

EXHIBIT F
BYLAWS OF
377 KING STREET
HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I
PURPOSE

The 377 KING STREET HOMEOWNER'S ASSOCIATION, INC. an incorporated non-profit association existing under the laws of the State of South Carolina (hereinafter called the "Association"), 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 377 King Street Horizontal Property Regime (hereinafter called the "Condominium"), said Condominium being located in the City of Charleston, County of Charleston, South Carolina, being more particularly described in the Master Deed establishing such Condominium (hereinafter the "Master Deed"). These Bylaws and the Master Deed shall govern the operation of the Association.

ARTICLE II
DEFINITIONS

All terms and phrases used herein shall have the same definition and meaning as set forth in the Master Deed and/or in the Act and as follows, unless the context otherwise requires:

- 2.1 **Members.** All Co-Owners of the Property.
- 2.2 **Majority of Members.** Members owning fifty-one percent (51%) or more of the Value, as set forth in the Master Deed.

ARTICLE III
OFFICES

The principal office of the Association shall be located at: **201 Old Hickory Crossing, Johns Island, SC, 29455, Attn: WRH III, LLC.** The Association may have other offices within and without the State of South Carolina as the Association may determine or as the affairs of the Association may require from time to time.

ARTICLE IV

MEMBERS

Each and every Co-Owner of a Unit in the Condominium shall be a Member of the Association. Further, there shall be appurtenant to each Unit in the Condominium the number of votes assigned in the Master Deed which shall be voted collectively by the Voting Member of that Unit as set forth in Exhibit E of the Master Deed. Upon the sale, conveyance, devise or other transfer of any kind or nature of any Unit, such subsequent transferee shall automatically become a member hereof and likewise the vote appurtenant to the Unit shall automatically pass and the membership of the transferor immediately terminated whether any membership certificate or voting certificate be transferred or not; provided, however, the Association shall for all purposes be entitled to rely upon the right to membership and voting rights of the person shown as Co-Owner of a Unit in its records until notified of such transfer by delivery of written notice thereof to the Secretary of the Association. Each and every Co-Owner of a Unit in the Condominium shall provide the Association with the name and mailing address of any Mortgagee having a lien on his or her Unit by sending written notice thereof to the Secretary of the Association.

ARTICLE V

APPLICATION

All present and future Co-Owners, tenants, future tenants, agents, servants, employees, guests, invitees and any other person using the facilities of the Condominium or occupying any Unit shall be and are hereby subject to all matters set forth in these Bylaws, Rules and Regulations promulgated by the Association hereof, and all things set forth in the Master Deed and in the Act. Notwithstanding, the existing tenants under their existing leases are exempted from these Bylaws, Rules and Regulations and all things set forth in the Master Deed and in the Act.

A mere acquisition or rental of a Unit or use of the facilities of the Condominium shall signify these Bylaws and all Rules and Regulations and provisions contained within the Master Deed, the Act, or promulgated by the Association shall be complied with and accepted and ratified.

ARTICLE VI

MEMBER'S MEETINGS

6.1 The Annual Member's Meeting shall be held at the office of the Association or at such other location as may be determined by the Association on such day, date and time of each year, or such other time and date as shall be designated by the Association, for the purpose of electing officers, and of transacting any other business authorized to be transacted by the members. If the annual meeting is not to be held at the office of the Association (if any), the Secretary of the Association shall give to the members thirty (30) days prior written notice of the time, date and place of the annual meeting.

6.2 Special Member's Meeting shall be held whenever called by the President or by a majority of the officers. Also, upon written request from members entitled to cast a Majority of the votes of the entire membership made to the Secretary of the Association stating the purpose therefore, a special meeting shall be called by the Secretary of the Association to be held within forty-five (45) days thereafter. No business, other than such business stated in the notice for a special meeting, shall be transacted at said meeting.

6.3 Notice of all Meetings stating the time and place and, if a special meeting, the purposes for which the meeting is called, shall be given by the President, Vice President or Secretary unless waived in writing by a member of the Association. Such notice shall be in writing to each member at his, her or its address as it appears on the books of the Association and shall be mailed not less than thirty (30) days but not more than forty (40) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after a meeting.

6.4 A quorum at members' meeting shall consist of Co-Owners with fifty-one percent (51%) or more of the Common Elements or basic value of the Condominium property, as a whole, as set forth in Exhibit E of the Master Deed. The acts approved by this majority of fifty-one percent (51%), a quorum being present, shall constitute a decision of the members and shall be binding upon the members, except where approval by a greater percentage is required by the Act, the Master Deed establishing the Condominium, or these Bylaws.

6.5 The presiding officer at members' meetings shall be the President.

6.6 Voting. Each Co-Owner shall have a vote equal to his, her or its percentage ownership in the Common Elements or basic value of the Condominium property as a whole, as set forth in Exhibit E of the Master Deed, except that no Co-Owner may vote at any meeting of the Association or be elected to serve as an officer of the Association if payment of such Co-Owner's assessment on his Unit is delinquent more than thirty (30) days and the amount necessary to bring the account current has not been paid at the time of such meeting or election. There shall not be cumulative voting. If a Unit is owned by more than one person, the person entitled to cast the vote for the Unit shall be one of the record owners designated by a certificate signed by all of the record owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation, limited liability company or similar entity, the person entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by the president or vice president or manager and attested to by the appropriate officer of the entity that owns the Unit and filed with the Secretary of the Association. If a Unit is owned by a general partnership or limited partnership, the person entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by all partners in the case of a general partnership and all general partners in the case of a limited partnership and filed with the Secretary of the Association. Such certificates shall be valid until revoked, until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the vote of a limited liability company or partnership ownership of a Unit, the vote appurtenant thereto shall not be exercised until the certificate of appointment designating

the person entitled to cast the vote for the Unit has been filed with the Secretary of the Association. If such certificate is not on file, the vote of such Co-Owner(s) shall not be considered in determining the requirement for a quorum nor for any other purpose.

6.7 Proxies. Votes may be cast in person or by proxy. A proxy may be made by a person entitled to vote and shall be valid for such period as provided by law, unless a shorter period is designated in the proxy. A vote may not be cast by proxy unless such proxy is in a form approved by the Association and filed with the Secretary of the Association before the appointed time of the meeting or any adjournment thereof.

6.8 Action in Lieu of a Meeting. Any action required by law to be taken at a meeting of the Association or any action which may be taken in a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all members of the Association and further provided the same is not otherwise prevented by these Bylaws, the Master Deed or the Act.

6.9 Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, a majority present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

6.10 The order of business at annual members' meetings and as far as practical at all other members' meetings, shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposal of any unapproved minutes;
- (d) Reports of officers, if any;
- (e) Reports of committees, if any
- (f) Election of inspectors of election, if any;
- (g) Election of officers;
- (h) Unfinished business;
- (i) New business which shall include adoption of a budget for the fiscal year;
and
- (j) Adjournment.

ARTICLE VII

OFFICERS

7.1 Officers. The Association shall be managed by executive officers consisting of a President, a Vice President, and a Secretary/Treasurer. The initial officers shall be appointed by the Declarant and shall hold office until the first annual meeting of the Association.

7.2 **Officer Qualifications.** All officers of the Association shall be either Co-Owners (or voting designees of a corporate, limited liability company or partnership Co-Owners), Mortgagees or designees of Mortgagees. Each officer must be in good standing with the Association and current in payment of all fees, assessments, and common expenses. Any officer who is delinquent in the payment of any common expenses or assessments shall automatically cease to be an officer.

7.3 **Election of officers** shall be conducted in the following manner:

(a) The officers to replace the initial officers appointed by the Declarant shall be nominated and elected at the organizational meeting called by the Declarant within one (1) year of conveyance of the first Unit in the Condominium to a third party. Officers elected at subsequent elections shall be elected for a term of one year, and shall be elected at the regular annual meeting of the Association. Officers shall serve until their successors are elected and qualified.

(b) Except as to vacancies provided by removal of an officer by members, vacancies occurring between annual meetings of members shall be filled at a special meeting of the Association.

(c) Any officer may be removed by concurrence of fifty-one percent (51%) of the votes of the entire membership of the Association at a special meeting of the members called for that purpose. The vacancy so created shall be filled by the members of the Association at the same meeting.

7.4 **The organizational meeting of newly elected officers** shall be held within thirty (30) days of their election at such place and time as shall be determined at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

7.5 **Regular meetings of the officers** may be held at such time and place as shall be determined, from time to time, by a majority of the officers. Notice of regular meetings shall be given to each officer personally or by mail, telephone or telegraph, at least thirty (30) days prior to the day named for such meeting.

7.6 **Special meetings of the officers** may be called by the President and must be called by the Secretary at the written request of a majority of the officers. Not less than thirty (30) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

7.7 **Waiver of Notice.** Any officer may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. The attendance of an officer at any meeting shall constitute a waiver of notice for such meeting unless the attendance of such meeting is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

7.8 **A quorum at officer's meetings** shall consist of a majority of the officers. The acts approved by a majority of the officers at which a quorum is present shall constitute the acts of the officers, except where approval by a greater number of officers is required by the Master Deed establishing the Condominium, these Bylaws or the Act.

7.9 Adjourned Meetings. If at any meeting of the officers there is less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business which might have been transacted at a meeting as originally called, may be transacted without further notice.

7.10 Joinder in Meeting by Approval of Minutes. The joinder of an officer in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such officer for the purpose of determining a quorum.

7.11 Action in Lieu of a Meeting. Any action by the officers required or permitted to be taken at any meeting may be taken without a meeting if all of the officers shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the officers.

7.12 The presiding officer of officers' meetings shall be the President. In the absence of the President, the Vice President shall preside over the meeting.

7.13 Powers and Duties of the Officers. All of the powers and duties of the "Council of Co-Owners" existing under the Act, the Master Deed establishing the Condominium, the Charter of the Association, (if any) and these Bylaws shall be exercised exclusively by the officers, its agents, contractors or employees, subject only to approval by the Co-Owners when such is specifically required by law or the Condominium Instruments. The officers shall have the power from time to time to adopt any rules and regulations deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such rules and regulations shall not be in conflict with the Act or the Condominium Instruments. The officers shall have the power from time to time to adopt any rules and regulations deemed necessary for the benefit and enjoyment of the Condominium; provided however, that such rules and regulations shall not be in conflict with the Act or the Condominium Instruments. The officers may delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the officers on such matters which may arise between meetings of the officers, as the officers deem appropriate. In addition to the duties imposed by these Bylaws, the Master Deed, the Act, or by any resolution of the Association that may hereafter be adopted, the officers shall on behalf of the Association:

(1) Annually on or before December 1, of each year, prepare a proposed budget for the upcoming fiscal year to include such sums as it deems necessary and adequate to provide for the Common Expenses and other related expenses of the Condominium including, but not limited to, reserves established from time to time.

(2) Make assessments against Co-Owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the Co-Owners, and establish the period of the installment payment of the annual assessment for Common Expenses.

(3) Provide for the operation, care, upkeep, and maintenance of all the Property and services of the Condominium except the portions thereof which are the responsibility of individual Co-Owners.

- (4) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Condominium Property.
- (5) Collect the assessment against the Unit Co-Owners, deposit the proceeds thereof in bank depositories approved by the officers and use the proceeds to carry out the administration of the Condominium Property.
- (6) Make and amend the Rules and Regulations for the use of the Condominium and all facilities and property thereof, subject to the terms of the Condominium Instruments.
- (7) Fix, impose, and remit penalties for violation of these Bylaws and Rules and Regulations of the Association.
- (8) Open bank accounts on behalf of the Association and designate the signatories thereon.
- (9) Make, or contract for the making of, repairs, additions, and improvements to or alterations of the Property, and repairs to and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (10) Enforce by legal means the provisions of the Master Deed, these Bylaws and the Rules and Regulations, act on behalf of the Co-Owners with respect to all matters arising out of any eminent domain proceedings and notify the Co-Owners of any litigations against the Association involving a claim in excess of ten percent (10%) of the amount of the annual budget.
- (11) Obtain and carry insurance against casualties and liabilities, as provided in these Bylaws or Master Deed, pay the premiums therefore and adjust and settle any claims thereunder.
- (12) Pay the cost of all authorized services rendered to the Association and not billed to Co-Owners of individual Units or otherwise provided for in these Bylaws.
- (13) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such book and vouchers accrediting the entries therein shall be available for examination by the Co-Owners, their attorneys, accountants, Mortgagees and authorized agents during general business hours on business days at the times and in the manner set and announced by the officers for the general knowledge of the Co-Owners. All books and records shall be kept in accordance with generally accepted accounting principles.

(14) At the written request of a Mortgagee, notify a Mortgagee of any default hereunder by the Co-Owner of the Unit subject to such Mortgage, in the event such default continues for a period exceeding fifty-one (51) days.

(15) Acquire, hold and dispose of Units and/or grant a mortgage on the same if such expenditures and hypothecation are included in the budget adopted by the Association.

(16) Do such other things and acts not inconsistent with the Act or the Condominium Instruments, which the officers may be authorized to do by a resolution of the Association.

(17) The officers may employ for the Condominium a "managing agent" at a compensation to be established by the Association. The managing agent must be able to advise the officers regarding the administrative operation of the Condominium and shall employ personnel knowledgeable in the necessary areas. The managing agent shall perform such duties and services, as the officers shall direct. The officers may delegate to the managing agent all of the powers granted to the officers by these Bylaws other than the powers which may not be delegated by the officers pursuant to the Act or the Condominium Instruments. The managing agent shall perform the obligations, duties, and services relating to the management of the Property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

7.14 The Executive officers of the Association shall be President, a Vice President, and a Secretary-Treasurer, and at the option of the officers, an Assistant Secretary and/or Assistant Treasurer, all of whom shall be elected annually by the members at the annual meeting of the Association. Any person may hold two or more offices except that the President shall not also be the Secretary-Treasurer or assistant. The Association may, from time to time, select such other officers and designate their powers and duties, as it shall deem necessary to manage the affairs of the Association. Each officer shall hold office until his successor shall be duly elected and qualified.

7.15 The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and shall have all of the powers and duties which are usually vested in the office of the President of an Association, including, but not limited to, the power to appoint committees from among the members from time to time, as the President may in his or her discretion determine appropriate to assist in the conduct of the affairs of the Association. The President or his written designee shall serve as Insurance Trustee for the Association.

7.16 The Vice President shall, in the absence of the President or in the event of his or her death, inability or refusal act, perform the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned by the President or the Association.

7.17 The Secretary-Treasurer shall record the minutes of all proceedings of the Association. The Secretary-Treasurer shall attend to the giving and serving of all notices to the members and other notices required by law. The Secretary-Treasurer shall

have custody of the Seal of the Association and affix the same to instruments requiring a seal when duly signed. He or she shall also keep the records of the Association or cause such to be prepared and kept, and shall perform all other duties incident to the office of secretary of an Association and as may be required by the President. Additionally, the Secretary-Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. The Secretary-Treasurer shall keep the books of the Association in accordance with good accounting practices; and he or she shall perform all other duties incident to the office of Secretary-Treasurer.

7.18 The compensation of all officers and employees, if any, of the Association shall be fixed by the Association. Any officer, or related business in which said officer has an interest, who contracts with the Association to provide labor, material or services shall not vote on any matter regarding such employment or contract.

ARTICLE VIII

MAINTENANCE, REPLACEMENT, UPKEEP AND REPAIRS

Responsibility for the maintenance, replacement, upkeep, and repairs of the Property of the Condominium are set forth in the Master Deed and are further set forth herein:

8.1 Units.

(a) **By the Co-Owner.** The responsibility of the Co-Owner shall be as follows:

(1) To maintain in good, clean and sanitary condition and to repair and replace at his, her or its expense all portions of the Co-Owner's Unit other than those portions to be maintained, repaired and replaced by the Association. Such shall be done without disturbing the rights of other Co-Owners. Nothing contained in this paragraph shall negate the obligation of any insurer to provide coverage for any insured loss as specified by Article X of these Bylaws.

(2) To perform normal cleaning and maintenance on any Limited Common Elements appurtenant to such Co-Owner's Unit. Where there is a light fixture or fixtures attached to the exterior wall or walls of the Unit, the Co-Owner thereof shall be fully responsible for the same.

(3) Not to make or cause to be made a structural addition or alteration to its Unit without obtaining prior approval of the Association or applicable agencies thereof or other governmental entities having jurisdiction over such matters. Alterations to the exterior of any Unit may only be made in accordance with the terms of these Bylaws, the Master Deed, and its Exhibits.

(4) To allow the Association or its representative, agent or employee to enter into a Unit at reasonable times and reasonable notice to the Owner and any applicable tenant for the purpose of maintenance, inspection, repair or replacement or improvement within the Unit and/or Common Elements; to determine in the case of emergency, circumstances threatening the Unit and/or

Common Elements; or to determine compliance with the provisions of the Master Deed, these Bylaws or these Regulations of the Association.

(5) To promptly report to the Association any defect or need for repairs, the responsibility of which is that of the Association.

(6) To be responsible for all damage to any other Unit or to the Common Elements resulting from his or her failure or negligence to perform any obligation required herein.

(7) To provide a "pass key" for entry into its Unit by the Association in case of an emergency; provided, however, such "pass key" shall only be provided at the written request of the Association and after such emergency, notice will be given to the Unit Owner and Tenant as soon as practicable.

8.2 General Common Elements.

The maintenance, repair, replacement, upkeep, and operation of the General Common Elements shall be the responsibility of the Association as a reasonable Common Expense based on Values.

Notwithstanding, that in case of emergency and in order to preserve the Property or for the safety of the occupants, a Co-Owner may assume the responsibility therefore, and he or she shall be relieved of liability for such acts performed in good faith and reimbursed for his or her expense by the Association when approved by the Association.

The Association shall have the power to determine the use to be made of the General Common Elements from time to time, provided that no such use shall discriminate against a Co-Owner or otherwise contradict the provisions of the Condominium Instruments.

8.3 Limited Common Elements. Except as specifically set forth herein, each Co-Owner shall maintain in good, clean and sanitary condition, and repair any Limited Common Element appurtenant only to its Unit. Furthermore, each Co-Owner shall be responsible for its share of the cost for the Association to maintain, repair, and replace any Limited Common Element appurtenant only to its Unit. The maintenance, repair, replacement, upkeep and operation of the Limited Common Elements appurtenant to more than one Unit shall be the responsibility of the Association with the cost thereof to be shared by the Co-Owners of the Units to which such Limited Common Element are appurtenant, provided, however, all such expenditures must be approved in advance by a majority of the Co-Owners of such Units except in the case of an emergency. Except as otherwise set forth herein, each Unit's share of said expense shall be divided in accordance with the percentages set forth in Exhibit E to the Master Deed. In the case of an emergency and in order to preserve the Limited Common Elements for the safety of the occupants, a Co-Owner may assume the responsibility therefore, and he or she shall be relieved of responsibility for such acts performed in good faith and reimbursed for his or her expense by the other Co-Owners of Units which the particular Limited Common Elements is appurtenant.

ARTICLE IX

FISCAL MANAGEMENT

The making and collection of assessments against Co-Owners for Common Expenses shall be pursuant to the following provisions:

9.1 Assessments. Except as specifically set forth herein, the Association shall assess each Co-Owner, including the Declarant, for such Co-Owner's proportionate share of the Common Expenses, including but not limited to the landscape and grounds, maintenance bill(s) and General Common Element maintenance bills of the Association and the cost maintained by the Association including liability, hazard, (fire, wind and hail), earthquake and flood insurance (if in any special flood hazard zone), such share being the same as the undivided share of such Co-Owner in the Common Elements appurtenant to his, her or its Unit specified in Exhibit E to the Master Deed except as set forth below. Said assessment shall be made and collected in the manner hereinafter provided.

9.2 Accounts. The funds and expenditures of the Association shall be credited and charged according to good accounting practices to accounts under the following classifications or combinations thereof, as shall be appropriate:

(a) Current Expenses for the Association shall be Common Expenses and shall include all funds and expenditures to be made within the year for which the funds are budgeted for the Association and the General Common Elements, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements or to operations. The balance in this fund at the end of each year may be applied to reduce the assessments for Current Expenses for the succeeding year.

(b) Reserve for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually, and the amount of which reserve if any, may be determined by the Co-Owners of fifty-one percent (51%) of the Common Elements. Any funds held in this account shall be held by the Association in a fiduciary capacity for the benefit of the Co-Owners for such purpose.

(c) Reserve for additional improvements, which shall include the funds to be used for capital expenditures for additional improvements or additional personal property, which will be part of the Building or the assets of the Association. If capital funds and expenditures are for alterations or further improvements of the Building or its appurtenant Limited Common Elements, the cost thereof shall be charged to the Co-Owners of Units in the percentages set forth in Exhibit E to the Master Deed.

(d) Merger of Reserve Accounts. Co-Owners of a majority of the Common Elements may, in their discretion, combine any one or more of the foregoing reserve accounts specified in (b) and (c) into one or more reserve accounts or choose to delete any one or more of said reserve accounts.

9.3 Budget. The Association shall adopt a budget for each fiscal year, which shall include funds for expenses of that year and reserves according to good accounting practices as follows:

(a) Current expenses;

(b) Reserve for replacement of the roof and any other Common Elements reasonably expected to require a replacement from time to time and deferred maintenance of the Building and/or General Common Elements, if any, the amount of which shall not exceed 110% of the budget for this account for the prior year, after the first year such reserve is established;

Provided, however, that the amount budgeted for current expenses, reserve for deferred maintenance and reserve for replacement may be increased over the foregoing limitations when approved by Co-Owners owning not less than a majority of the Common Elements of the Condominium.

Copies of the budget and proposed assessment shall be transmitted to each Co-Owner on or before the annual members' meeting during the year for which the budget is made. The proposed budget as it may be amended by motion of a Co-Owner, shall be submitted to a vote of the Co-Owners and when approved by no less than the Co-Owners owning a majority of the Common Elements as set forth in Exhibit E, shall become the budget of the Association for the fiscal year.

9.4 Assessment Procedure.

(a) Annually; Due Dates. Assessments against the Co-Owners for their share of the items of the budget shall be made for each year. Such assessments shall be payable in monthly installments on the first day of each month. The Association shall have the authority to adjust the payment dates of the assessments as it shall deem appropriate and may elect, upon prior written notice to the Co-Owners, to change from monthly to quarterly or up front yearly payments upon the approval of Co-Owners owning at least fifty-one percent (51%) of the Common Elements. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefore may be amended at any time by the Association.

(b) Assessments for Emergencies. Assessments for emergency Common Expenses which cannot be paid from the annual assessments for common Expenses shall be made only after notice of the need therefore to the Co-Owners concerned. After such notice and upon approval in writing by Co-Owners owning a majority or more of the Common Elements owned by the Co-Owners concerned, the assessment shall become effective, and it shall be due after thirty (30) days notice thereof in such manner as the Association shall require.

(c) Initial Assessments. Subject to the provisions set forth herein, the Declarant, as the agent of the Association, will collect from each initial Co-Owner of each Unit at the time of closing the pro-rate share of that months'

assessment for such unit (if not already paid by the Declarant) and a capital contribution equal to one month's of the Association assessment for such Unit. The Declarant will deliver the funds to be collected to the Association to provide the necessary working capital for the Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other startup costs, and for such other purposes as the Association may determine. In addition to the foregoing, each Co-Owner of a Unit shall reimburse the Declarant or the Association, as the case may be, for its pro-rate share of the Association's insurance premium(s) for the first year.

(d) Transfer Fee. Upon the transfer of title to a Unit in the Condominium, a transfer fee of two (2) months of the then-existing monthly regime fee for the transferred Unit shall be payable to the Association by either the seller or purchaser of a Unit to help defray Association administration expenses associated with such transfer. Notwithstanding the foregoing, the transfer fee shall not apply to the initial transfer of a Unit by the Declarant.

9.5 Collection of Assessments.

(a) Interest: Application of Payments. Assessments paid on or before ten (10) days after the date when due shall not bear interest, but all sums not paid ten (10) days after the date when due shall bear interest at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is lower, from the date when due until paid. All payments upon account shall be first applied to interest and any costs of collection and then to the assessment payment first due.

(b) Lien. All assessments against any Co-Owner shall constitute a lien against the Co-Owner's Unit in favor of the Association, as provided by the Act, which lien shall become effective when a notice claiming such lien has been duly recorded by the Association in the appropriate Charleston County office. Such claim of lien shall state the description of the Unit, the name of the record owner, the amount due and the date when due. Such claim of lien shall be signed and verified by an officer or agent of the Association prior to its being recorded; and no such claim of lien shall be made by the Association unless the assessment, charge or expense, giving rise to the lien, remains unpaid for more than ten (10) days after same becomes due. Any such lien may be foreclosed by the Association in the manner provided by law for the foreclosure of real estate mortgages. The lien shall secure the payment of all assessments as described in said claim of lien and, in addition thereof, shall secure the payment of subsequent assessments which come due after the filing of the claim of lien and prior to the satisfaction of such lien by foreclosure or otherwise, including interest thereon at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is lower, together with all costs and reasonable attorneys' fees incurred by the Association incident to the collection of such assessments or the enforcement of such lien. The right of the Association to foreclose a lien as aforesaid shall be in addition to any other remedy, at law or in equity, which may be available to it for the collection of the annual assessment and expenses related to the collection

thereof, including any right granted to the Association by the Act and the right to proceed personally against any delinquent owner for the recovery of a judgment "in personam". Any personal judgment against any such delinquent Co-Owner may include all unpaid subsequent assessments which come due after the institution of such suit and prior to such Order of Judgment, including interest thereon at the highest rate permitted by law, together with all costs and reasonable attorneys' fees incurred by the Association incident to the collection of such assessments.

(c) Rental Pending Foreclosure. In any foreclosure of a lien for assessments, the Association shall, pending foreclosure, be entitled to the appointment of a receiver who shall collect a reasonable rental for the use of the Unit subject to the lien, which rental shall be applied to the obligations of the Co-Owner.

ARTICLE X

INSURANCE

10.1 General Risk Insurance. The Association shall obtain property insurance on each Unit, and on the General and Limited Common Elements attributable to said Unit insuring against all risks of direct physical loss commonly insured against including flood (if in a special flood zone) and earthquake (if desired). The total amount of insurance coverage (with the exception of wind and hail coverage) after application of any deductibles shall be not less than full replacement cost. The total amount of wind and hail insurance coverage, if applicable, shall be not less than full replacement cost of the insured property, exclusive of land, excavations, foundations, and other items normally excluded from such insurance policies. The Association shall procure or require each Co-Owner to obtain whenever reasonably available an inflation guard endorsement, reasonable construction code endorsements, and an agreed amount endorsement each year to the master policy and the amount of coverage shall in no event be less than ninety percent (90%) of the agreed value. Any hazard insurance policy should also meet the following requirements if possible:

- (a) The named insured shall be the Association, as Trustee for the use and benefit of the Co-Owners and lien holders. All insurance proceeds shall be payable to the Association as such Trustee, for the Co-Owners and lien holders;
- (b) The insurer waives any right to claim by way of subrogation against the Association, its officers, the Managing Agent (if any) or the Co-Owners, and their respective agent, tenant, employees, guests and, in the case of Co-Owners, the members of their households;
- (c) Each policy shall provide that the insurance shall not be affected or diminished by any acts or omissions of any Co-Owner when such act or omission is not within the control of the Association;
- (d) The insurance shall not be affected or diminished by reason of any other insurance carried by any Co-Owner or mortgagee covering the same loss;

(e) Each policy shall contain the standard mortgagee clause, except that any loss otherwise payable to the named mortgagee shall be payable as provided in ("a") above;

(f) Each policy shall contain provisions designating the interest of various mortgagees to specific Units and other property of the Condominium covered by the master policy;

(g) Such policy shall contain a provision that it cannot be canceled, invalidated or suspended due to the conduct of any Co-Owner (including his invitees, agents and employees) or of any member, officer or employee of the Association or the Managing Agent (if any) without a prior demand in writing that the Association or the Managing Agent cure the defect and neither shall have so cured such defect within thirty (30) days after such demand.

(h) Such policy shall contain a provision that it may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to the Association, the Managing Agent, if any, and all mortgagees of record;

(i) All policies of insurance shall be written by reputable companies licensed to do business in the State of South Carolina.

10.2 Flood Insurance. If the Property is ever required to procure flood insurance, the Commercial Units shall be solely responsible for all costs associated with the same.

10.3 Contents Coverage. Each Co-Owner shall procure a typical condo policy, including all insurance necessary to restore its unit to its condition before such insurable event. Each Co-Owner shall be solely responsible for any and all insurance for its contents.

10.4 General Liability Insurance. Each Co-Owner shall also procure a general liability policy covering all perils associated with his/her use of the Property.

10.5 President as Trustee. The President of the Association shall hold any insurance proceeds in trust for Co-Owners and lien holders as their interests may appear. Subject to the provisions of Subsection 10.1, the proceeds shall be disbursed first for the repair or restoration of the damaged Common Elements, and Co-Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Common Elements have been completely repaired or restored, or the Condominium is terminated. The remaining proceeds shall be disbursed directly to the Co-Owner of the Unit, which suffered the damage, and to any bona fide mortgagees holding valid and subsisting security interests encumbering said Unit and the Limited Common Elements attributable thereto, as their interest may appear. It is expressly understood that the Co-Owner of the Unit who did not suffer the damage, and his mortgagees, shall not make a claim to the insurance proceeds paid to the Owner of the Unit who suffered the damage and his mortgagees thereunder.

10.6 Liability Insurance. The Association's insurance responsibility shall be as set forth in this Article X and to maintain comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Association but

not less than \$1,000,000.00 for any single occurrence, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Limited and General Common Elements. Each policy shall contain a provision that requires at least ten (10) days notice to the Association and all Co-Owners before the policy may be canceled or substantially modified. The cost of such insurance shall be a Common Expense.

10.7 Other Insurance. The Association may obtain and maintain:

- (a) Workmen's compensation insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement);
- (b) Directors, if any, and officers liability insurance; and
- (c) Such other insurance as the Association may determine or as may be requested from time to time by a majority vote of the members.

10.8 Premiums. Except as set forth herein, premiums upon insurance policies purchased by the Association under this Article (if any), shall be paid by the Association as a Common Expense.

10.9 The Insurance Trustee. The President of the Association is the Insurance Trustee and is hereby irrevocably appointed agent for each Co-Owner to adjust all claims arising under insurance policies purchased by the Association (if any) and to execute and deliver releases upon payment of claims.

ARTICLE XI

CONDEMNATION

11.1 Partial Taking Without Direct Affect on Units. If part of the Property shall be taken or condemned by any authority having the power of eminent domain, such that no Unit nor any part thereof is taken, and no part of the Limited Common Area to which a unit has exclusive use is taken, then all compensation and damages for and on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Units, shall be payable to the Association as Trustee for all Unit Owners and mortgagees according to the loss or damage to their respective interest in such Common Areas. The Association shall have the right to act on behalf of the Unit Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Areas, without limitation on the right of the Unit owners, or any Mortgagees of any one or more Units, to represent their own interest. Such proceeds shall, subject to the prior rights of such Mortgagees, be used in accordance with the provisions of the Master Deed. Nothing herein is to prevent Unit Owners whose Units are specifically affected by the taking or condemnation proceedings from joining in such proceeding and petition on their own behalf for consequential damages relating to loss of value of the affected Units, or personal improvements therein, exclusive of damages relating to Common Areas. In the event that the condemnation award does not allocate consequential damages to specific Unit Owners, but by its terms includes an award for reduction in value of Units without such allocation, the award shall

be divided between the affected Unit Owners, subject to the rights of Mortgagees of such Units.

11.2 Partial or Total Taking Directly Affecting Units. If part or all of the Property shall be taken or condemned by an authority having the power of eminent domain, such that any Unit or part thereof (including a Limited Common Area) is taken, the Association shall act on behalf of the Unit Owners with respect to Common Areas as in Paragraph 11.1 above, without limitation on the right of any mortgagee of any one or more Units to represent their own interests, and the proceeds shall be payable as outlined therein. The Unit Owners directly affected by such taking and their respective mortgagees shall represent and negotiate for themselves with respect to the damages affecting their respective Units (including the taking of the Limited Common Area). The awards so made shall, subject to the prior rights of Mortgagees, be used and distributed by the Association first to restore the units and common facilities on the remaining land of the Condominium in the same manner as provided for restoration under Article XII herein to the extent possible. If the Building and improvements of the Condominium are taken to the extent that the Unit(s) and/or other improvements affected cannot be reconstructed or restored substantially in accordance with the Building Plans, the members of the Association shall be polled in writing, in person or via United States Mail as to whether the Condominium shall be waived or the affected property reconstructed or restored. The Condominium may only be waived in accordance with the provisions of the Act and the Master Deed and its Exhibits.

ARTICLE XII

RECONSTRUCTION OR REPAIR AFTER CASUALTY

12.1 Reconstruction. In the event of fire or other disaster or casualty resulting in damage to the Building(s) or Common Elements of the Condominium which the Association shall determine to be two-thirds or less of the then total value of the property of the Condominium (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 may be obtained from the appropriate reserve for replacement funds, if any, and/or shall be deemed a Common Expense and assessed against the Co-Owners in the case of damage to Common Elements, and against the Co-owners who own the damaged Units in the case of damage to Units. Such assessments on account of damage to Common Elements shall be in proportion to the Co-Owner's share in the Common Elements as specified in Exhibit E to the Master Deed. Assessments against Co-Owners for damage to Units shall be in proportion to the costs of reconstruction and repair of their respective Units.

12.2 Damage or Destroyed. In the event the Building and improvements of the Condominium are damaged or destroyed to an extent which is more than two-thirds of the then total value of the property of the Condominium (excluding land) as determined by the Association, the members of the Association shall be polled in writing, in person or via United States Mail as to whether the Condominium shall be waived or the damaged property reconstructed and repaired. The Condominium shall be waived

only upon unanimous consent of all the Co-Owners, as well as all of the record owners of such encumbrances, agree in writing. If the decision is to waive the Condominium 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 as specified in Exhibit E to the Master Deed and to their respective mortgagees as their interests may appear.

12.3 Damage to Individual Unit. If the damage is only to those parts of a Unit 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; provided, however, if the responsibility of reconstruction and repair after casualty is that of the Association, but the negligence or misuse of a Co-Owner is the cause of such casualty and such casualty falls within insurance coverage obtained by the Association, such Co-Owner shall pay the deductible amount thereunder.

12.4 Estimates. 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.

12.5 Repair Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications referenced in the Master Deed and the Exhibits thereto, or if not, then according to such other plans and specifications approved by the Association; provided, however, that such other action may be taken only if approved by a majority of Co-Owners.

12.6 Disbursement of Construction Funds. The funds for payment of costs of reconstruction and repair after casualty, which funds shall consist of proceeds of insurance and/or funds collected by the Association from assessments against Co-Owners, shall be disbursed in payment of such costs in the following manner:

(a) If the amount of the estimated cost of reconstruction and repair which is the responsibility of the Association is less than \$50,000.00, then the reconstruction fund shall be disbursed in payment of such costs upon the order of the Association.

(b) If the amount of the estimated cost of reconstruction and repair which is the responsibility of the Association is more than \$50,000.00, then the reconstruction fund shall be disbursed in payment of such costs in the manner required by the Association and upon approval of an architect qualified to practice in South Carolina and employed by the Association to supervise the work.

(c) The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with a Co-Owner shall be paid to the Co-Owner, or if there is a mortgagee endorsement as to such Unit, then to the Co-Owner and the mortgagee jointly, who may use such proceeds as they may determine.

(d) If shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in the reconstruction fund after payment of all costs of reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; except, however, that the part of a distribution of a beneficial Co-Owner which is not in excess of assessments paid by such Co-Owner into the construction funds shall not be made payable to any mortgagee.

(e) Notwithstanding the provisions herein, the President may delegate his authorities and responsibilities as insurance trustee hereunder to an independent insurance trustee; provided, however, said independent insurance trustee shall not be required to determine whether or not sums paid by Co-Owners upon assessments shall be deposited by the Association with the insurance trustee, nor shall he or she be required to determine whether a disbursement is to be made from the reconstruction fund nor to determine the payee nor the amount to be paid. Instead, the insurance trustee may rely upon a certificate of the Association made by its President and Secretary as to any or all of such matters and stating that the sums to be paid are due and properly payable and stating the name or names of the payee and the amount to be paid; provided that when a mortgagee is herein required to be named as payee the insurance trustee shall also name the mortgagee as payee of any distribution of insurance proceeds to a Co-Owner; and further provided that when the Association or mortgagee which is the beneficiary of an insurance policy, the proceeds of which are included in the reconstruction fund, so requires, the approval of an architect named by the Association shall be first obtained by the Association prior to disbursement in payment of costs of reconstruction and repair.

(f) If the Association elects not to repair any substantial damage to the Common Elements, the Association shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed among all Unit owners in proportion to their respective Common Element interests. If the Condominium shall be terminated pursuant to the Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided among all Unit owners in proportion to their respective Common Element interests as stated in Exhibit E to the Master Deed, after first paying out of the share of each Unit owner, to the extent sufficient therefore, the amount of any unpaid liens on the Unit in the order of priority of such liens.

ARTICLE XIII
MORTGAGES

13.1 Notice to Association. A Co-Owner who mortgages his Unit shall notify the Secretary of the Association or the Association's Managing Agent, if any, of the name and address of his mortgagee and shall file a conformed copy of the mortgage with the Association or its Managing Agent, if any.

ARTICLE XIV
NON-LIABILITY AND INDEMNITY OF OFFICERS

14.1 Non-Liability. No officer of the Association shall be liable for acts, defaults, or neglects of any other officer or member or for any loss sustained by the Association or any Co-Owner, unless the same shall have resulted from the officer's grossly negligent act or omission.

14.2 Indemnity. Every officer and agent of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including reasonable counsel fees) actually and necessarily incurred by or imposed upon such officers in connection with or resulting from any claim, action, suit, procedure, investigation, or inquiry as to whatever nature in which he or she may be involved as a party or otherwise by reason of being or having been an officer or agent of the Association whether or not he or she continues to be such officer or agent at the time of incurring or imposition of such costs, expenses, or liabilities, except in relation to matters as to which he or she shall be finally adjudged in such action, suit, proceeding, investigation, or inquiry to be liable for willful misconduct or gross neglect in the performance of duties. The foregoing right of indemnification shall be in addition to and not in limitation of all other rights to which such person may be entitled as a matter of law, and such shall inure to the benefit of the legal representative of such person.

ARTICLE XV
ALTERATIONS AND MODIFICATIONS

15.1 Prohibitions. Neither the Association nor any Co-Owner shall make any structural modifications or alterations to his, her or its Unit, or make any additions thereto which would jeopardize the safety or soundness of such Unit or the Building, or adversely affect any of the Common Elements, or impair any easement, unless otherwise permitted by the Master Deed or its Exhibits. A copy of plans for all such work, prepared by an architect or engineer licensed to practice in the State of South Carolina, shall, if requested, be filed with the Association prior to the start of work.

15.2 Consent / General Common Elements. There shall be no alterations or further improvements of the General Common Elements by the Association or any Co-

Owner without prior approval of a majority of the Co-Owners of the entire Condominium. Any such alteration or improvement shall not interfere with the rights of any Co-Owners without their consent. The cost of such alteration or further improvement shall be assessed to the Co-Owners of the Units in the proportions, which their shares in the Common Elements bear to each other.

15.3 Consent / Limited Common Elements. There shall be no alterations or further improvements of the Limited Common Elements of the Building without prior approval in writing by the Co-Owners of at least a majority of the Co-Owners of the Units to which the Limited Common Elements are appurtenant. Any such alteration or further improvement shall not interfere with the rights of any Co-Owners without their consent. The cost of such alterations or further improvement shall be assessed to the Co-Owners of the Units to which the particular Limited Common Elements are appurtenant in proportion to their respective shares in the Common Elements as specified in Exhibit E to the Master Deed.

ARTICLE XVI

FAILURE TO COMPLY WITH CONDOMINIUM INSTRUMENTS

16.1 Compliance. Each Co-Owner, tenant and occupant of a Unit shall be governed by and shall comply with the terms of the Master Deed, these Bylaws, any Rules and Regulations adopted thereunder and said documents as they may be amended from time to time. Failure to comply therewith shall entitle the Association and/or other Co-Owners to relief including but not limited to an action to recover sums due for damages or injunctive relief, or both, which actions may be maintained by the Association, or in a proper case by an aggrieved Co-Owner.

16.2 Liability. A Co-Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by the act, neglect or carelessness of the Co-Owner or by that of the Co-Owner's guests, employees, agents, lessees, licensees, or invitees, but only to the extent that such expense is not paid from the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a Unit or its appurtenances, or of the Common Elements.

16.3 Attorneys' Fees. In any proceeding arising because of an alleged default by a Co-Owner under any provisions of the Master Deed or these Bylaws, or any Rules and Regulations adopted by the Association, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys fees as may be awarded by the Court.

16.4 Failure to Act. The failure of the Association or any person to enforce any covenant, restriction or other provision contained in the Act, the Master Deed, these Bylaws, and/or the Rules and Regulations adopted pursuant hereto and said documents as they may be amended from time to time, shall not constitute a waiver of the right to do so thereafter.

ARTICLE XVII

AMENDMENTS

These Bylaws may be amended in the following manner:

17.1 Notice. 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.

17.2 Resolution. A resolution for the adoption of the proposed amendment shall be presented to a meeting of the Association except as specifically provided for or limited herein. Except as provided in Article XVI, such approval shall be by Co-Owners representing a majority of the Common Elements of the Condominium as specified in Exhibit E to the Master Deed, unless unanimous approval of all Co-Owners is required by the Master Deed or the Act.

17.3 Proviso. Provided, however, that no amendment shall discriminate against any Co-Owner nor against any Unit or class or group of Units unless the Co-Owners so affected shall consent, which consent shall not be unreasonably withheld. No amendment shall be made which is in conflict with the Act, the Charter of the Association, the Master Deed establishing the Condominium, or the provisions in these Bylaws for the protection of mortgagees.

17.4 Execution and Recording. A copy of each amendment along with a certificate certifying that the amendment was duly adopted 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 RMC Office for Charleston County, South Carolina.

ARTICLE XVIII

MISCELLANEOUS

18.1 Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Charter (if any) and Bylaws of the Association, the Master Deed establishing the Condominium, or with the laws of the State of South Carolina.

18.2 Depository. The depository of the Association shall be such bank or banks as shall be designated from time to time by its officers. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Association.

18.3 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".

The foregoing were adopted as Bylaws of 377 King Street Homeowner's Association, Inc. an incorporated non-profit association existing under the laws of the State of South Carolina, at the first meeting of its members of _____, 2004.

IN WITNESS WHEREOF, the Declarant has caused these presents to be executed this 8th day of Sept, 2004.

WITNESSES:



377 KING STREET HOMEOWNER'S ASSOCIATION

By:


William R. Hilburn, III

Its: Authorized Agent