its officers, partners, agent, or trustee to attend the meeting and exercise the right to vote corresponding to it. The Board of Directors at its discretion may request that a certificate of appointment be signed by a duly authorized officer, general partner or trustee or agent as the case may be, and filed with the Secretary of the Association prior to any voting. The certificate should designate the person entitled to cast the vote of a Townhouse Dwelling. If such a certificate is requested by the Board, it should be on file with the Secretary of the Association at least twenty-four (24) hours prior to any annual or special meeting, and if said certificate is not on file such Co-Owners shall not be considered in determining the requirement for a quorum nor for any other purpose.

Any Co-Owner who owes two (2) or more assessment installments shall be temporarily deprived from executing the right to vote at the meetings of the Association until the debt is fully paid. At each meeting of the Association, the Treasurer shall have available a list of the Co-Owners who owe two (2) or more installments and said list shall be presumed to be correct unless proven erroneous.

Section 9. Proxies. Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be valid for such period as provided for by law, unless a shorter period is designated in the proxy, and must be filed with the Secretary before the appointed time of the meeting or any adjournment thereof.

Section 10. Rights of Mortgagees. Any institutional mortgagee of any Townhouse Dwelling in the Condominium who desires notice of the annual and special meetings of the Co-Owners shall notify the Secretary to that effect by registered mail, return receipt requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meeting of the Co-Owners should be addressed. The Secretary of the Council of Co-Owners shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the

Secretary to mail or cause the delivery of the notice of each annual or special meeting of the Co-Owners to each such institutional mortgagee, in the same manner and subject to the same requirements and limitations as are provided in this Article for the notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Co-Owners and such representative may participate in the discussion at any such meeting and may (upon his request made to the Chairman or President in advance of the meeting) address the Co-Owners present at any such meeting. Such representatives shall be entitled to copies of the minutes of all meetings of the Co-Owners upon request made in writing to the Secretary. Such representatives shall have no voting rights at any such meetings.

Section 11. Order of Business. The order of business in a regular meeting of the Council of Co-Owners shall be the following:

- A. Roll Call and Certifying of Proxies
- B. Proof of Notice and Waiver of Notice (If Any)
- C. Approval of Minutes
- D. Report of Officers
- E. Report of Committees
- F. Election or Appointment of Inspectors of Election
- G. Election of Directors
- H. Unfinished Business
- I. New Business
- J. Adjournment

Section 12. Majority. At least one-half (1/2) of the Co-Owners whose Townhouse Dwellings represent at least fifty-one (51%) percent of the value in the General Common Elements in accordance with the percentage assigned to the Townhouse Dwellings pursuant to Exhibit "H" to the Master Deed shall constitute a majority of Co-Owners. When and if Stage II is made a part of the Condominium, then the combined percentages as are represented on Exhibit "H1" shall apply.

ARTICLE III

DIRECTORS

Section 1. Members and Qualification. The affairs of the Council of Co-Owners shall be governed by a Board of Directors composed of an uneven number of at least three (3) natural persons and not more than five (5) natural persons, all of whom (after the first annual meeting of the Co-Owners hereinabove provided for) shall be Co-Owners. Prior to the first annual meeting of the Co-Owners, the number of Directors shall be determined from time to time, by a vote of the initial directors hereinafter named. Thereafter, the number of Directors shall be determined by a vote of the Co-Owners at the first annual meeting of the Co-Owners and the number of Directors may be changed by a vote of the Co-Owners at any subsequent annual or special meeting of the Co-Owners; provided, however, that (a) the limitations of this section shall continue to apply; and (b) no such change may operate to curtail or extend the term of any incumbent Director. Co-Owners who are more than thirty (30) days delinquent in the payment of common expenses may not be nominated for election to the Board of Directors.

Section 2. Initial Directors. The initial Directors shall be selected by the Grantor and need not be Co-Owners. The names of the Directors who shall act as such from the date upon which the Master Deed is recorded among the land records for Richland County, South Carolina until the first annual meeting of the Co-Owners or until such time as their successors are duly chosen and qualified are as follows:

William A. Carter

Roy M. Whitehead

John P. Mudd

Section 3. Powers and Duties. The Board shall have the following powers and duties:

A. Care, upkeep, and surveillance of the Condominium relating to the good government, administration, and operations of the Regime and especially in regard to General and Limited Common Elements.

B. To prepare and approve and to submit to the Council of Co-Owners for their review the annual budget of foreseeable expenditures

and receipts and to fix the proportionate contribution corresponding to each Co-Owner.

C. To direct the financing matters concerning the collection and payments and to keep a book with a detailed account, in chronological order, of the receipts and expenditures affecting the property and its administration and specifying the maintenance and repair expenses of the Association, and to have available for examination by all the Co-Owners, at convenient hours and days that shall be set for general knowledge, said books as well as the vouchers accrediting the entries made.

D. To open a bank account in the name of the Council of Co-Owners, into which it shall deposit all the receipts of the Condominium, making the deposits, and/or to draw checks against said account to meet all necessary payments, but taking care not to draw them to bearer and that each one has its corresponding voucher and receipt.

E. To arrange for yearly audit of the Association's books by either a Certified Public Accountant or public accountant, to be determined by the Board.

F. To care for the maintenance of the Property and order the ordinary repairs; and, as to the special maintenance, to adopt the necessary measures, forthwith notifying the Association.

G. To keep the book of Co-Owners in which shall be entered the names and other data of the Co-Owners of the Townhouse Dwellings as well as the succeeding transfers or leases that may take place in connection with those Townhouse Dwellings.

H. To comply and enforce compliance with the provisions of the Horizontal Property Act and of the Master Deed, the Charter, and of the By-Laws and of the resolutions of the Association.

I. To increase or reduce the assessment for common expenses and to fill vacancies of members of the Board of Directors subject to these By-Laws.

J. Designation and dismissal of the personnel necessary for the maintenance and operation of the Condominium, the General Common Elements, and the Limited Common Elements.

K. Any other powers and duties that may be assigned thereto by

the By-Laws of the Association, Master Deed, Charter or Act as well as any and all other powers and duties as may be necessary for the administration and management of the affairs of the Association not reserved by law to the Co-Owners. The Board of Directors may delegate such duties and powers to a management agent as it may deem proper or convenient.

Section 4. Term. The term of the first Board elected at the first regular annual meeting of the Association shall be three (3) years for one director, two (2) years for one director, and one (1) year for one director. If more than three directors are elected, then the fourth director shall serve a term of two (2) years and the fifth director shall serve a term of one (1) year. At the expiration of the term of each director, his successor shall be elected for a term of three (3) years.

Section 5. Vacancies. Vacancies of the Board resulting from any cause other than removal by the Association shall be filled by a majority of the remaining Directors, and any person so appointed shall hold office until their successor shall have been duly elected and qualified in the next annual meeting of the Council of Co-Owners.

Section 6. Removal. 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 66-2/3 of the Co-Owners and a successor elected to fill the vacancy. A director whose removal shall have been proposed by the Co-Owners shall have the right to be heard at the meeting at which his removal shall be considered.

Section 7. Compensation. Directors or officers shall not be entitled to any compensation or per diem for their services unless a majority of the Co-Owners (other than the Grantor) so approves.

Section 8. Regular and Special Board Meetings. The Board of Directors shall hold such special Board of Directors meetings as may be called by the President, or by a majority of Directors, provided, however, that the Board shall hold at least one (1) regular meeting which shall take place within ten (10) days of their election to elect officers and take care of other business.

Section 9. Notice of Regular and Special Board Meetings. Notice

for regular or special Board of Directors meeting shall be given to each Director personally, by mail, telegraph, or telephone at least three (3) days prior to the date for the meeting and shall state the time, date, place, and purpose of the meeting.

Section 10. Waiver of Notice. On or before any meeting of the Board of Directors, any Director may waive notice thereof in writing and any such waiver shall be deemed a notice given as provided herein. The presence of a Director at a meeting shall be deemed a waiver of notice. No notice shall be necessary for a meeting at which all Directors shall be present and any matter may come before such meeting.

Section 11. Board Quorum. A majority of the Board shall constitute a quorum at a meeting of the Board of Directors and any action taken at such a meeting shall be taken as an action of the Board. A meeting at which less than a quorum shall be present may be adjourned by the Directors present from time to time until a quorum shall be present. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

Section 12. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken in any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be found with the minutes of the proceedings of the Board of Directors.

Section 13. Fidelity Bond. In addition to any powers heretofore granted to the Board by these By-Laws or by law, the Board shall have the power to require the giving of fidelity bond by any official or any employee dealing or having to do with funds, monies, or valuables of the Council of Co-Owners and the Association shall pay the premiums therefor.

Section 14. Location of Board Meetings. All meetings of the Board shall be held at the Condominium, if possible, and if not, at a convenient location to the Board, to be decided by and at the discretion of the Board of Directors.

## ARTICLE IV

### OFFICERS

Section 1. Designation of Officers. The principal officers of the Association shall be a president who shall be a director, a vice president who shall be a director, and a secretary/treasurer who shall be a director, all of which shall be elected by the Board of Directors. If the Board consists of more than three members, the office of Secretary/Treasurer shall be separated into two offices. The Board may also appoint assistant secretaries and assistant treasurers and such other officers as deemed necessary, who need not be directors. Any person may hold two or more offices except the President shall not also be the Secretary or the Assistant Secretary.

Section 2. Election of Officers. The officers of the Council of Co-Owners shall be elected annually by the Board of Directors at the first meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Any officer may be removed by a majority of Board of Directors affirmatively voting to do so, and any person removed as a director shall also be deemed to be removed as an officer. Vacancies caused by removal or resignation of any officer shall be filled by a majority of the remaining directors appointing any Co-Owner to hold the office subject until their successor shall have been duly elected and qualified at the next annual meeting of the Co-Owners.

Section 4. President. President shall be the chief executive officer of the Council of Co-Owners and shall preside at all meetings of the Association and of the Board. The President shall have the powers and duties normally reposed in his office and/or delegated to him by the Board, including but without limitation thereto the execution of documents, deeds and papers for and on behalf of the Association, and the appointment of committees from and among the Co-Owners to help in the management of the affairs of the Association. He shall also have co-signature authority on any account established for the Association.

Section 5. Vice President. The Vice President shall perform

the duties of the President in the absence or incapacity of the latter and such other duties as may be required of the Vice President from time to time by the Board. If the office of Vice President is not occupied, the Treasurer will fill this role.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have the following duties and powers:

A. Shall prepare the call to meetings of the Association and of the Board and notify the same.

B. Shall prepare minutes of the meetings of the Association and of the Board and enter them in the corresponding book.

C. Shall certify the minutes of each meeting.

D. Shall issue, as they appear in the minute book, all certificates which may be necessary with the approval of the Board of Directors.

E. Shall communicate to all absent Co-Owners all resolutions adopted in the manner herein provided for the notice of the calls to the meetings of the Association.

F. Shall have custody of all documents concerning the meetings of the Association and of the Board and keep them at the disposal of the Co-Owners.

G. Shall have any other functions that may logically fall within the jurisdiction of the Secretary, because of the nature of the office, and such others as may be assigned to the Secretary by the By-Laws or the Association.

Section 7. Treasurer. The Treasurer shall:

A. Have custody of the funds and securities of the Association and shall keep full and accurate accounts of receipts and disbursements in the books belonging to the Association and shall deposit all monies, securities, and valuables in the name of and to the credit of the Association with such depositories as may be designated from time to time by the Board.

B. Keep books in such a manner as to accurately reflect receipts, accounts receivable, payments and accounts payable.

C. Disburse the funds of the Association as may be ordered by



the Board pursuant to these By-Laws.

D. Collect the assessment from the Co-Owners and report the status of the collections and delinquencies to the Board.

E. Have check co-signature authority along with the President of the funds of the Association.

F. These duties may be assigned to an administrator (manager) if so approved by the Board of Directors.

#### ARTICLE V

##### LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Liability and Indemnification of Officers and Directors. The Council of Co-Owners shall indemnify every officer and director of the Board of Directors against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or director of the Association, whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the Co-Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Co-Owners of Townhouse Dwellings and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liabilities to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights which any officer or director of the Association may have. The Board of Directors may and shall, if reasonably available, purchase liability insurance to insure all directors, officers, or agents past and present against all expenses and

liabilities as set forth above. The premiums for such insurance shall be paid by the Association as part of the common expenses.

Section 2. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the best interests of the Association. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm, or association in which one or more of the Directors of the Association are directors or officers or are pecuniarily or otherwise interested, will be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following sub-paragraphs exists:

A. The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

B. The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

C. The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, with like force and effect as if he were not such common director or officer or not so interested.

## ARTICLE VI

### FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Association

shall be the calendar year, but may be changed by the Board of Directors from time to time.

Section 2. Finances. The funds of the Association shall be deposited in such banks and with such depositories as may be determined from time to time by resolution of the Board and shall be withdrawn only by checks and demands for money signed by at least two (2) officers designated by the Board who shall also sign the obligations of the Association. Two (2) signatures required of the Board will not be required of an administrator (managing agent) if it is demonstrated that the administrator carries appropriate fidelity bond insurance at the administrator's own expense and that the bond may not be cancellable without thirty (30) days notice to the Board.

Section 3. Assessments. The making and collection of assessments against Co-Owners for common expenses shall be pursuant to the following provisions:

A. Each year, and no later than thirty (30) days on or before the beginning of a fiscal year, the Board of Directors shall prepare and adopt a budget for review by the Council of Co-Owners.

B. A budget for the Condominium containing an estimate of the total amount it considers to pay the cost of utility services, maintenance, management, operation, repair and replacements of the Limited and General Common Elements and those parts of the Townhouse Dwellings as to which it may from time to time be the responsibility of the Board of Directors to maintain, repair, and replace, and the cost of wages, materials, insurance premiums, services, supplies, and any other expenses that may be declared to be common expenses by the Act, by the Master Deed, by the Charter, by these By-Laws, or a resolution of the Council of Co-Owners, and which will be required during the insuring fiscal year for the administration, operations, maintenance, and repair of the Condominium and the rendering to the Co-Owners of all related services. The budget may also include:

(i) The cost of the maintenance or repair of any Townhouse Dwelling in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the

Common Elements or to preserve the appearance or value of the project or is otherwise in the interest of the general welfare of all Co-Owners of the Condominium; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the Co-Owner of the Townhouse Dwelling proposed to be maintained and provided further that the cost thereof shall be assessed against the Townhouse Dwelling on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the then owner of said Townhouse Dwelling at which time the assessment shall become due and payable and a continuing lien and obligation of said owner in all respects as provided in these By-Laws.

(ii) Any amount necessary to discharge any lien or encumbrance levied against the project, or any portion thereof, which may, in the opinion of the Board of Directors, constitute a lien against the Common Elements rather than the interest therein of the owner of any individual Townhouse Dwelling.

(iii) The Board of Directors may also include in the budget such reasonable amounts as the Board of Directors considers necessary to provide working funds for the Association, a general operation reserve, or reserve for contingency.

Section 4. Notice of Assessment. The Board of Directors shall send to each Co-Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the common expenses payable by each Co-Owner, at least ten (10) days prior to the beginning of the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Co-Owner's contribution for the common expenses of the Association.

Section 5. Payment of Assessments

A. The total amount of the estimated funds required for the operation of the property set forth in the budget for the fiscal year adopted by the Board of Directors shall be assessed against each Co-Owner in proportion to his or her respective percentage value assessed in the Common Elements in Exhibit "H" (or Exhibit "HI", as appropriate)

of the Master Deed, and shall be a lien against each Co-Owner's Townhouse Dwelling as follows: All sums assessed by the Board of Directors or the management agent as specified in these By-Laws, but unpaid, for a share of common expenses chargeable to any Townhouse Dwelling shall constitute a lien on such Townhouse Dwelling prior to all other liens except only (i) tax liens on Townhouse Dwellings, and (ii) mortgage or other liens duly recorded covering the Townhouse Dwelling. Such lien may be foreclosed by suit by the Board of Directors or their agent as specified in the By-Laws and acting on behalf of the Council of Co-Owners, in like manner as a mortgage of real property. In any foreclosure, the Board of Directors or its agent, acting on behalf of the Council of Co-Owners, shall have the power to bid on the Townhouse Dwelling at foreclosure sale and to acquire, lease, or mortgage and convey the same.

Where the mortgagee of any mortgage of record or other purchaser of a Townhouse Dwelling obtains title at the foreclosure sale of such a mortgage, or by deed in lieu of foreclosure, such acquirer of title, his successors and assigns shall not be liable for the share of common expenses of assessments by the Co-Owners chargeable to such Townhouse Dwelling accruing after the date of recording such mortgage, but prior to the acquisition of title to such Townhouse Dwelling by such acquisition. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectable from all of the Townhouse Dwelling Co-Owners, including such acquirer, his successors and assigns.

On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, such Co-Owner shall be obligated to pay to the Board of Directors or the management agent (as determined by the Board of Directors), one-twelfth (1/12) of the assessment for such fiscal year made pursuant to the foregoing provisions. The Board may also collect assessments on a quarterly or annual basis as they determine from time to time. Any amount accumulated in excess of the amount required for actual expenses and reserves may, if the Board of Directors deems it advisable, be credited according to each Co-Owner's percentage value assigned in the

Common Elements pursuant to Exhibit "H" (or Exhibit "H1", as appropriate) of the Master Deed to the installments due in the succeeding months of that fiscal year.

B. All Co-Owners shall be obligated to pay the common expense assessed by the Board of Directors. No Co-Owner may exempt himself or herself from liability of assessments or carrying charges by waiving the use or enjoyment of any of the Common Elements or by abandoning any Townhouse Dwelling he or she owns. The assessments shall be made prorata according to the value of the Townhouse Dwelling as stipulated in the Master Deed.

C. The Board of Directors of the Association shall make reasonable efforts to fix the amount of the assessment against each Townhouse Dwelling for each assessment period at least ten (10) days in advance of such date or period and shall, at that time, prepare a roster of the membership and assessments applicable thereto which shall be kept by the Treasurer of the Association. The omission of the Board of Directors before the expiration of any assessment period to fix assessments for that or the next period shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any Co-Owner from the obligation to pay the assessment period. The assessment fixed for the preceding period shall continue until a new assessment is fixed.

Section 6. Proviso. Provided, however, that until Broad River, Inc., the Grantor of the Townhouse Dwellings in the Condominium, has completed and transferred title to all Townhouse Dwellings of the Condominium, or until the Grantor elects to terminate control of the Condominium, whichever shall first occur, the Association shall assess each Co-Owner, including the Grantor, sixty (60%) percent of his or her proportionate share of the common expenses per Exhibit "H" (or Exhibit "H1", as appropriate) of the Master Deed. The Grantor guarantees to be responsible for any deficit in excess of the sixty (60%) percent of the maintenance fees collected from Co-Owners based on the full occupancy budget which is attached to the Master Deed as Exhibit "I". The Grantor additionally agrees that of the sixty (60%) percent collected from each Co-

Owner, including the Grantor's unsold Townhouse Dwellings, that the proportionate amount which is attributable to the reserves per Exhibit "I" will be subtracted from the sixty (60%) percent which is collected from each Co-Owner to be set aside in a reserve account. The remaining amount will be utilized for the operating and maintenance costs of the Condominium.

When Grantor elects to terminate its control of the Condominium, all Co-Owners of Townhouse Dwellings will be assessed one hundred (100%) percent of his or her proportionate share of common expenses as is set out in Exhibit "H" (or Exhibit "H1", as appropriate) to the Master Deed. Such payment will begin on the first day of the month immediately succeeding the termination of control of the Condominium by the Grantor.

Section 7. Special Assessments for Capital Improvements.

This section shall apply solely to capital improvements to be made on the Condominium and shall not be applied towards reserve line items. In addition to the regular assessments authorized by this Article, the Association may levy in any assessment year a special assessment or assessments, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the project, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Co-Owners representing fifty-one (51%) percent of the total value of the project.

A meeting of the Co-Owners shall be duly called for this purpose; written notice of which shall be sent at least seven (7) days, but not more than thirty (30) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 8. Reserves. The Board of Directors shall build up, maintain and periodically review reasonable reserves for working capital, operations, and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against reserves. If the reserves are inadequate for any reason, including non-payment of any Co-Owner's assessment, the

Board of Directors may at any time levy a further assessment, which shall be assessed against the Co-Owners according to their respective percentage assigned in the Common Elements, and which may be payable in a lump sum or in installments as the Board of Directors determines.

The Board of Directors shall serve notice of any such further assessment on all Co-Owners by a statement in writing giving the amount and reason therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly amount or, if the additional assessment is not payable in installments, the amount of such assessment. The payment and collection of the assessment made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of assessments in these By-Laws and the Act, including without limitation, the right reserved to the Board of Directors to accelerate payment of assessments and the right to recover attorney's fees and costs.

Section 9. Collection of Assessments and Default.

A. The Board of Directors may take prompt action to collect any assessments for common expenses due from any Co-Owner which remain unpaid for more than ten (10) days from the date due to payment thereof.

B. Any regular or special assessment levied pursuant to these By-Laws, or any installment thereof, which is not paid on the first day of each month, shall be in default. The assessment shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the Townhouse Dwelling belonging to the Co-Owner against whom such assessment is levied. The assessment shall bind such Townhouse Dwelling in the hands of the then Co-Owner, his/her heirs, devisees, personal representatives and assigns. The personal obligations of the Co-Owner to pay such assessment levied pursuant to these By-Laws, or any installment thereof, may be maintained without foreclosing or waiving the lien herein pursuant to the Master Deed or these By-Laws, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed eight (8%) percent per annum. The member obligated to pay this delinquent assessment, may



by resolution of the Board of Directors, be subject to such penalty or "late charge" as the Board of Directors may fix prior to the fiscal period in which non-payment occurs. The Association may bring an action at law against the Co-Owner personally obligated to pay the same or foreclose and/or enforce the lien against the Townhouse Dwelling then belonging to said Co-Owner in the manner now or hereinafter provided for the foreclosure of mortgages or other liens on real property in the State of South Carolina, and subject to the same requirements, both substantive and procedural, or as may otherwise from time to time be provided by law, in either of which events interest, costs and reasonable attorney's fees of not less than twenty-five (25%) percent of the sum claimed shall be added to the amount of each assessment. Upon the sale or conveyance of a Townhouse Dwelling, all unpaid assessments against a Co-Owner for his or her prorata share in the common expenses shall be paid out of the sales price or by the acquiescence in preference over any other assessments or charges of whatever nature except the following:

(1) Assessments, liens, and charges for taxes past due and unpaid on the Townhouse Dwelling.

(2) Payments due under mortgage instrument or encumbrances duly recorded.

All taxes, assessments, and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Townhouse Dwelling and not to the Condominium as a whole.

In the event any proceeding to foreclose the lien for any assessment due the Association pursuant to this Article is commenced with respect to any Townhouse Dwelling, upon resolution of the Board of Directors, the Co-Owner may be required to pay a reasonable rental for such Townhouse Dwelling and the Association shall be entitled to the appointment of a receiver to collect the same.

C. Upon default in the payment of two or more monthly installments in succession of any assessment levied for the assessment year pursuant to the Master Deed and/or these By-Laws, or any other installment thereof, the entire balance of said yearly or other

assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 10. Management Agent. The Board of Directors shall employ for the Council of Co-Owners the management agent or manager (the "management agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Council of Co-Owners shall not undertake "self management" or otherwise fail to employ a professional management agent or manager without the prior written approval of sixty-six and two-thirds (66-2/3) of the institutional holders of first mortgages on the Townhouse Dwellings in the Condominium. Any management agreement entered into by the Council of Co-Owners shall provide, inter alia, that such agreement may be terminated with or without cause upon no more than ninety (90) days written notice thereof. The term of any such management agreement shall not exceed three years.

Section 11. Additional Default. Any recorded first mortgage secured on a Townhouse Dwelling in the Condominium shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to these By-Laws, or any installment thereof shall likewise be a default in such mortgage (or the indebtedness secured thereby). Failure to include such a provision in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the indebtedness secured thereby) by reason of such failure shall not be altered, modified or diminished by reason of such failure.

## ARTICLE VII

### COMPLIANCE

Section 1. Compliance and Default. In the event of a violation (other than non-payment of an assessment) by a Co-Owner of the provision of the Horizontal Property Act and/or the Master Deed and/or the By-Laws as the same may be amended from time to time, the Association may notify the Co-Owner in writing of said default and if such

violation shall continue for a period of thirty (30) days from the date of notice, the Association shall have the election to file (a) an action at law to recover damages on behalf of the Association and/or the remaining Co-Owners; (b) an action to enforce performance on the part of the defaulting Co-Owner; (c) an action for such relief as may be necessary, if the Court decides in favor of the Association, the defaulting Co-Owner shall reimburse the Association the attorney fees, court costs, and expenses incurred in bringing the action. Failure of the Association to file any such action within thirty (30) days from the date a written request therefor from any Co-Owner shall authorize any Co-Owner to bring action in the manner aforesaid on behalf of the Association. Any violation which the Board may find to be a hazard to the health or peace of the Co-Owners may be corrected immediately as an emergency by the Association and the cost thereof shall be charged to a Co-Owner as an assessment which shall be a lien against said unit to the same extent, force, and effect as if the charge were a part of the common expense.

Section 2. Liability. Each and every Co-Owner shall be responsible for the expenses of any maintenance, repair, or replacement rendered necessary by his act, negligence or carelessness, or that of any member of his family or their guests, employees, licensees, or invitees, but only to the extent that such expenses are not met by proceeds of insurance carried by the Association. Such liability shall include without limitation any increase in insurance rates occasioned by use, misuse, occupancy, or abandonment of any Townhouse Dwelling by a Co-Owner.

#### ARTICLE VIII

##### SURVIVAL OF LIABILITY

The termination of ownership of a Townhouse Dwelling in the Condominium shall not relieve or release the former Co-Owner from any liability or obligation incurred under or in any way connected with the Townhouse Dwelling during the period of ownership or impair any rights or remedies of the Association against such former Co-Owner arising out of or in any way connected with such ownership and/or with

the obligations incidental thereto.

## ARTICLE IX

### USE RESTRICTIONS

Section 1. Residential Use. Except for such Townhouse Dwellings as may be designated for such temporary non-residential purposes as may be permitted by the Board of Directors, from time to time, all Townhouse Dwellings shall be used for private residential purposes exclusively. Nothing in this section or hereinafter shall be construed to prohibit the Grantor from the use of any Townhouse Dwelling which the Grantor owns for promotion or display purposes, as "model townhouses", a sales office, or the like, or for leasing any Townhouse Dwelling or Townhouse Dwellings which the Grantor owns except the Grantor shall nevertheless be bound by the provisions of Section 3 of this Article. The Board of Directors may from time to time adopt and amend rules or regulations governing and restricting the use and maintenance of the Limited and General Common Elements; provided, however, that copies of the rules and regulations shall be furnished each Co-Owner prior to the time the same shall become effective and that the same shall be posted in a conspicuous place in the Condominium. No amendments or changes to the rules and regulations shall be made that may be in conflict with any clauses or provisions of the Master Deed or these By-Laws. Furthermore, no Townhouse Dwelling may be occupied by more than the permitted heads of household and their family pursuant to County and State zoning regulation and law. No improper, offensive, or unlawful use shall be made of the property nor any part thereof; and valid laws, zoning ordinance and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirement of governmental bodies which require maintenance, modification, or repair of such property shall be the same as the responsibility for the maintenance and repair of the property concerned.

Section 2. Co-Owner Responsibility. The rules and regulations contained hereinafter shall be in effect until added to or amended by the Board of Directors and/or the Association and shall apply to and be binding

upon any Co-Owners and tenants or lessees or guests. The Co-Owners, tenants, and lessees or guests shall obey the rules and regulations at all times and shall use their best efforts to see that they are observed in full by their families, guests, invitees, servants, and persons over whom they may exercise control and supervision.

Section 3. Leasing. No portion of any Townhouse Dwelling (other than the entire Townhouse Dwelling) shall be leased for any period. Any owner of any Townhouse Dwelling who shall lease such Townhouse Dwelling shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors. All leases shall be in writing. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the Townhouse Dwelling shall be subject and subordinate in all respects to the provisions of the Master Deed and these By-Laws and to such other reasonable rules and regulations relating to the use of the Common Elements, or other "house rules", as the Board of Directors may from time to time promulgate and shall provide, further, that any failure by the tenant to comply with the provisions of such documents shall be a default under the lease. The provisions of this subsection shall not apply to any institutional first mortgagee of any Townhouse Dwelling who comes into possession of the Townhouse Dwelling by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure. No Townhouse Dwelling within the Condominium shall be rented for transient or hotel purposes or, without the prior written approval of the Board of Directors, for any period less than six (6) months.

Section 4. Prohibited Uses and Nuisances. Except for the activities of the Grantor and its agents in connection with the construction of the Condominium, and except as may be reasonable and necessary with the maintenance, improvements, repair, or reconstruction of any portion of the Condominium by the Grantor or the Council of Co-Owners, the following uses and nuisances are prohibited:

A. Obstruction. The entryways, driveways, sidewalks, lawns,

(front or rear) and all other Limited Common Elements of the Condominium (other than the patios, decks, or balconies) shall not be obstructed, encumbered, or used for any purposes other than ingress and egress to and from the Condominium and/or Townhouse Dwelling and other purposes for which they are intended and no carriages, bicycles, mopeds, wagons, carts, chairs, benches, tables, toys, or other objects, or things, regardless of the nature thereof shall be left or stored therein.

B. Storage. Personal property of the Co-Owners shall be stored in their respective Townhouse Dwelling.

C. Articles. No garbage cans, supplies, bottles, or other articles shall be placed in the front or rear lawns, on the decks or balconies, patios, sidewalks, driveways, on any other Limited or General Common Elements of the Condominium, nor shall lines, cloths, or clothing be shaken or hung from any windows, doors, decks or balconies, or patios, or exposed on any part of the windows, doors, or decks or balconies, patios, or exposed on any part of the Limited or General Common Elements.

D. Debris. All Limited and General Common Elements shall be kept free of rubbish, debris, garbage, or unsightly material.

E. Trash. Refuse, rubbish, and garbage shall be deposited of and in a manner provided for and not placed outside on the streets, driveways, sidewalks, lawns, balconies or decks, patios, etc.

F. Employees of the Association. Employees of the Association (if any) shall not be sent out of the Condominium property by Co-Owners at any time for any purpose other than by the Board of Directors. Neither shall employees of the Association come in and service or repair or replace items that are the responsibility of the Co-Owners while working for the Association.

G. Noises. No Co-Owner shall make or permit any disturbing noises in the Limited or General Common Elements and/or his Townhouse Dwelling by the Co-Owner, his family, servants, employees, agent, visitors, guests, invitees, licensees, tenants, or lessees, nor do or permit to be done by such persons anything that will interfere with the rights, comfort, or convenience of the remaining Co-Owners or occupants.

No Co-Owner shall play any musical instrument, phonograph, radio, television, or sound amplifier in such a manner or volume so as to disturb or annoy any other Co-Owner or occupant.

H. Pets. Pets shall be kept or maintained in the Condominium Townhouse Dwellings only if the Co-Owner is granted a conditional license to maintain one (1) pet by the Association. Such a license will be granted subject to the following conditions and reservations:

(1) Acceptable Pets: The only pets to be permitted on the Condominium property shall be a dog, a cat, and small birds, and fish.

(2) It shall be the responsibility of the Co-Owner to pay for any and all costs involved in restoring to the original new condition any damage caused to the Condominium property by the Co-Owner's maintenance of a pet.

(3) A Co-Owner shall be financially responsible for any personal injury or personal property damage caused to any Co-Owner, tenant, guests, employee of the Association, or to any member of the public as a result of the Co-Owner's maintenance of a pet.

(4) Pets shall not be permitted in the clubhouse, upon the tennis courts, or in or near pool or pool deck under any circumstances. Pets must not be curbed near the buildings, walkways, shrubbery, pool area, gardens, planting areas, open areas, or other public space, and pets must be walked off the Condominium property.

(5) Guests, tenants, and visitors of a Co-Owner shall not be permitted to bring any pets onto the Condominium property.

(6) The Board of Directors may, upon their sole determination, revoke or terminate the above conditional license if a pet is either vicious or is annoying other Co-Owners or occupants or is otherwise a nuisance.

I. Advertisements. No ads, signs, posters, or advertisement of any kind shall be posted on the walls, windows, or doors of the interior or exterior of any Townhouse Dwelling or upon the Limited or General Common Elements of the Condominium.

Under no circumstances will signs offering the Townhouse Dwellings for rent or sale be posted on the interior or exterior of the

Townhouse Dwellings or upon the Limited or General Common Elements except in form and in such location as provided by the Board of Directors. The provisions of this subsection shall not be applicable to the Grantor or institutional holder of any first mortgage which comes into possession of any Townhouse Dwelling by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure.

J. Air Conditioning Units. No Co-Owner shall install or cause to be installed window units or wall air conditioning units. Only condenser units tied into an approved system, and approved in writing by the Board of Directors of the Association may be installed.

K. Hazard. Nothing shall be done or maintained in any Townhouse Dwelling or upon any Limited or General Common Element which will increase the rate of insurance on any Townhouse Dwelling or on the Limited or General Common Elements, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any Townhouse Dwelling which would be in violation of any law. Barbecuing is prohibited upon all decks or balconies and in any Townhouse Dwelling.

L. Recreational Vehicle Parking. No boats or trailers shall be placed, parked, or left on the grounds of the Condominium thereof.

M. Wiring. No radio or television or C.B. installation or other wiring shall be installed without the written consent of the Board of Directors of the Association. Any installation or wiring made without consent is liable to be removed without notice and at the cost of the Co-Owner for whom such wiring was installed.

N. Exterior Walls and Decks or Balconies. No Co-Owner shall paint, modify, attach to, or improve the exterior walls, decks or balconies, patios, entryways, or doors to his Townhouse Dwelling except with previous written consent of the Board of Directors of the Association.

O. Awnings. No blinds, shades, glass, jalousies, ironwork, screen, awnings, panels, or covering shall be affixed or attached to the outside of the Townhouse Dwelling or the exterior windows, doors, decks or balconies, patios, entryway or garage without the previous written



consent of the Board of Directors of the Association.

P. Time Sharing. No time sharing or vacation time sharing plans are permitted to be entered into by any Co-Owner or their agents, tenants, guests, or invitees. Further, no Co-Owner may sell his or her Townhouse Dwelling on a time share plan (even though the purchaser received an undivided fee simple deed) or lease his or her Townhouse Dwelling on a vacation time share leasing plan which otherwise means arranging, planning, or similar device whereby membership agreement, lease, rental agreement, licenses, use agreement, security, or other means whereby a tenant and/or purchaser receives a right to use accommodations or Townhouse Dwelling or facilities or any of the above, but does not receive an undivided fee simple interest in the property for a specific period of time during any given year.

Q. Right of Access to Townhouse Dwelling. The Board of Directors or its designated agent may have access to each Townhouse Dwelling from time to time during reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the Limited or General Common Elements therein or accessibility therefrom, or making emergency repairs therein necessary to prevent damage to the Common Elements, Limited Common Elements, or any other Townhouse Dwelling within the Condominium.

R. Use of Common Elements. Each Co-Owner, tenant, or occupant of a Townhouse Dwelling may use the elements held in common in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Co-Owners, tenants, or occupants.

Any violations of these preceding rules shall be sufficient to bring judicial action against the violator. Action can be filed by the Board of Directors on behalf of the Co-Owners and the Board shall be entitled to recover any reasonable court costs and attorney fees from the violator, which sum shall be charged to the same extent, force, and effect as if the charge were a part of the common expense.

ARTICLE XI

ARCHITECTURAL CONTROL

Section 1. Architectural Control Committee. Except for the construction of the Condominium by the Grantor or its agents and any improvements to any Townhouse Dwelling or to the Common Elements accomplished concurrently with said original construction, and except for purposes of proper maintenance and repair or as otherwise in the Act or these By-Laws provided, it shall be prohibited for any Co-Owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio or balcony or deck covers, fences, walls, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, walls, or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any Townhouse Dwelling or upon any of the Common Elements within the Condominium or to combine or otherwise join two or more Townhouse Dwellings, or to partition the same after combination, or to remove or alter any window or exterior doors of any Townhouse Dwelling, or to make any change or alteration within any Townhouse Dwelling which will alter the structural integrity of any building or otherwise affect the property, interest or welfare of any other Co-Owner, materially increase the cost of operating or insuring the Condominium or impair any easement, until the complete plans and specifications, showing the location, any other information specified by the Board of Directors or its designated committee shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the Condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Council of Co-Owners, or by an Architectural Control Committee designated by the Board of Directors.

Section 2. Architectural Control Committee - Operation. The Architectural Control Committee shall be composed of an uneven number of three (3) or more natural persons designated from time to time by

the Board of Directors of the Council of Co-Owners and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural Control Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 3. Approvals, Etc. Upon approval of the Architectural Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing shall be returned to the applicant submitting the same. In the event the Architectural Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within ninety (90) days after such plans and specifications (and all other materials and information required by the Architectural Control Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural Control Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Architectural Control Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Architectural Control Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Architectural Control Committee shall be conclusively deemed to have lapsed and compliance with

the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Architectural Control Committee without the prior consent in writing of the Architectural Control Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Control Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 5. Certificate of Compliance. Upon the completion of any construction or alteration or other improvements or structure in accordance with plans and specifications approved by the Architectural Control Committee in accordance with the provisions of this Article, the Architectural Control Committee shall, at the request of the Co-Owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural Control Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of these By-Laws as may be applicable.

Section 6. Rules and Regulations, Etc. The Architectural Control Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, or other related matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of these By-Laws. The Architectural Control Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decisions of the Architectural Control Committee shall be final except that any Co-Owner who is aggrieved by any action or forbearance from

action by the Architectural Control Committee may appeal the decision of the Architectural Control Committee to the Board of Directors of the Council of Co-Owners and, upon the request of such Co-Owner, shall be entitled to a hearing before the Board of Directors.

## ARTICLE XII

### INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all Limited and General Common Elements and all Townhouse Dwellings against loss or damage by fire or other hazards, including extended coverage, all risk, vandalism and malicious mischief, in an amount sufficient to cover the full replacement cost (100%) of any repair or reconstruction in the event of damage or destruction from any such hazard, and shall also obtain a public liability policy covering all the Limited and General Common Elements and all damage or injury caused by the negligence of the Association or any of its agents, which public liability policy shall have at least a \$500,000 single person limit as respects bodily injury and property damage, a \$1,000,000 limit per occurrence, and a \$50,000 minimum property damage limit. In addition, premiums for all such insurance shall be common expenses of the Association. The policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost (100%).

In addition, the Board of Directors shall maintain adequate fidelity bond coverage to protect against dishonest acts on the part of officers and directors of the Council of Co-Owners, trustees of the Council of Co-Owners, and any such employee or agent of the Council of Co-Owners who handle or are responsible for the handling of funds of the Council of Co-Owners. Such fidelity coverage shall meet the following requirements:

(i) All such fidelity bonds and policies of insurance shall name the Council of Co-Owners as named insured.

(ii) All such fidelity bonds or policies of insurance shall

be written in an amount equal to at least one hundred fifty (150%) percent of the estimated annual operating budget of the Condominium, including reserves; and

(iii) All such fidelity bonds and policies of insurance shall cover waiver of any insurance based upon exclusion of persons who serve without compensation from any definition of employee or similar expression; and

(iv) All such fidelity bonds or policies of insurance shall provide that they may not be cancelled or substantially modified without at least thirty (30) days prior written notice to the named insured thereon and to any mortgagee of any Townhouse Dwelling who requests such notice in writing.

Each Co-Owner shall insure against loss or damage by fire or other casualty under the standard all-risk home owner's policy now in use in South Carolina for all personal property and liability within his or her Townhouse Dwelling. All such insurance shall be for the full replacement cost (100%), but allow for a reasonable deductible. All such policies shall provide for certificates of insurance to be furnished to the Association and shall further provide that the policy may not be cancelled or terminated except upon at least thirty (30) days written notice to the Association.

The owner of any Townhouse Dwelling shall notify the Board of Directors in writing of any improvements or betterments made to the Townhouse Dwelling at the expense of any Townhouse Dwelling owner, the value of which is not to exceed One Thousand Dollars (\$1,000).

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as Trustee for each of the Co-Owners through the Board of Directors (see Section 2). Such insurance shall be governed by the provisions hereinafter set forth:

A. All policies shall be written with a company licensed to do business in South Carolina and holding a rating of A-1 or better in the financial category as established by Best's Insurance Reports if such company is available and, if not available, the best rating possible or its equivalent rating.

B. All policies shall be for the benefit of the Co-Owners and

their mortgagees as their interests may appear.

C. Provision shall be made for the insurance of a certificate of insurance to each Co-Owner and his or her mortgagee, if any, which shall specify the amount of each insurance attributable to the particular Co-Owner's interest in the Limited and General Common Elements.

D. Exclusive authority to adjust losses under policies hereafter in force on the property obtained by the Association shall be vested in the Association's Board of Directors; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

E. In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Co-Owners or their mortgagees.

F. The Association's Board of Directors shall conduct at least once every year an insurance review which shall include a replacement cost appraisal without respect to depreciation, of all insurable improvements on the Limited and General Common Elements.

G. The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(1) A waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Co-Owners, and their respective servants, agents, and guests;

(2) A waiver by the insurer of its right to repair, and reconstruct instead of paying cash;

(3) That no policy may be cancelled, invalidated or suspended on account of any one or more Co-Owners;

(4) That no policy may be cancelled, invalidated or suspended on account of the conduct of any Director, officer or employee of the Association, or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Co-Owner, or mortgagee;

(5) That any "other insurance" clause in any policy exclude individual Co-Owners' policies from consideration.

Section 2. Insurance Trustee.

A. The Board of Directors may have the right to designate any bank, trust company, management agent, savings and loan association, building loan association, insurance company, or any institutional lender, or itself, as the insurance trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby. The insurance trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of these By-Laws.

B. The duty of the Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein for the benefit of the Co-Owners and their mortgagees, in the following shares, but which shares need not be set forth on the records of the Trustee:

(1) Proceeds on account of damage to Common Elements shall consist of an undivided share for each Co-Owner, such share being the same as the undivided share of such Co-Owner in the Common Elements appurtenant to his or her Townhouse Dwelling.

(2) Proceeds on account of damage to a Townhouse Dwelling shall be held for the Co-Owners thereof in proportion to the cost of repairing the damage suffered by each Co-Owner, which costs shall be determined by the Association. In the event a decision is made not to reconstruct the Townhouse Dwelling, as provided hereinafter and in the Horizontal Property Regime, such proceeds shall be held for the Co-Owners in the proportion in which they own the Common Elements.

(3) In the event a mortgagee endorsement has been issued as to a Townhouse Dwelling, the share of the Co-Owner shall be held in trust for the mortgagee and the Co-Owner as to their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

C. Proceeds of insurance policies received by the Trustee



shall be distributed to or for the benefit of the beneficial Co-Owners in the following mannager:

(1) All expenses of the Trustee shall be paid or provisions made for payment.

(2) If the damaged property for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the costs thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners; remittances to Co-Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Townhouse Dwelling and may be enforced by him.

(3) If it is determined in a manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners; remittances to Co-Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Townhouse Dwelling and may be enforced by him.

D. Reconstruction or Repair after Casualty.

(1) In the event of fire or other disaster or casualty resulting in damage to the building and other improvements or the Regime which the Board of Directors of the Association shall determine to be two-thirds (2/3) or less of the then total value of the property of the Regime (excluding land), the net proceeds of all insurance collected shall be made available for the purpose of restoration or replacement. When such insurance proceeds are insufficient to cover the cost of such reconstruction or replacement, the balance of such costs shall be assessed against the Co-Owners in the case of damage to Common Elements and against the Co-Owners who own the damaged Townhouse Dwelling in the case of damage to Townhouse Dwellings. Such assessments on account of damage to Common Elements shall be in proportion to the Co-Owner's share in the Common Elements, and assessments against Co-Owners for damage to Townhouse Dwellings shall be in proporation to the costs of reconstruction and repair of their respective Townhouse Dwellings.

(2) In the event the Buildings and other improvements of the Regime are damaged or destroyed, if more than two-thirds (2/3) of the then total value of the Property of the Regime (excluding land) as determined by the Board of Directors of the Association, the members of the Association shall be polled in writing via United States mail by the Association as to whether the Regime shall be waived or the damaged property reconstructed and repaired. The Regime shall be waived unless within sixty (60) days after the mailing of such notices all of the Co-Owners, as well as all of the record owners of such encumbrances, agree in writing to repair and reconstruct the Buildings and other improvements of the Regime. If the election is to reconstruct or replace, payment of the costs thereof shall be made as provided for in Section 2 of this Article. If the decision is to waive the Regime and not to reconstruct and replace, all sums recovered from insurance shall be paid over to the Co-Owners in the proportion in which they own the Common Elements and to their respective mortgagees as to their interest may appear.

(3) The Trustee (if any) may rely upon a certificate of the Association to determine whether or not the damaged property is to be reconstructed or repaired or whether the Regime is to be waived.

(4) If the damage is only to those parts of a Townhouse Dwelling for which the responsibility of maintenance and repair is that of the individual Co-Owner, then the Co-Owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

(5) Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair so as to place the damaged property in condition as good as that before the casualty.

(6) Any reconstruction or repair must be substantially in accordance with the plans and specifications of the original improvements which are shown on the exhibits attached to the Master Deed; or, if not, then according to plans and specifications approved by the Board

of Directors of the Association, and if the damaged property is the Buildings, also by the Co-Owners who own at least seventy-five (75%) percent of the Common Elements, including the Co-Owners of all damaged Townhouse Dwellings. The approvals herein required shall not be unreasonably withheld.

## ARTICLE XIII

### MAINTENANCE

Section 1. Association Responsibilities. The Association shall maintain, repair, and replace as a common expense all Limited and General Common Elements, including but not limited to the General Common Elements contributing to the support of any building which portion shall include, but not be limited to load bearing columns and load bearing walls, roofs, etc.; all conduits, ducts, plumbing, wiring, and other facilities for furnishing of the utility services that serve two (2) or more Townhouse Dwellings (if any), or ingress and egress contained in any and all portions of the Limited or General Common Elements. All incidental damages caused to a Townhouse Dwelling or Limited Common Element by such work by the Association shall be promptly repaired by the Association.

Section 2. Co-Owners Responsibilities. Except for maintenance requirements herein imposed upon the Association, the Co-Owner of any Townhouse Dwelling shall at his own expense maintain the interior of the Townhouse Dwelling and any and all equipment, appliances, fixtures, windows or doors therein situate and its other appurtenances, including, without limitation, any deck or balcony to such Townhouse Dwelling, patio area, entryway, garage, or fencing reserved for the exclusive use of the Co-Owner of a particular Townhouse Dwelling in good order, condition, and in a clean and sanitary condition, including or in addition to the foregoing, the Co-Owner of any Townhouse Dwelling shall at his own expense maintain, repair or replace secondary electrical fixtures and lines, and heating and air conditioning equipment, whether within or without the Townhouse Dwelling so long as it serves one Townhouse Dwelling, light fixtures, refrigerators, hot water

heaters, dishwashers, disposals, ranges, indoor/outdoor carpeting on deck or patio (if any), and/or other equipment that may be in or appurtenant to such Townhouse Dwelling. Secondary electrical fixtures, lines, and plumbing lines mean those systems which serve one Townhouse Dwelling alone. Primary electrical fixtures and lines (and plumbing lines) shall be repaired by the Association. The exterior portion of outside doors (including doorbells and doorknockers), outside doorframes, door runners, windows and screens adjacent to the Townhouse Dwelling shall be the Co-Owner's responsibility. The Co-Owner of any Townhouse Dwelling shall also at his own expense maintain any other Limited Common Elements which may be appurtenant to such Townhouse Dwelling and reserved for his exclusive use in a clean, orderly, and sanitary condition. Provided, however, that it shall not be the responsibility of the Co-Owners to replace if the insurance policy or policies owned by the Association insure such casualties; in which event, the responsibility for replacement will be the Association's.

Easements are reserved through each of the Townhouse Dwellings or Limited Common Elements for the benefit of any adjoining Townhouse Dwelling as may be required for structural repair and for electrical lines and conduits, heating, air conditioning and ventilating ducts, water lines, drain pipes and other appurtenances to such utility systems in order to adequately serve each of such.

There is reserved to the Association, or its delegate, the right to entry to any Townhouse Dwelling and an easement for access therein, when and as necessary, in connection with any repairs, maintenance, or construction for which the Association is responsible, or for which any Townhouse Dwelling owner is responsible hereunder. Any damage caused by such entry shall be repaired at the expense of the Association; provided, however, that if such entry is made to perform any obligations for which the Townhouse Dwelling owner is responsible, such entry and all work done shall be at the risk and expense of such Townhouse Dwelling owner. If it becomes necessary to enter any Townhouse Dwelling, attempts will be made to notify the Townhouse Dwelling owner and to make said entry at reasonable hours, if possible.

The Board of Directors may charge each Townhouse Dwelling owner for the expense of all maintenance, repair or replacement to the Limited or General Common Elements rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or employees, agents, licensees or lessees. The payment and collection of any charge made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of assessments in these By-Laws and the Horizontal Property Act.

Section 3. Council of Co-Owners as Attorney-in-Fact. The Council of Co-Owners is hereby irrevocably appointed as attorney-in-fact for the owners of all the Townhouse Dwellings in the Condominium, and for each of them, to manage, control and deal with the interests of such Townhouse Dwelling owners in the Common Elements of the Condominium so as to permit the Council of Co-Owners to fulfill all of its powers, functions and duties under the provisions of the Horizontal Property Act, the Master Deed, and the By-Laws, and to exercise all of its rights thereunder and to deal with the Condominium upon its destruction and the proceeds of any insurance indemnity, as hereinelsewhere provided. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity of any interest in any Townhouse Dwelling shall constitute an irrevocable appointment of the Council of Co-Owners as attorney-in-fact as aforesaid.

Section 4. Windows and Doors. The owner of any Townhouse Dwelling shall, at his own expense, clean and maintain both the interior and exterior surfaces of all windows of such Townhouse Dwelling and shall, at his own expense, clean and maintain both the interior and exterior surfaces of all entry doors of the Townhouse Dwelling, including the interior and exterior surfaces of any door leading to any deck or balcony, patio, fenced area, parking apron, lawn or the like appurtenant to such Townhouse Dwelling and designated herein or in the Master Deed or the Condominium Plat as a Limited Common Element reserved for the exclusive use of the owner of that particular Townhouse Dwelling. Notwithstanding the provisions of this section, the Board of Directors may resolve to clean the exterior surfaces of all windows in the Condominium

at common expense in accordance with a schedule to be determined by the Board of Directors.

Section 5. Easement of Utilities and Related Purposes. The Council of Co-Owners is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and rights-of-way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, overhead or underground conduits and such other purposes related to the provision of public utilities to the Condominium as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the Common Elements or for the preservation of the health, safety, convenience and welfare of the owners of the Townhouse Dwellings or the Grantor.

Section 6. Limitation of Liability. The Council of Co-Owners shall not be liable for any failure of water supply or other services to be obtained by the Council of Co-Owners or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any wire, pipe, drain, conduit, appliance or equipment. The Council of Co-Owners shall not be liable to the owner of any Townhouse Dwelling for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of common expense assessments, as hereinelsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements, or to any Townhouse Dwelling, or from any action taken by the Council of Co-Owners to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority.

#### ARTICLE XIV

##### PARKING

All parking areas within the Condominium shall be considered either part of the General Common or Limited Common Elements. Parking will be regulated by the Board of Directors and parking spaces may be

initially assigned by the Grantor, and thereafter by the Board of Directors. Each parking apron in front of each garage of a Townhouse Dwelling will be assigned to said Townhouse Dwelling as a Limited Common Element.

No Co-Owner shall make use of any parking apron other than the apron or aprons appurtenant or assigned to his or her Townhouse Dwelling by the Board of Directors without express written consent of both the Co-Owner to whom such apron has been assigned and the Board of Directors, nor shall any Co-Owner invite, encourage, or permit the use by his guests of parking aprons appurtenant or assigned to Townhouse Dwellings other than his or her own. No vehicles belonging to any Co-Owner or any guests or employees or tenants or invitees of any Co-Owner shall be parked in a manner which unreasonably interferes with or impedes ready vehicle access to any parking apron or aprons assigned to any other Townhouse Dwelling Co-Owner.

Nothing shall be stored upon any parking apron or aprons, nor shall the same be permitted to accumulate trash or debris.

Parking spaces or aprons, whether Limited or General Common Element, and facilities shall be used exclusively for parking of automobiles. No trailers, tractors, or trucks (that exceed three-quarter ton bed capacity) or other commercial type motor vehicles shall be parked therein except vehicles while loading and unloading (which shall not exceed eight (8) hours). No repair work on motor vehicles shall be carried out in the parking spaces or aprons or areas except emergency repair.

Each Co-Owner shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the rules of these By-Laws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the Condominium, and the Board of Directors is hereby and elsewhere in these By-Laws authorized to adopt such rules and regulations.

ARTICLE XV

AMENDMENTS

These By-Laws may be amended in the following manner:

A. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

B. A resolution for the adoption of the proposed amendment shall be presented to a meeting of the Council of Co-Owners. Such approval shall be by Co-Owners representing at least two-thirds (2/3) of the total basic value of the Property, as set forth in Exhibit "H" (or Exhibit "H1", as appropriate) attached to the Master Deed.

C. Proviso. Provided, however, that no amendment shall discriminate against any Co-Owner nor against any Townhouse Dwelling or class or group of Townhouse Dwellings unless the Co-Owners so affected shall consent. No amendment shall be made which is in conflict with the Act, the Charter of the Association or the Master Deed establishing the Condominium.

D. Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officers of the Association with formalities of a deed. The amendment shall be effective when such certificate and a copy of the amendment are recorded in the Register Mense Conveyance Office of Richland County, South Carolina.

ARTICLE XVI

PARLIMENTARY RULES

Robert's Rules of Order (Latest Edition) shall govern the conduct of the Association's meeting when not in conflict with the Charter and the By-Laws of the Association, the Master Deed establishing the Condominium or with the laws of the State of South Carolina.

ARTICLE XVII

MISCELLANEOUS

Section 1. Compliance. These By-Laws are set forth in

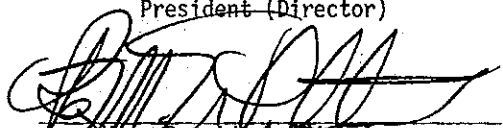
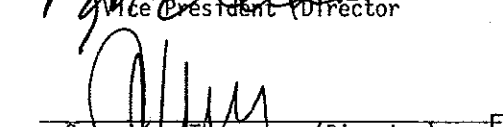


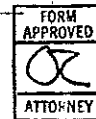
compliance with the requirements of Chapter 31, Section 27-31-10 through Section 27-31-300 of the Horizontal Property Act of South Carolina.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Master Deed and to the Horizontal Property Act. In the event of any conflict between these By-Laws and the Master Deed, the Master Deed shall control.

Section 3. Notice. Unless another type of notice is hereinafter specifically provided for, any and all notices called for in the Master Deed and in these By-Laws shall be given in writing.

Section 4. Corporate Seal. The seal of the corporation shall consist of two concentric circles between which is the name of the Association, and in the center of which is inscribed "Seal", and such seal as impressed on the margin hereof is adopted as the corporate seal of the Association.

\_\_\_\_\_  
President (Director)  
  
\_\_\_\_\_  
Vice President (Director)  
  
\_\_\_\_\_  
Secretary/Treasurer (Director)



The foregoing was adopted as By-Laws of 2000 Watermark Association, Inc., a non-profit corporation, existing under the laws of the State of South Carolina at the first meeting of the Board of Directors on March 22nd 1999.