

BYLAWS OF  
SEAGROVE HORIZONTAL PROPERTY REGIME

THESE BYLAWS of SEAGROVE HORIZONTAL PROPERTY REGIME are promulgated pursuant to the Horizontal Property Act of South Carolina (the "Act") for the purpose of governing Seagrove Owners Association (the "Association") and the administration of Seagrove (the "Property"), which has been submitted to a Horizontal Property Regime. The terms used herein are defined in the Master Deed by which the Property is so constituted, and these Bylaws incorporate and are subject to the provisions of said Master Deed.

## ARTICLE I

## OWNERS

A. MEMBERSHIP. Every Owner shall be a Member of the Association. A person who holds title to a Dwelling merely as security for payment of a debt shall not be entitled to exercise the rights of an Owner unless such person holds a proxy conferring such rights.

B. Each Owner shall be entitled to cast one vote for each ten thousandth (0.0001th) of a percent of such Owner's interest in the Common Elements. Votes can be cast only at meeting of the Council convened in accordance with the Bylaws, and in the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer, a partnership shall act by any general partner, an association shall act by any associate, a trust shall act by any trustee, and any other legal entity shall act by any managing agent. The failure of an absent Owner to execute and return the proxy form sent to him in the registered mailing referred to in Paragraph p of this Article shall constitute a proxy to and for the majority present and voting. When an Owner consists of two or more persons, any one shall be deemed authorized to act for all unless another objects, in which case the vote which such Owner would otherwise be entitled to cast may not be cast. All votes appurtenant to a single Dwelling must be cast together and may not be split.

C. MAJORITY. "Majority of the Owners" means the Owners of fifty-one (51%) percent or more of the basic value of the Property as a whole, each Owner entitled to cast votes in accordance with their percentage interests in the Regime Common Elements.

D. QUORUM. Prior to the time of recording the first Phase II deed, the presence of Owners owning fifty-one (51%) percent of the value of Phase I Property shall constitute a quorum for the transaction of business at meetings of the Council, and from the time of recording the first Phase II deed, the presence of Owners owning fifty-one (51%) percent of the value of all Property shall constitute a quorum; provided, however, that any absent Owner who does not execute and return the proxy form sent to him in the registered mailing referred to in Paragraph P of this Article shall be deemed to be present for the purpose of determining the presence of a quorum.

E. CONSENTS. Any action which may be taken by a vote of the Owners may also be taken by written consent of such action signed by all Owners.

F. ORGANIZATIONAL MEETING. The organizational meeting of the Association shall be held at such time as Declarant deems appropriate but no later than thirty (30) days following the day on which Declarant ceases to own any Dwellings in Phase I. The following matters, and such other business as the Manager may deem appropriate, shall be taken up at the initial meeting:

1. adoption of a fiscal year,
2. approval of a budget for the fiscal year,
3. determination of the Annual Assessment and the date upon which it is due and payable,

4. determination of the date of the first and subsequent annual meetings, and
5. the election of the initial, three-person Board of Directors in accordance with Article IV of these Bylaws.

G. ANNUAL MEETINGS. An annual meeting of the Owners shall be held on the second Tuesday of the first month of each fiscal year of the Association, beginning with the first fiscal year following the fiscal year in which the organizational meeting is held, or at such other time during each fiscal year as may be determined by a vote of the majority of the Owners. Any business which is appropriate for action of the Owners may be transacted at an annual meeting.

H. SPECIAL MEETINGS. Special meetings of the Owners may be called at any time by the President of the Association or by a majority of the Board of Directors and shall be called upon the written request of a Majority of the Owners. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Owners waive notice of any additional business.

I. **NOTICE OF MEETINGS.** Written notice of every annual or special meeting of the Owners stating the time and place of the meeting and, in the case of a special meeting, the business proposed to be transacted shall be given to every Owner not fewer than ten (10) nor more than thirty (30) days in advance of the meeting. Failure to give proper notice of a meeting of the Owners shall not invalidate any action taken at such meeting unless an Owner who was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such Owner objects shall be void.

J. **WAIVER OF NOTICE.** Waiver of notice of a meeting of the Owners shall be deemed the equivalent of proper notice. Any Owner may in writing waive notice of any meeting of the Owners either before or after such meeting. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed waiver by such Owner of notice of the time, date and place thereof unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business of which proper notice was not given is put to a vote.

K. **PLACE OF MEETING.** All meetings of the Owners shall be held upon the Property or at such other place within the county in which the Property is situated and convenient to the Owners as the President of the Association or the Board of Directors may direct.

L. **ADJOURNMENT.** Any meeting of the Owners may be adjourned from time to time for periods not exceeding forty-eight (48) hours by vote of Owners holding a majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could properly be transacted at the original session of a meeting may be transacted at an adjourned session, and no additional notice of adjourned sessions shall be required.

M. **ORDER OF BUSINESS.** The order of business at all meetings of the Owners shall be as follows:

1. Roll call;
2. Proof of proper notice of the meeting or waiver of notice;
3. Reading of the minutes of preceding meeting;
4. Report of the Board of Directors;
5. Reports of officers;
6. Reports of committees;
7. Election of inspectors of election (when required);
8. Election of Directors (when required);
9. Unfinished business;
10. New business.

N. **MINUTES OF MEETINGS.** The Secretary of the Association shall prepare, or cause to be prepared, and keep accurate minutes of every meeting of the Owners. Such minutes shall be made available for examination and copying by any Owner at any reasonable time.

O. **WHO MAY ACT FOR AN OWNER.** In the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof, and any other legal entity shall act by any managing agent thereof. When an Owner consists of two or more persons, any one of such persons shall be deemed authorized to act for all in taking any action on behalf of such Owner unless another of

such persons objects, in which case such persons shall act individually in proportion to their respective interest in their Dwellings

**P. PROXIES.** Any Owner may by written proxy designate an agent to cast his vote. Unless a proxy states otherwise, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Council. A proxy may be revocable or irrevocable but shall be deemed revocable at will unless it states otherwise. No proxy shall be honored until delivered to the Secretary of the Council. If at least thirty days prior to a duly called meeting an Owner is informed by registered mail of (1) the time and place of the meeting, (2) the agenda for the meeting, and (3) such data as is then available relative to issues on which there will be a vote, and a proxy form is included in such mailing, and the Owner neither attends the meeting nor returns his executed proxy, then such Owner shall be deemed to have given his proxy to and for the majority present and voting.

**ARTICLE II**

**BOARD OF DIRECTORS**

**A. FORM OF ADMINISTRATION.** The administration of the Association and the Property shall be vested in a Board of Directors consisting of five (5) Directors elected from the Owners.

**B. AUTHORITIES AND DUTIES.** The authorities and duties of the Board of Directors shall include the following:

1. To provide for the surveillance and security of the Property;
2. To provide for the maintenance, repair and replacement of the Common Elements;
3. To employ and discharge the persons necessary for the operation, maintenance, repair and replacement of the Common Elements;
4. To collect from the Owners their respective shares of the Common Expenses;
5. To insure the Property as hereinafter provided;
6. To enact reasonable regulations governing the operation and use of the Common Elements;
7. To enforce the terms of the Act, the Master Deed, and these Bylaws, and the regulations promulgated pursuant hereto as hereinafter provided; and
8. To administer the Association and the Property on behalf of and for the benefit of all Owners.

**C. QUALIFICATION.** Only an individual who is an Owner, or who together with another person or other persons is an Owner, or who is an officer of a corporation, a general partner of a partnership, an associate of an association, a trustee of a trust, or a managing agent of any other legal entity which is an Owner, or which together with another person or persons is an Owner, may be elected or continue to serve as a Director of the Association. An Owner which consists of more than one individual or which is a corporation or other legal entity consisting of more than one individual who is qualified to be a Director shall not be permitted to provide a greater number of Directors than the number of Dwellings such Owner owns.

D. ELECTION AND TERM. The initial Board of Directors shall be elected at the organizational meeting of the Association. One Director shall be elected to serve until the first annual meeting of the Owners. Two Directors shall be elected to serve until the second annual meeting of the Owners, and two Directors shall be elected to serve until the third annual meeting of the Owners. At each annual meeting of the Owners a Director or Directors shall be elected to succeed the Director or Directors whose term or terms expires at such meeting. Each such Director shall be elected to serve until the third annual meeting of the Owners following his election. A plurality of the votes cast shall be sufficient to elect a Director in any election. A Director may be elected to succeed himself, and a Director shall be deemed to continue in office

until his successor has been elected and has assumed office.

**E. REMOVAL.** A Director may be removed from office with or without cause by the affirmative vote of Owners of two-third (2/3rds) of the total interest in the Common Elements. The unexpired portion of the term of any Director so removed shall be filled by a new Director elected by the affirmative vote of a Majority of the Owners.

**F. VACANCIES.** Vacancies in the Board of Directors caused by any reason other than the removal of a Director by the Owners shall be filled by a new Director elected by the affirmative vote of a majority of the remaining Directors even though such remaining Directors do not constitute a quorum.

**G. VOTING.** Each Director shall have one (1) vote on all matters acted upon by the Board of Directors. The vote of a Director shall be cast only by such Director personally at a meeting of the Board of Directors convened in accordance with these Bylaws. Proxies shall not be permitted in any vote of the Board of Directors. The affirmative vote of a simple majority of the Directors present at the time of a vote, if a quorum is present at such time, shall be sufficient for any action unless otherwise specified in these Bylaws.

**H. QUORUM.** A majority of the Directors shall constitute a quorum for the transaction of business.

**I. CONSENTS.** Any action which may be taken by a vote of the Board of Directors may also be taken by written consent to such action signed by all Directors.

**J. ANNUAL MEETINGS.** An annual meeting of the Board of Directors shall be held during each fiscal year at least ten (10) days prior to the annual meeting of the Owners. The time, date and place of the annual meeting of the Board of Directors shall be fixed at the annual meeting of the Owners by mutual agreement of a majority of the Directors present at such meeting, and no further notice thereof shall be necessary. Any business which is appropriate for action of the Board of Directors may be transacted at a regular meeting.

**K. REGULAR MEETINGS.** Regular meetings of the Board of Directors shall be held at such times, dates and places as the Board of Directors may determine from time to time, but at least three (3) regular meetings shall be held each fiscal year. Any business which is appropriate for action of the Board of Directors may be transacted at a regular meeting.

**L. SPECIAL MEETINGS.** Special meetings of the Board of Directors may be called from time to time by the President of the Association, and shall be called upon the written request of two members of the Board of the Directors. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Directors waive notice of any additional business.

**M. NOTICE OF MEETINGS.** Written notice of every regular or special meeting of the Board of Directors stating the time, date and place of the meeting and, in the case of a special meeting, the business proposed to be transacted shall be given to every Director not fewer than three (3) nor more than ten (10) days in advance of the meeting. Failure to give proper notice of a meeting of the Board of Directors shall not invalidate any action taken at such meeting unless a Director who was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such Director objects shall be void.

**N. WAIVER OF NOTICE.** Waiver of notice of a meeting of the Board of Directors shall be deemed the equivalent of proper notice. Any

Director may in writing waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by a Director shall be deemed waiver by such Director of notice of the time, date and place thereof unless such Director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business of which proper notice was not given is put to vote.

O. PLACE OF MEETING. All meetings of the Board of Directors shall be held upon the Property or at such other place convenient to the Directors as the President of the Association or the Board of Directors may direct.

P. RECESS. Any meeting of the Board of Directors may be recessed from time to time for periods not exceeding two (2) hours by a vote of the majority of the Directors present, regardless of whether a quorum is present. Any business which could properly be transacted at the original session of a meeting may be transacted at a subsequent session following a recess of such meeting, and no additional notice of such subsequent session shall be required.

Q. MINUTES OF MEETINGS. The Secretary of the Association shall prepare, or cause to be prepared, and keep accurate minutes of every meeting of the Board of Directors. All such minutes shall be made available for examination and copying by any Owner at any reasonable time.

R. COMPENSATION. The Directors shall serve without compensation, but shall be entitled to reimbursement by the Association for expenses incurred in the conduct of their duties.

### ARTICLE III

#### OFFICERS

A. DESIGNATION. The Association shall have a President, a Vice President, a Secretary and a Treasurer. The Association may also have one or more assistants to the Secretary and to the Treasurer and such other officers as may be necessary from time to time. The offices of the Secretary and the Treasurer may be filled by the same individual.

B. QUALIFICATIONS. The President and the Vice President must be Directors, and all other officers must be individuals who are qualified to be Directors.

C. ELECTION AND TERM. Officers of the Association shall be elected at each annual meeting of the Board of Directors and at such other times as may be required to fill vacancies in any office. All officers shall serve until their successors have been elected and assumed office unless sooner removed as hereinafter provided. An officer may be reelected to any number of terms.

D. REMOVAL. Any officer may be removed from office at any time with or without cause by the Board of Directors or by the Owners. An officer removed by the Board of Directors or by the Owners shall be replaced only by the Owners.

E. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors at which he is present. He shall have all of the general powers and duties which are usually vested

in the office of president of an unincorporated association, including, but not limited to the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

F. VICE PRESIDENT. The Vice President shall take the place and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Director to take the place and perform the duties of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

G. SECRETARY. The Secretary shall keep the minutes of all meetings of the Owners and of the Board of Directors, shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all the duties incident to the office of secretary of an unincorporated association.

H. TREASURER. The Treasurer shall have custody of and responsibility for the Association funds and securities and shall keep the financial records and books of account belonging to the Association. If a Manager is employed as hereinafter provided, custody of Association funds and securities and responsibility for maintaining full and accurate accounts of all receipts and disbursements may be delegated to the Manager if the Board of Directors so determine, but in such case the Treasurer shall verify the amounts of Association funds and securities in the custody of the Manager and review and reconcile the accounts maintained by the Manager at such intervals as may be determined by the Board of Directors.

I. COMPENSATION. The officers may receive such compensation as the Owners may determine and shall be entitled to reimbursement by the Association for expenses incurred in the conduct of their duties.

#### ARTICLE IV

##### MANAGER

A. EMPLOYMENT. The Board of Directors may employ a Manager to assist in or take charge of the administration of the Association and the Property.

B. QUALIFICATION. The Manager may be an individual or a corporation or other legal entity. No individual who is a Director or an officer of the Association or who resides in the home of a Director or an officer of the Association shall be the Manager.

C. AUTHORITY AND DUTIES. The Manager shall have such authority and duties as may be determined by the Board of Directors and shall report to the Board of Directors or to the President, as the Board of Directors may determine.

D. COMPENSATION. The Manager shall receive such compensation as the Board of Directors may determine.

#### ARTICLE V

##### FINANCES

A. FISCAL YEAR. The fiscal year of the Association shall be the calendar year unless the Owners shall otherwise determine.



**B. BUDGET.** The Board of Directors shall prepare and submit to the Owners at each annual meeting of the Owners a proposed Budget for the Association for the upcoming fiscal year. The proposed budget shall set forth with particularity the anticipated Common Expenses for the fiscal year and the amount of money needed to establish reasonable reserves for the payment of future or unforeseen Common Expenses.

**C. APPROVAL OF BUDGET.** The proposed budget, as it may be amended upon motion of any Owner, shall be submitted to a vote of the Owners and when approved by the affirmative vote of a Majority of the Owners shall become the budget of the Association for the fiscal year (the "Budget"). The terms of the Budget shall be binding upon the Board of Directors until such terms are amended by action of the Owners.

**D. REGULAR ASSESSMENTS.** The funds required by the Budget shall be collected from the Owners by the Board of Directors in equal monthly or quarterly assessments as the Board of Directors may determine.

**E. SPECIAL ASSESSMENTS.** The funds required from time to time to pay any Common Expenses which are not covered by the Budget but which are approved by the Owners shall be collected from the Owners by the Board of Directors in such instalments as the Owners shall determine.

**F. INDIVIDUAL ASSESSMENTS.** Any payments to the Association which one or more, but less than all, of the Owners shall be obligated to make pursuant to the terms of the Act, the Master Deed or these Bylaws shall be due upon demand and shall be collected by the Board of Directors.

**G. COLLECTION.** Owners shall be personally liable for all assessments and shall pay the same promptly when due. The Board of Directors shall take prompt and appropriate action to collect by suit, foreclosure or other lawful method any over due assessment. If any overdue assessment is collected by attorney or by action at law, the Owner owing the same shall be required to pay all reasonable costs of collection, including attorney's fees.

**H. PENALTY.** An assessment not paid within ten (10) days following the date when due shall bear a penalty of five dollars (\$5.00) plus one percent (1%) of the assessment per month from the date when due. The penalty shall be added to and collected in the same manner as as the assessment. For purposes of this paragraph only, an unpaid assessment shall not be deemed over due until the Board of Directors has delivered to the Owner owing the same a demand for payment, unless the Board of Directors has within thirty (30) days prior to the date when due delivered to such Owner a written notice of the amount and the date due, in which case no further demand shall be necessary. The Board of Directors may in its discretion waive all or any portion of a penalty imposed pursuant to this paragraph if it affirmatively appears that the failure to pay the assessment when due was caused by circumstances beyond the control of the Owner.

**I. ACCOUNTS.** The Board of Directors shall maintain on behalf of the Association a checking account with a state or federally chartered bank having an office in the county where the Property is situated. If a Manager is employed, said accounts may be maintained in the name of the Manager if the Board of Directors approve. All funds of the Association shall be promptly deposited in one of said accounts, except that the Board of Directors may maintain a petty cash fund of not more than fifty dollars (\$50.00) for payment of minor current expenses of the Association. The books and records relating to any account of the Association shall be made available for examination and copying by any Owner at any reasonable time.

**J. PAYMENTS.** The Board of Directors shall provide for payment of all debts of the Association from the funds collected from

the Owners. Expenditures specifically approved in the Budget may be paid without further approval unless the Board of Directors shall otherwise determine. All other expenditures which are in excess of Fifty (\$50.00) Dollars shall be reviewed and approved by the President or the Board of Directors before payment is made. All checks and requests for withdrawals drawn upon any account of the Association shall be signed by the President and the Treasurer or by any two (2) alternate officers of the Association. If a Manager is employed, the Board of Directors may authorize the Manager to draw checks upon the account of the Association to pay expenditures specifically approved in the Budget. The Board of Directors may also authorize the Manager to make disbursements from the petty cash fund, if any.

K. BONDING. The Board of Directors shall secure from a surety company rated "AAA" or better by Best's Insurance Reports a fidelity bond in an amount of not less than Twenty-Five (\$25,000.00) Thousand Dollars covering every individual authorized to withdraw funds from any checking or savings account maintained by the Association. The cost of the bond shall be a Common Expense.

L. ACCOUNTING AND AUDITS. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and an outside audit shall be made at least once a year.

#### ARTICLE VI

#### MAINTENANCE AND IMPROVEMENTS

A. MAINTENANCE BY BOARD OF DIRECTORS. The Board of Directors shall provide for the maintenance, repair and replacements of the Common Elements, including the Limited Common Elements, and shall employ and dismiss the personnel required for such maintenance, repair and replacement.

B. MAINTENANCE BY OWNERS. Each Owner shall maintain his Dwelling, except the exterior portions thereof which are maintained by the Board of Directors, in good condition and repair. Each Owner shall also provide for the routine sweeping and cleaning of all Limited Common Elements reserved for the use of his Dwelling exclusively and shall maintain such Limited Common Elements in a clean and orderly condition.

C. DEFAULT BY OWNER. In the event that any Owner fails to perform the maintenance required of such Owner by these Bylaws or by any lawful regulation enacted pursuant hereto and such failure creates or permits a condition which is hazardous to life, health or property or which unreasonably interferes with the rights of another Owner or which substantially detracts from the value or appearance of the Property, the Board of Directors shall, after giving such Owner reasonable notice of an opportunity to perform such maintenance, cause such maintenance to be performed and charge all reasonable expenses of so doing to such Owner by an individual assessment.

D. EXPENSES. Except as hereinafter provided, the expenses of maintenance, repair and replacement provided by the Board of Directors shall be Common Expenses. The expenses of maintenance, repair or replacements which are necessitated by (i) the failure of an Owner to perform the maintenance required by these Bylaws or by any lawful regulation enacted pursuant hereto, (ii) the willful act, neglect or abuse of an Owner, or (iii) an uninsured loss which is to be borne by an Owner in accordance with Article VII of these Bylaws shall be charged to such Owner by an individual assessment.

E. IMPROVEMENTS. The Board of Directors shall provide for the making of such improvements to the Common Elements as may be approved from time to time by the Owners. The cost of such improvements shall be Common Expenses; provided, however, that no Owner shall without his consent be assessed in any one year for the making of improvements to the Common Elements an amount in excess of one (1%) percent of the value of his Dwelling as set forth in the Master Deed.

## ARTICLE VII

## REPAIR AND RESTORATION

A. **DECISION OF OWNERS.** In the event of substantial damage to or destruction of any portion of the Property, the damage or destruction shall promptly be appraised by the Board of Directors. If more than two-thirds (2/3rds) of the Property has been destroyed, the Board of Directors shall promptly call a special meeting of the Owners to determine in the manner provided in the Master Deed whether the Property shall be reconstructed. In the event that the Owners determine not to reconstruct the Property, the Secretary shall execute a certificate to that effect and cause the same to be recorded in the same manner as these Bylaws.

B. **RECONSTRUCTION.** Unless the Owners affirmatively determine in the manner provided in the Master Deed not to reconstruct the Property following damage or destruction thereof, the Board of Directors shall promptly provide for such reconstruction. If the cost of such reconstruction exceeds Ten Thousand (\$10,000.00) Dollars, the Board of Directors shall employ an architect licensed to practice in the jurisdiction or jurisdictions in which the Property is situated to supervise the reconstruction. It shall be the duty of such architect to inspect the progress of the reconstruction at regular intervals and submit written authorization to the Insurance Trustee hereinafter defined for the payment for work performed. When an Architect is not required by the terms hereof, the Board of Directors may perform such inspections and submit such authorizations.

C. **COSTS.** The Board of Directors shall employ for the purpose of reconstructing the Property the proceeds on any insurance obtained on the Property by the Board of Directors as trustee for the Owners. If such insurance proceeds do not cover the cost of reconstruction the deficiency shall be borne by the Association as a Common Expense up to an amount equal to the sum of (i) the amount deducted pursuant to a "loss deductible" clause of the insurance policy plus (ii) fees and expenses of the Insurance Trustee hereinafter identified. Any deficiency in excess of such amount shall be borne by the Owners in proportion to their respective interests in the portion or portions of the Property reconstructed.

## ARTICLE VIII

## CONDEMNATION

A. **RIGHTS OF OWNERS.** If any portion of the Property is condemned by any authority having the power of eminent domain, each Owner shall be entitled to receive notice of such condemnation and to participate in the proceedings incident thereto unless otherwise prohibited by law. Each Owner shall be entitled to an individual award to be determined by the value of his interest in the portion or portions of the Property condemned.

B. **DUTIES OF THE ASSOCIATION.** In the event that any award is received by the Association on account of condemnation of any portion or portions of the Common Elements, the Board of Directors shall promptly pay such award to the Insurance Trustee hereinafter identified as trustee for the Owners to be disbursed in the same manner as if it were insurance proceeds. The Board of Directors shall promptly call a special meeting of the Owners to determine whether any condemned portion of the Common Elements shall be replaced. If the Owners determine to replace any condemned portion of the Common Elements, the Board of Directors shall provide for the replacement of such portions in the same manner as if such portions had been destroyed by casualty.

ARTICLE IV

INSURANCE

A. **INSUREDS.** Insurance policies upon the Property, covering the items described below, shall be purchased by the Council or its Manager for the benefit of the Regime, the Council and the Owners of the Dwellings and their mortgagees, as their interests may appear. Provision shall be made for the issuance of certificates of insurance, with mortgagee endorsements, to the mortgagees of all Owners. Such policies and endorsements shall be deposited with and held by the Manager.

B. **COVERAGE.** Insurance shall cover the following when available:

(a) the replacement value of all Phase I Dwellings and Common Elements until the recording of the first Phase II deed, and of all Dwellings and Common Elements from and after the recording of the first Phase II deed. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and against such other risks as are customarily covered with respect to buildings and improvements similar to the buildings and improvements on the Land. No insurance of the contents of or improvements to any Dwellings (other than the fixtures originally installed therein during construction) shall be provided by the Council.

(b) public liability in such amounts and with such coverage as shall be determined by the Board of Directors, including, but not limited to, hired automobile and non-owned automobile coverage;

(c) workmen's compensation (if required); and

(d) such other insurance as the Board of Directors from time to time determine to be desirable.

C. **PREMIUMS AND DEDUCTIBLES.** Premiums upon insurance policies and that portion of any covered loss not compensated for because of the deductible clause of the policy shall be paid by the Council as a Common Expense, and shall be paid by the Owners in proportion to their respective interest in the Common Elements.

D. **PROCEEDS.** The proceeds received by the Council from any indemnity paid under a hazard insurance policy shall be held by the Board of Directors. After deduction of all reasonable expenses of the Board in administering such proceeds, the net proceeds shall be distributed as follows:

(a) if the Property is not reconstructed as provided in Article IX of the Master Deed, then each Owner shall receive a share of the proceeds proportionate to his interest in the Common Elements as set forth in the Master Deed; or

(b) if reconstruction takes place, then such proceeds shall be used to meet reconstruction costs as provided in Article VI of the Master Deed and Article VII of these Bylaws, and any proceeds remaining after all the costs of reconstructing the Property have been paid shall be distributed to the Council for the benefit of all Owners.

E. **INSURANCE BY OWNERS.** Each Owner shall be responsible for obtaining such amounts of the following types of insurance as he deems necessary or desirable: (1) hazard insurance on his Dwellings and its contents for his own benefit, and (2) liability insurance covering accidents occurring within his Dwelling. Any Owner who obtains hazard insurance for his own benefit shall within thirty days of obtaining the same deliver to the Board of Directors a copy of the policy of insurance.

## ARTICLE V

## RESTRICTIONS AND REGULATIONS

A. RESTRICTIONS. The use of the Property shall be subject to the following restrictions:

1. Dwellings shall be used only as residences. Until such time as Grantor no longer owns any Dwellings in Phase I or II, Grantor may, in fact, use one or more Dwellings as a "sales model". Subsequent to that time, however, no Dwelling shall be used by anyone, including the Owner, as a "sales model", "open house", or "sales office". This shall not, however, restrict any owner or his agent from reasonable access to his Dwelling for the purpose of showing the Dwelling to Prospective Purchasers of the Dwelling.

2. No Owner shall maintain or permit any nuisance within his Dwelling or unreasonably interfere with the use and enjoyment of the Property by any other person entitled to the same by creating anywhere on the Property or permitting within his Dwelling the creation of excessive noise, smoke or offensive odors. No person shall maintain on the Property, and no Owner shall permit within his Dwelling any condition which is unreasonably hazardous to the life, health or property of any other person.

3. No person shall make any additions to or perform any work upon the Common Elements or otherwise alter the Common Elements without the express authorization of the Board of Directors. No Owner shall alter or permit the alteration of the external appearance of any portion of his Dwelling without the express approval of the Board of Directors.

B. REGULATIONS. The Board of Directors shall adopt and amend from time to time such reasonable regulations ("Regulations") governing the operation and use of the Property as they may deem necessary or desirable. It shall not be necessary to record Regulations newly adopted or the amendment or repeal of existing Regulations, but no Owner shall be bound by any newly adopted Regulations or any amendment or repeal of an existing Regulation until a copy of the same has been delivered to such Owner.

C. ENFORCEMENT. The Board of Directors shall enforce the terms of the Act, the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto and shall take prompt and appropriate action to correct any violations of the same. In addition to any other remedy to which the Association or any Owner may be entitled, the Board of Directors may impose against an Owner reasonable fines not to exceed a total of Ten (\$10.00) Dollars per day for any violation of the terms of the Act, the Master Deed or these Bylaws or of the Regulations promulgated pursuant hereto. Such fines shall be collected by individual assessment. Each day during which a violation occurs or continues shall be deemed a separate offense.

**D. RESPONSIBILITY OF OWNERS.** Each Owner shall be deemed responsible for the conduct of members of his household and his tenants, agents, guests and pets, but the responsibility of the Owner shall not relieve any member of his household or any of his tenants, agents or guests for any liability to the Association or to an Owner for their own acts.

**ARTICLE XI**

**LIABILITIES AND INDEMNIFICATION**

**A. LIABILITY OF OWNERS.** No Owner shall be liable upon a debt or tort of the Association for any amount in excess of such portion of the total liability of the Association which bears the same ratio to the total liability as the portion of the Common Expenses which such Owner is required to pay bears to the total of the Common Expenses. All correspondence of the Association and all contracts executed by the Association shall incorporate the following recital:

Seagrove Owners Association is an unincorporated association.

No member of the Association shall be liable upon a debt of the Association for an amount in excess of such portion of the debt which the member is required to pay pursuant to the terms of the Master Deed and the Bylaws of Seagrove Horizontal Property Regime.

**B. INDEMNIFICATION AMONG OWNERS.** Each Owner shall be entitled to contribution from and indemnification by every other Owner to the extent that such Owner discharges or is required to discharge any portion of any liability of the Association in excess of such Owner's proportionate share thereof, except that no Owner shall be required to provide contribution or indemnification on account of a debt which was liquidated in amount and due and payable prior to the time such Owner became an Owner.

**C. LIABILITY OF DIRECTORS AND OFFICERS.** No Director or officer of the Association shall be liable to any Owner for any decision action or omission made or performed by such Director or officer in the course of his duties unless such Director or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Act, the Master Deed or these Bylaws.

**D. INDEMNIFICATION OF DIRECTORS AND OFFICERS.** The Association shall indemnify and defend each Director and each officer of the Association from any liability claimed or imposed against him by reason of his position or actions as a Director or an officer of the Association if all of the following conditions are satisfied:

1. Such liability does not arise from the willful misconduct of such Director or officer;
2. Such Director or officer is not required to bear such liability by the terms of the Act, the Master Deed or these Bylaws;
3. Such Director or officer gives the Association adequate notice of the claim or imposition of liability to permit the association reasonable opportunity to defend against the same; and
4. Such Director or officer cooperates with the Association in defending against the liability.

The expense of indemnifying a Director or an officer shall be a Common Expense and shall be borne by all the Owners, including such Director or officer, in proportion to their respective interests in the

Common Elements. The Board of Directors may obtain insurance indemnifying any Director or officer of the Association for any liability claimed or imposed against him by reason of his position as a Director or officer of the Association, and the cost of such insurance shall be a Common Expense.

ARTICLE XII

SEAL AND SIGNATURES

A. SEAL. The Association shall have a seal inscribed with the name of the Association and such other information as the Board of Directors may determine. The Secretary of the Association shall have custody of the seal and shall affix and attest the same upon such documents as the Board of Directors may direct.

B. ATTESTATION OF DOCUMENTS. The presence of the Association seal, attested by the Secretary or an assistant secretary of the Association, on any contract, conveyance or any other document executed on behalf of the Association shall attest:

1. That the Association seal affixed to the document is in fact the seal of the Association;
2. That any officer of the Association executing the document does in fact occupy the official position indicated, that one in such position is duly authorized to execute such document on behalf of the Association, and that the signature of such officer subscribed to the document is genuine;
3. That the execution of the document on behalf of the Association has been duly authorized.

C. CERTIFICATION OF DOCUMENTS. When the seal of the Association is affixed to any document relating to the Property or the Association and is attested by the secretary or an assistant secretary of the Association, a third party without knowledge or reason to know to the contrary may rely on such document as being what it purports to be.

D. CERTIFICATION OF ACTIONS AND FACTS. When a written statement setting forth (i) actions taken by the Owners or by the Board of Directors or (ii) facts relating to the Property or the Association as determined by the Board of Directors is executed by the Secretary or an assistant secretary of the Association and bears the seal of the Association, a third party without knowledge or reason to know to the contrary may rely on such statement as factually true and correct.

E. ABSENCE OF SEAL. The absence of the seal of the Association from any contract, conveyance or other document executed on behalf of the Association shall not impair the validity of such contract, conveyance or document or of any action taken pursuant thereto or in reliance thereon, but the person relying on the same shall bear the burden of establishing that the execution of the same was duly authorized and accomplished on behalf of the Association.

ARTICLE XIII

AMENDMENTS

A. PROCEDURE. These Bylaws may be amended from time to time by resolution adopted by the affirmative vote of the Owners of two-thirds (2/3rds) of the total interest in the Common Elements. No amendment shall be effective unless and until recorded as an amendment to the Master Deed in accordance with the Act.

B. EFFECT. All Owners, tenants of Owners, employees of Owners and tenants, and any other persons that may in any manner use the Property or any part thereof shall be bound to abide by any amendment to these Bylaws duly adopted and recorded as specified herein.

ARTICLE XIV  
MISCELLANEOUS

A. RECORD OF OWNERSHIP. Any person who acquires title to a Dwelling, except a person who acquires title to a Dwelling merely as security for a debt, shall promptly inform the Board of Directors of the identity of such person and the date upon and manner in which title to the Dwelling was acquired. The Board of Directors shall maintain a record of the names of all Owners and of the dates upon which they acquired title to their Dwellings.

B. NOTICES. Any notices or documents placed in the mail receptacle or affixed to the front door of a Dwelling by or at the direction of the Board of Directors shall be deemed delivered to the Owner of such Dwelling, unless the Owner of such Dwelling has previously specified to the Board of Directors in writing another address for delivery of such notices and documents. Any notice or document addressed to the Board of Directors and delivered to any Director by or at the direction of an Owner shall be deemed delivered to the Board of Directors.

C. WAIVER. No provision of these Bylaws or of the Regulations promulgated pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

D. CONFLICT. In the event of any conflict between these Bylaws and the Act or the Master Deed, the Act or the Master Deed shall control as appropriate. In the event of a conflict between these Bylaws and the Regulations promulgated pursuant hereto, these Bylaws shall control.

E. SEVERABILITY. The provisions of these Bylaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder hereof.

F. CAPTIONS. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these Bylaws or the intent of any provision hereof.

G. GENDER AND NUMBER. All pronouns used herein shall be deemed to include the masculine, the feminine and the neuter and the singular and the plural whenever the context requires or permits.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT, I am the duly elected acting Secretary of the SEAGROVE HORIZONTAL PROPERTY REGIME; and

THAT the foregoing Bylaws constitute the original Bylaws of said Regime, as duly adopted at a meeting of the Board of Administration thereof, held on the 14<sup>th</sup> day of June, 1971.

Ante C. Clark  
acting Secretary