

BYLAWS
FOR
COURTSIDE VILLAS (SEABROOK ISLAND) I
COUNCIL OF CO-OWNERS, INC.

ARTICLE I

FORM OF ADMINISTRATION

The care, upkeep and surveillance of the property which constitutes the Courtside Villas (Seabrook Island) I Horizontal Property Regime ("the Regime") shall be administered by an incorporated association of owners of the Apartments, to be known as Courtside Villas (Seabrook Island) I Council of Co-owners, Inc. ("Council"). See attached Certificate of Incorporation.

ARTICLE II

MEMBERS OF COUNCIL

All owners of Apartments in the Regime shall be members of the Council. All members must make an evidentiary showing to the Council secretary that they are owners of an Apartment, before being permitted to participate in and vote at Council meetings. Upon making such a proper showing, the member's right to participate in and vote at Council meetings shall continue until that member's ownership interest in the Regime has terminated.

ARTICLE III

FISCAL YEAR

The fiscal year of the Council shall be on a calendar year basis.

ARTICLE IV

MEETING OF COUNCIL MEMBERS

Section 4.01 Place. Meetings of the members of the Council shall be held on Seabrook Island at a place to be designated in the notice of the meeting.

Section 4.02 Date and Time. The members shall meet at least once a year. This annual meeting shall be held on a day and time to be designated in the notice of the meeting in June of each year.

Section 4.03 Special Meetings. Special meetings of the members may be called by the Board or the owners of not less than twenty-five percent (25%) of the percentage interests in the limited and general common elements of the Regime.

Section 4.04 Notice. Written notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than thirty days before the date of the meeting, either personally or by mail, by or at the direction of the chairman to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the secretary's books.

Section 4.05 Quorum. Fifty-one percent (51%) of the percentage interests entitled to vote represented in person or by proxy shall constitute a quorum of a meeting of members.

Section 4.06 Decisions. All decisions adopted by the Council must be made upon a vote of fifty-one percent (51%) of the percentage interests eligible to vote, unless a greater percentage is specifically required in the Master Deed or Bylaws.

Section 4.07 Proxy. A member may vote either in person or by proxy executed in writing by the member.

Section 4.08 One Representative Per Apartment. If one Apartment is owned by more than one person, the owners must decide among themselves and then designate in writing filed with the secretary, one of the owners or a proxy as their representative to participate in and vote at meetings. The other members may attend the meetings, but may not participate in or vote their pro rata percentage interest.

ARTICLE V

BOARD OF ADMINISTRATION

Section 5.01 Manage Affairs of Council. The affairs of the Council including the designation and dismissal of the personnel necessary for the works and the general or limited common services of the property shall be managed by a Board of Administration ("Board"). The initial Board shall consist of five persons.

Section 5.02 Term. Those members of the Board appointed by the Declarant shall hold office until their successors have been appointed by the Declarant or until their successors have been elected and qualified. At the first annual or special Council meeting, after the Declarant's special rights have been reduced, the members shall elect to the Board as many persons as allowed to hold office. When the Declarant's rights have terminated the Council shall elect Board members for terms of three years on a staggered basis so that each year there is the election of at least one board member.

Section 5.03 Vacancy. Any vacancy occurring in the Board may be filled by the affirmative vote of the remaining Board members. A Board member shall be elected for the unexpired term of his predecessor in office.

Section 5.04 Meetings. The Board shall meet upon the call of the chairman or secretary of the Council. The meetings may be held upon written or oral notice received not later than the second day immediately preceding the day for the meeting.

Section 5.05 Quorum. A majority of the number of Board members fixed by the Bylaws shall constitute a quorum for the transaction of business. The act of the majority of Board members present at a meeting at which a quorum is present shall be the act of the Board.

ARTICLE VI

OFFICERS

Section 6.01 Number and Name. The officers of the Council shall consist of a chairman, a secretary, and a treasurer, each of whom shall be elected by the Board. The officers shall serve at the pleasure of the Board and for such compensation as may be fixed by the Board, provided that during the period of Declarant's right to appoint and remove members of the Board, no compensation may be paid. The Board may require that one or more officers be bonded.

Section 6.02 Chairman. The chairman shall have active executive management of the Council, subject however to the control of the Board. He shall preside at all Council meetings,

discharge all the duties that devolve upon a presiding officer, and perform other duties as the Board may prescribe. The chairman shall have full authority to execute on behalf of the Council both certificates to amendments to these Bylaws and the Master Deed, when the Council is authorized to make amendments, and deeds of conveyance when authorized by the Council and by applicable law.

Section 6.03 Secretary. The secretary shall attend Council meetings and Board meetings, and shall keep, or cause to be kept in a book provided for the purpose, a true and complete record of the proceedings of these meetings. He shall be custodian of the records and of the Council. He shall attend to the giving of all notices and shall perform such other duties as the Board may prescribe.

Section 6.04 Treasurer. The treasurer shall keep a book containing a detailed account of each Apartment's working capital and common expense assessment in chronological order of the receipts and expenditures affecting the Regime and its administration, and specifying the maintenance and repair expenses of the limited and general common elements and any other expenses incurred. Both the book and the vouchers accrediting the entries made thereupon shall be available for examination by all the member holders at convenient hours on working days that shall be set and announced for general knowledge. The treasurer shall be authorized to cash checks and sign notes and checks on behalf of the Council.

ARTICLE VII

LIABILITY AND INDEMNIFICATION OF THE BOARD MEMBERS AND OFFICERS

Section 7.01 Liability of Directors and Officers. No Board member or officer of the Council shall be liable to any Co-owner for any decision, action or omission made or performed by such Board member or officer in the course of his duties unless such Board member or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Master Deed or these Bylaws.

Section 7.02 Indemnification of Board Members and Officers. The Council shall indemnify and defend each Board Member and officer of the Council from any liability claimed or imposed against him by reason of his position or decision, action or omission as a Board Member or any officer of the Council if all of the following conditions are satisfied:

- 1) Such Board Member or officer has not acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Master Deed or these Bylaws;
- 2) Such Board Member or officer gives the Council adequate notice of the claim or imposition of liability to permit the Council reasonable opportunity to defend against the same; and
- 3) Such Board member or officer cooperates with the Council in defending against the liability.

The expense of indemnifying a Board member or an officer shall be a Common Expense and shall be borne by all the Co-owners, including such Board Member or officer.

ARTICLE VIII

RULES AND REGULATIONS

The Board may issue such rules and regulations governing the use of the property as it deems necessary, which when ratified at a Council meeting by members owning over one-half of the percentage interests in the property, shall become effective. Such rules and regulations shall be enforceable by fine according to the schedule contained in the rules and regulations which shall be assessed against the Apartment of the violator.

ARTICLE IX

COMMON EXPENSE LIABILITY

Section 9.01 Working Capital. After the Master Deed is recorded, the Board shall assess each Apartment in the Regime and thereafter each Apartment which becomes part of the Regime, other than those Apartments owned by the Declarant, \$300 for working capital, which cost, when paid can be recovered upon transfer of the Apartment from the transferee.

Section 9.02 Owners Liability. The Apartment owners are bound to contribute pro rata according to their percentage interest as amended toward both the expenses of administration of the Regime, the expenses of maintenance and repair of the limited and general common elements. The Board shall assess each Apartment owner for the expenses chargeable to it. Expenses for the maintenance and repair of limited common elements shall be assessed against those Apartments to which those elements have been allocated.

Section 9.03 Initial and Subsequent Budgets. After the filing of the Master Deed and before the conveyance of any Apartments, the Board shall adopt an initial budget and shall assess each Apartment its pro rata share of common expenses. After the initial assessment has been made by the Board, assessments shall be based on a budget adopted at least annually by the Board. At the option of the Board, assessments shall be payable in monthly or quarterly installments, and upon default in the payment of any installments and after ten (10) days written notice, the Board at its option, may accelerate and demand payment for the entire annual assessment for the delinquent Apartment, plus such late charges as may be assessed by the Board.

Section 9.04 Enforcement by Lien. The Council has a lien on an Apartment for any assessment levied against that Apartment or fines imposed against its Apartment owner from the time the assessment or fine becomes due. The Apartment then may be foreclosed in like manner as a lien upon real estate.

ARTICLE X

INSURANCE

Section 10.01 Property and Liability. Commencing not later than the time of the first conveyance of an Apartment to a person other than a Declarant, the Board shall maintain, to the extent reasonably available:

(a) property insurance on the limited and general common elements and Apartments, exclusive of furniture, furnishings improvements and betterments placed or installed in Apartments by Apartment owners, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall be not less than full replacement cost and as to personal property to

the extent such insurance is available, actual cash value of the insured property, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

(b) comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board 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.

Section 10.02 Loss Adjustment. Any loss covered by the property policy under subsection 10.01 shall be adjusted by the Board and the insurance proceeds for that loss shall be payable to the Council, and not to any mortgagee. The Council shall hold any insurance proceeds in trust for Apartment owners and lien holders as their interests may appear. Subject to the provisions of subsection 10.01, the proceeds shall be disbursed first for the repair or restoration of the damaged limited and general common elements, and Apartment 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 limited and general common elements have been completely repaired or restored, or the Regime is terminated.

Section 10.03 Repair. Any portion of the Regime insured under Section 10.01(a) and damaged or destroyed shall be repaired or replaced promptly by the Council unless (a) the Regime is terminated, (b) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (c) eighty (80%) percent of the Apartment owners, including every owner of an Apartment or assigned limited common element which will not be rebuilt, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a general common expense. If the entire Regime is not repaired or replaced, (a) the insurance proceeds attributable to the damaged limited and general common elements shall be used to restore the damaged area to a condition compatible with the remainder of the Regime, (b) the insurance proceeds attributable to Apartments and limited common elements which are not rebuilt shall be distributed to the owners of those Apartments, the owners of the Apartments to which those limited common elements were assigned, and to any bona fide mortgagees holding valid and subsisting security interests encumbering any such Apartments and limited common elements, as their interests may appear, and (c) the remainder of the proceeds shall be distributed to all the Apartment owners in proportion to their percentage interest and to any bona fide mortgagees holding a valid and subsisting security interests in all or any part of the subject Horizontal Property Regime, as their interest may appear. If the Apartment owners vote not to rebuild any Apartment, that Apartment's entire percentage interest is automatically reallocated upon the vote as if the Apartment had been condemned, and the Council promptly shall prepare, execute, and record an amendment to the declaration reflecting the reallocations.

12

ARTICLE XI

WALVER AND PARTITION OF REGIME

The Council may only by the unanimous vote of all its members:

(a) waive the Regime and regroup or merge the records of the individual Apartments with the principal property, provided that the individual Apartments are unencumbered, or if encumbered, that the creditors in whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the property owned by the debtors.

(b) partition or subdivide any Apartment in the Regime.

(c) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the limited and general common elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the limited and general common elements by the Council shall not be deemed a transfer within the meaning of this clause).

CERTIFICATION

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

I, Charles H.S. Bridges, Secretary of
Courtside Villas (Seabrook Island) I Council of Co-
Owners, Inc., a South Carolina corporation, do hereby
certify that the within By-Laws are the legal By-Laws
of Courtside Villas (Seabrook Island) I Council of Co-
Owners, Inc., a South Carolina corporation.

WITNESS my Hand and Seal this 16th day of June
 , 1982.

Charles H.S. Bridges

WITNESSES:

[Signature]
[Signature]