

**BY-LAWS
OF
TERRAPIN ISLAND PROPERTY OWNERS' ASSOCIATION, INC.**

ARTICLE I

NAME AND LOCATION

The name of the Association is the Terrapin Island Property Owners' Association, Inc. The principal office of the Association shall be located at One Kiawah Island Parkway, Kiawah Island, S.C., 29455, but meetings of Members and Directors may be held at such places within the State of South Carolina as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The words and terms used in the within By-Laws or any supplemental or amended set of By-Laws, unless the context shall clearly indicate otherwise, shall have the same meanings as set forth in the Declaration of Covenants and Restrictions for Terrapin Island Subdivision about to be recorded in the R.M.C. Office, (the "Declaration"), which said Declaration is incorporated herein by reference. Other definitions may appear throughout this instrument and shall have the meanings more particularly set forth herein.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 3.01. Association Membership. Declarant and every person or entity who is a record Owner of a fee simple or undivided fee simple interest in any Lot which is subjected by the Declaration to Assessment by the Association shall be a Member of the Association; provided that any such person or entity holding record title or interest merely as a security for the performance of an obligation shall not be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot which is subject to Assessments.

Section 3.02. Membership Rights. The rights of Membership are subject to the payment of Assessments levied by the Association, from time to time, the obligation of which Assessments is imposed against each Owner of and becomes a lien upon the Lot against which such Assessments are made, as provided by Article VI of the Declaration. Subject to the terms of the South Carolina Nonprofit Corporation Act ("Act"), a Member may be suspended if not less than fifteen (15) days prior written notice sent by first class or certified mail of the proposed suspension of a Member and the reason therefor has been delivered to such Member in accordance with the procedures set forth in Section 4.06 hereof. Such notice shall set forth the date, place, and time such Member shall be given the opportunity to be heard orally by the Board of Directors, which shall be not less than five (5) days before the effective date of the suspension. Such written notice shall also set forth the address of the Board of Directors to which and by which such Member may be heard. Upon the affirmative vote of two-thirds of the Board of Directors of the Association, acting fair and reasonable taking into consideration all of the relevant facts

and circumstances, the Board of Directors may suspend a Member; however, if the Member is suspended for failure to pay Assessments, upon the Member's payment in full of such Assessments, such rights and privileges shall be automatically restored. A Member who has been expelled or suspended shall remain liable to the Association for dues, assessments, or fees as a result of obligations incurred or commitments made before such suspension.

Section 3.03. Voting Rights. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be every Owner, including Declarant, and shall be entitled to one vote for each Initial Terrapin Lot owned. Declarant's Class A Membership shall continue for so long as it owns at least one Terrapin Lot. When more than one person, other than Declarant, holds title to a Lot, all such persons shall be Members, but shall have only one collective vote, and in no event shall more than one vote be cast with respect to any one Initial Terrapin Lot. In the event two or more of the Initial Terrapin Lots are combined to create a new larger Lot, the resulting larger Lot shall have the same number of votes as the number of Initial Terrapin Lots combined to create such larger Lot. Further, should any of the Initial Terrapin Lots be subdivided and their boundary lines changed so as to "split" any one or more of the Initial Terrapin Lots, and title to portion(s) of any such Initial Terrapin Lot is held in fee simple by more than one Owner, the subject Initial Terrapin Lot shall still have one collective vote in Association matters, and the vote of such "split" Initial Terrapin Lot shall be handled in the same manner as multiple Owners of a Lot set forth herein.

In the event joint Owners of a Lot fail to determine the manner in which their vote is to be cast, such vote shall nevertheless be counted and considered as an affirmative vote for the measure. In addition, when such a vote is considered as affirmative for the measure and (i) is the "deciding" vote necessary to carry the measure, and (ii) all joint Owners of each Lot casting an affirmative vote are required to execute an instrument in connection with the passage of the measure (such as in the case of an Amendment in accordance with Section 9.02 of the Covenants), and (iii) one or more of the joint Owners of such Lot failing to determine the manner in which their vote is to be cast refuses to execute such required instrument, the President of the Association may attach a sworn affidavit to such instrument reciting the circumstances of the vote (including a statement that the joint Owners of such Lot received proper notice in accordance with these By-Laws, failed to determine the manner in which their vote should be cast and as a consequence their vote was considered as affirmative in the voting on the measure in accordance with these By-Laws) and thereupon the validity and enforceability of such instrument shall not be affected or be subject to question by reason of the lack of the execution thereof by any one or more of the joint Owners of such Lot.

When one joint Owner signs a proxy or purports to vote for his or her co-Owners, such vote shall be counted and bind all, unless the other joint owners object in writing.

(b) Class B. Declarant, its successors and assigns, shall be the only Class B Member. The Class B Member shall be entitled to four (4) votes for each of the Initial Terrapin Lots in which it holds an interest. The Class B Membership of Declarant shall cease on the happening of any of the following events, whichever first occurs:

- (i) when the Declarant executes and records in the R.M.C. Office an instrument forfeiting its Class B Membership; or
- (ii) on December 31, 2005; or

- (iii) upon the completion of construction of the last dwelling and improvements in Terrapin Island Subdivision. For purposes of these By-Laws, the term "completion of construction" shall mean and refer to the date (a) the certificate of occupancy for the last dwelling constructed within Terrapin Island Subdivision has been issued by the Town of Kiawah or the County of Charleston, S.C., and (b) Declarant and the TIARB have determined that all improvements (including initial landscaping improvements) on all Lots within Terrapin Island Subdivision have been completed to their satisfaction.

Unless otherwise provided for in advance by resolution of the Board of Directors, the record date for the purpose of determining Owners entitled to vote at any meeting of the Association shall be 5:00 p.m. on the last business day before the first notice is delivered to the Members.

Section 3.04. Proxies. Each Member entitled to vote may vote in person or by proxy at all meetings of the Association. All proxies shall be executed in writing by the Member or his duly authorized attorney-in-fact, and filed with the Secretary of the Association or such other officer or agent of the Association authorized to tabulate votes before or at the time of the meeting; provided, however, that proxies shall not be required for any action which is subject to a referendum. 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 Association. A proxy may be revocable or irrevocable but shall be deemed revocable at will unless it states otherwise. An appointment of a proxy is revoked by the person appointing the proxy (i) attending any meeting and voting in person, or (ii) signing and delivering to the Secretary or other officer or agent of the Association authorized to tabulate votes for the Association either a written statement that the appointment of the proxy is revoked or a subsequent appointment form. If at least ten (10) days (thirty {30} days if notice is mailed by other than first class or registered mail) prior to a duly called meeting a Member is informed pursuant to the provisions of Section 4.05 and 4.06 herein of (a) the time and place of the meeting, (b) the agenda for the meeting, and (c) such data as is then available relative to the issues on which there will be a vote, and a proxy form is included in such mailing, and the Member neither attends the meeting nor returns an executed proxy, then such Member shall be deemed present for purposes of determining a quorum and shall be deemed to have given his proxy to and for the majority present and voting. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date; and no proxy shall be valid for more than three (3) years from the date of execution. Any proxy shall automatically cease upon sale by the Member of his Lot.

ARTICLE IV

MEETINGS

Section 4.01. Initial Meeting. The initial meeting of the Association shall be held upon notice by the Declarant as soon as the Declarant deems practicable and convenient. The following matters, and such other business as Declarant deems appropriate, shall be the subject of the initial meeting:

- (a) adoption of a fiscal year;
- (b) approval of a budget for a fiscal year;
- (c) determination of the date for commencement of the Annual Assessment and Landscaping Assessment, the billing cycle for quarterly installments and the date upon which such installments shall be due and payable;

- (d) determination of the date of the first and subsequent annual meetings; and
- (e) election of the initial three person Board of Directors in accordance with Article V, Section 5.02 of these By-Laws.

Section 4.02. Annual Meetings. The annual meetings of the Association shall be held on a date determined by the Board. Any business which is appropriate for action of the Members may be transacted at an annual meeting.

Section 4.03. Special Meetings. Special meetings of the Association's Members may be demanded and called for any one or more lawful purposes by the Association's President, two (2) Directors, or the holders of record of five (5%) percent of the Association's voting power entitled to vote at such meeting, provided such holders comply with such demand provisions set forth in the Act and these By-Laws. Upon the written, signed, and dated demand, which states the purpose of the meeting, being delivered in accordance with the foregoing to an officer of the Association personally or by registered or certified mail, the President or Secretary on or before the thirtieth (30th) day after the date of such demand shall fix the date and time of the meeting and provide notice thereof to the Members in accordance with Section 4.05 hereof. If the notice of the meeting is not given within thirty (30) days after the demand is made to the officer of the Association, a person signing the demand may set the time and place of the meeting and give notice thereof in accordance with Section 4.05 hereof. Special meetings of the Members shall be held at a time and location designated by the person calling the meeting in the notice of the meeting; provided, however, that if the notice does not designate a time and location, such meetings shall be held at the Association's principal office at the hour of ten o'clock in the morning on the date designated in the notice of the meeting. In the event that the President and Directors timely designate different times or locations, then the designations of the Directors shall control; provided, however, any notice changing the time or place of the meeting shall be effective only if timely received by the Members in accordance with Section 4.05 hereof.

Section 4.04. Place of Meetings. All meetings of the Association shall be held at such convenient place as the Board of Directors may determine.

Section 4.05. Notice of Meetings, Waiver of Notice. Oral or written notice of all meetings of Members shall be given no fewer than ten (10) days, or if notice is mailed by other than first class or registered mail, thirty (30) days, nor more than sixty (60) days before the meeting date by any method permitted under the Act, to all Members of record entitled to vote at such meeting; provided, however, the date upon which such notice shall be deemed effective shall be determined in accordance with Section 4.06 hereof. Such notice shall state the date, time, and place of the meeting, and if required by the Act or these By-Laws the purpose or purposes for which such meeting was called. Notice of a meeting of Members need not be given to any Member who, in person or by proxy, signs a waiver of notice either before or after the meeting, and such waiver is delivered to the Association for inclusion in the Association's records. To be effective such waiver shall contain statements or recitals sufficient to identify beyond reasonable doubt the meeting to which it applies. Such statements or recitals in such waiver of notice may, but need not necessarily, include the reference to the date and purpose of the meeting and the business transacted thereat. Statement or recital of the proper date of a meeting shall be conclusive identification of the meeting to which a waiver of notice applies unless the waiver contains additional statements or recitals creating a patent ambiguity as to its proper application. A Member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.

Section 4.06. Effective Date of Member Notices. An oral notice is permissible if reasonable under the circumstances and is effective when communicated in a comprehensible manner. Written notice, if in comprehensible form, is effective at the earliest of the following:

- (a) When received;
- (b) Five (5) days after its deposit in the United States mail, if mailed correctly addressed with first class postage affixed;
- (c) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; or
- (d) Fifteen (15) days after its deposit in the United States mail, if mailed correctly addressed and with other than first class, registered or certified postage affixed.

Written notice is correctly addressed to a Member if addressed to the Member's address shown on the Association's current list of Members (the "List"). A written notice or report delivered as part of a newsletter, magazine or other publication regularly sent to Members constitutes a written notice or report if addressed or delivered to the Member's address shown on the List, or in the case of Members who are residents of the same household and who have the same address on the List, if addressed or delivered to one of such Members, at the address appearing on the List.

Section 4.07. Quorum Requirements. The presence at any meeting of Members entitled to cast, or of proxies entitled to cast, eight-fifteenths (8/15ths) of the total votes of the Association shall constitute a quorum for any action governed by these By-Laws. Any Owner who does not execute and return the proxy form sent to such Owner in the required mailing shall be deemed to be present for the purposes of determining the presence of a quorum. Any action governed by the Declaration applicable to the Property shall require a quorum as therein provided.

Section 4.08. Action Without Meeting. To the fullest extent permitted by the Act, Members may take action without a meeting by written consent as to such matters and in accordance with such requirements and procedures authorized by the Act. Unless otherwise permitted by the Act, such written consent must be signed by at least eighty (80%) percent of the Members and delivered to the Association for inclusion in the corporate records. Written notice of Member approval pursuant to this Section must be given to all Members who have not signed such written consent. If written notice is required, Member approval pursuant to this Section shall be effective ten (10) days after written notice is given and effective in accordance with Section 4.06 hereof.

Section 4.09. Power of Referendum. The Members of the Association shall have the power, by referendum, to approve or reject certain actions proposed to be taken by the Association. In the event eight-fifteenths (8/15ths) or more, of the total votes actually returned to the Association within the specified time shall be in favor of such action, the referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" is specifically expressed herein or in any amendments or supplements hereto or in the Declaration, that higher percentage shall control in that instance.

Section 4.10. List of Owners and Members of Record. For the purpose of determining Members entitled to vote at any meeting of Members, or in connection with any other proper purpose requiring a determination of Members, the Board of Directors shall by resolution fix a record date for such determination. The record date set by the Board of Directors shall be no more than seventy (70) days, and not less than the last day for timely giving notice, before the meeting or action requiring a determination of Members is to occur. If the Board of Directors fails to set a record date, the Members at the close of business on the business day on which notice is given or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held are entitled to notice of the meeting and to vote thereat. The Members of record appearing in the books of the Association at the close of business on the record date so fixed shall constitute the Members in respect of the activity in question. A determination of Members of record entitled to notice of or to vote at a meeting of Members is effective for any adjournment of the meeting unless the Board of Directors fixes a new date for determining the right to notice or the right to vote, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the record date for determining Members entitled to notice of the original meeting. After fixing a record date for notice of a meeting, the Association shall prepare an alphabetical list of names of all Members who are entitled to notice of the meeting and shall list the Members by classification of membership, if any. The list shall show the address and number of votes each Member is entitled to vote at the meeting. The Association shall prepare on a current basis through the time of the membership meeting a list of Members, if any, who are entitled to vote at the meeting but not entitled to notice of the meeting. This list must be prepared on the same basis and be part of the list of Members. Such list of Members shall be available for inspection by any Members for purposes of communication with other Members concerning the meeting, beginning the date after notice is given of the meeting for which the list was prepared and continuing through the meeting, at the Association's principal office. Subject to the limitations of Sections 33-31-720, 33-31-1602(c) and 33-31-1605 of the Act, as amended, a Member, Member's agent, or Member's attorney shall be entitled on written demand, at the Member's expense, to inspect and copy the list at a reasonable time during the period it is available for inspection. The Association shall make the list of Members available at the meeting, and any Member, a Member's agent, or Member's attorney shall be entitled to inspect the list at any time during the meeting or any adjournment. Notwithstanding the foregoing, a Member may inspect and copy the membership list only if (i) his demand is made in good faith and for a proper purpose; (ii) he describes with reasonable particularity his purpose; and (iii) the list is directly connected with his purpose.

Section 4.11. Minutes of Meetings. The Secretary of the Association shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Association. The minutes shall be made available for examination by any Member at the office of the Association during normal business hours.

ARTICLE V

BOARD OF DIRECTORS

Section 5.01. Powers and Duties. The Association shall be governed and its business affairs managed by and through a Board of Directors. The powers herein granted to the Association may be exercised by such Board of Directors acting through the Officers of the Association without any further consent of the Owner and Members, except as may be limited or otherwise required by provisions of the Act, the Declaration, the within By-Laws, or the Articles of Incorporation of the Association.

The Board of Directors shall have the authority to carry out the powers and functions of the Association set forth in the Declaration and in addition thereto, the following powers and duties:

(a) to adopt and publish rules and regulations governing the use of the Terrapin Common Properties, rights, amenities, personal property, and facilities, and the personal conduct of the Members and their guests and invitees thereon, and to establish penalties for the infraction thereof;

(b) to suspend the voting rights and right to use the Terrapin Common Properties, amenities and facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association, subject to the requirements set forth in Section 3.02 hereof.

(c) to exercise for and on behalf of the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these By-Laws or the Declaration;

(d) to employ a Property manager, independent contractors, or such other employees as the Board may deem necessary, to prescribe their duties and enter into contracts in connection therewith;

(e) to grant utility, ingress/egress, and other easements on, over, and across the Terrapin Common Properties as provided in the Declaration and/or deed or other instrument of conveyance from Declarant;

(f) to sell, transfer, or convey portions of the Terrapin Common Properties without a vote of the Members of the Association in order to (i) divest the Association of properties which are not necessary for the functions and services which the Association is authorized to carry out and deliver; or (ii) correct errors or mistakes in deeds or easements to or from the Association;

(g) to exercise for the Association all powers and authority necessary to carry out the intent of the Declaration and the By-Laws;

(h) to cause to be kept a complete record of all acts and affairs of the Association and to present a statement thereof to the Members at any annual or special meetings of the Association when such statement is requested in writing by a one-third (1/3rd) vote of the Class A Members.

(i) to supervise all Officers, agents, and employees of the Association and to see that their respective duties are properly performed;

(j) to perform or cause to be performed such action(s) and services as are set forth in the Declaration and/or prescribed by the Association including, but not limited to:

- (i) determining the amount of the annual budgets and fixing and levying the amounts of all Assessments;
- (ii) sending written notice of all Assessments to every Owner subject thereto;
- (iii) in the discretion of the Board, foreclosing the lien against any Lot for which Assessments are not paid within thirty (30) days after the due date or to bring an action at law against any Owner personally obligated to pay the same; and

(iv) assisting the TIARB in holding, administering, and disbursing the Landscaping Escrow as set forth in Article III, Section 3.05 of the Declaration.

(k) to enforce by legal means the provisions of the Articles of Incorporation, the Declaration, these By-Laws, and the rules and regulations promulgated by the Board.

(l) to pay all costs associated with the Terrapin Common Properties, including taxes, assessments, power, water, sewer, and other utility services and all other charges in connection with the operation and maintenance of the Terrapin Common Properties and/or the operation and affairs of the Association, rendered to the Association and not billed to the Owners of Lots.

(m) to the extent provided by law, the Board shall have the power and authority to pledge or mortgage the properties of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions. Notwithstanding anything in the Declaration to the contrary, the Association shall not be allowed to reduce the limits of the minimum regular assessments at any time there are outstanding any amounts in repayment of any such loans.

(n) to implement erosion control steps and/or devices and to levy Assessments therefor, should the Board of Directors determine that such steps and/or devices are necessary.

(o) to exercise for the Association all powers, duties and authority vested in or delegated to the Association by the Declaration and not reserved to the Members by other provisions of these By-Laws, the Declaration, or the Articles of Incorporation.

Section 5.02. Number, Tenure, Qualifications, and Compensation. The initial Board of Directors shall consist of three members, two (2) of which shall be appointed by Declarant, and one (1) of which shall be appointed by Terrapin Island Associates at the initial organizational meeting of the Association. Such initial Board of Directors shall serve until the expiration or earlier termination of Declarant's Class B Membership. Thereafter, the Board of Directors shall consist of three (3) members elected by the Members of the Association, and shall serve for a term of three (3) consecutive years. The Declarant shall have the right to appoint or remove any member or members of the Board of Directors with Cause until the expiration or earlier termination of Declarant's Class B Membership. No cumulative voting is allowed, and Directors need not be Owners or Members of the Association. Directors shall not receive any salaries for their services, but by resolution of the Board, any Director may be reimbursed for his actual expenses incurred in the performance of his duties as a Director. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

Section 5.03. Removal and Vacancies. Subject to the provisions of the Declaration, any Director may be removed from the Board, with Cause, by the Declarant while retaining its Class B Membership, or with or without Cause by written consent of the Declarant and a majority vote of the Members of the Association after providing written notice of the removal to the Director and the Association's President. In the event Declarant is no longer a Class B Member, then any Director may be removed with or without Cause by majority vote of the Members. A Director elected by the Members may be removed by the Members only at a meeting called for the purpose of removing the Director and the meeting notice states that the purpose, or one of the purposes, is the removal of the Director.

Any vacancy on the Board of Directors shall be filled as follows:

(a) Prior to the expiration or earlier termination of Declarant's Class B Membership, such new Director shall be appointed by the same party that appointed the previous Director so that the Board shall continue to consist of two Directors appointed by Declarant, and one Director appointed by Terrapin Island Associates. The term of such newly appointed Director shall expire simultaneously with the term of the remaining Directors.

(b) From and after the expiration or earlier termination of Declarant's Class B Membership, the Members shall have the right to elect the new Director, and the term of such newly appointed Director shall expire simultaneously with the term of the remaining Directors.

Section 5.04. Quorum and Manner of Acting. For the initial Board of Directors appointed by the Declarant and Terrapin Island Associates, the presence at any meeting by one (1) Director appointed by Declarant, and one (1) Director appointed by TIA, shall constitute a quorum for such meeting. Once Declarant's Class B Membership has terminated or expired, a total of two (2) Directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum is present. The act of a majority of Directors present at a meeting at which a quorum is present shall be the act of and binding upon the Board of Directors.

Section 5.05. Meetings.

(a) Initial Meeting. The initial meeting of the Association shall be held upon notice by the Declarant as soon as the Declarant deems practicable and convenient.

(b) Annual Meetings. An annual meeting of the Board of Directors shall be called and held for the purpose of annual organization, changes in the established number of Directors, if any, appointment of Officers and committees, and the transaction of any other business. If such meeting is held promptly after and at the place specified for the annual meeting of Members, no notice of the Annual meeting of the Board of Directors need be given. Otherwise, such annual meeting of the Board of Directors shall be held at such time (at any time prior to and not more than thirty (30) days after the annual meeting of the Members), and place as may be specified in the notice of the meeting. The Board of Directors may by resolution provide for the holding of additional regular meetings without notice other than such resolution; provided, however, the resolution shall fix the dates, times and places (which may be anywhere within or without the State of the Association's principal office) for these regular meetings. Except as otherwise provided by law, any business may be transacted at any annual or regular meeting of the Board of Directors.

(c) Special Meetings. Special meetings of the Board of Directors may be called for any lawful purpose or purposes by the President or any two (2) Directors by giving notice thereof to the Board members as provided herein. The person calling a special meeting shall give, or cause to be given, to each Director at his business address, notice of the date, time and place of the meeting by any means of communication acceptable under the Act not less than two (2) days prior thereto. An oral notice is permissible if reasonable under the circumstances and is effective when communicated in a comprehensible manner.

Written notice is correctly addressed to a Director if addressed to the Director's business address shown on the Corporation's current records. If notice is given by telegram, the notice shall be deemed delivered when the telegram is delivered to the telegraph company and the transmission fee therefor is paid. If notice is given by telecopier facsimile transmission, the notice shall be deemed delivered when the facsimile of the notice is transmitted to a telecopier facsimile receipt number designated by the receiving Director, if any, so long as Director transmits to the sender an acknowledgement of receipt. The notice of a special meeting shall describe the purpose of such special meeting. Any time or place fixed for a special meeting must permit participation in the meeting by means of telecommunications as authorized below.

(d) Notice of Meetings and Waiver of Notice. When notice of any meeting of the Board is required, such notice shall be given one day (or at least two days' notice to each Director of the date, time, and place, of the meeting in the case of a special meeting of the Board) prior to such meeting by notice either personally to a Director or by sending a copy of the notice by first class U.S. Mail, postage thereon fully prepaid, or by overnight courier to such address as shown on the records of the Association for its Director. Any Director may waive notice of any meeting at or before the time of the meeting stated herein, and attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, or the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice at such meeting, unless specifically provided by law, the Articles of Incorporation, these By-Laws or the Declaration.

(e) Place of Meetings. All meetings of the Directors shall be held at such convenient place as the Board may determine.

(f) Minutes of Meetings. The Secretary of the Association shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Board of Directors. A copy of the minutes shall be made available for examination by any Member at the office of the Association during normal business hours.

Section 5.06. Voting. Each Director shall have one vote on all matters acted upon by the Board of Directors. The affirmative vote of two Directors shall be sufficient for any action unless otherwise specified in these By-Laws.

Section 5.07. Informal Action by Directors. Any action required or permitted by law to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent or consents, in writing, setting forth the action so taken shall be signed by all of the Directors, which consent(s) shall be filed with the Secretary of the Association as part of the Association's records. Telephone conference meetings where the action of the Board is subsequently reduced to a written memorandum and signed by all the Directors within seven (7) days after the telephone conference shall be effective as if occurring at a duly called meeting. Actions under this Section are effective when the last Director executes a consent.

ARTICLE VI

OFFICERS OF THE ASSOCIATION

Section 6.01. Designation of Officers. The Officers of the Association shall be a President, Vice President, Secretary, and Treasurer, or as otherwise determined by the Board of Directors, in their sole discretion. The Board of Directors may further elect such other Officers as they deem necessary or desirable and such Officers shall have the authority to perform the duties prescribed by the Board of Directors, from time to time. Any two or more offices may be held by the same person. The President shall be a Director of the Association, and other Officers may be, but need not be Directors of the Association.

Section 6.02. Election, Term of Office, Vacancies and Removal. The Officers of the Association shall be appointed and removed by the Declarant until the expiration or earlier termination of Declarant's Class B Membership. Thereafter, the Officers shall be elected annually by the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by Declarant so long as Declarant retains its Class B Membership, and thereafter, by the Board of Directors, for the unexpired portion of the term. Any Officer may be removed with or without Cause by the Declarant or the Board of Directors whenever, in their sole discretion, such removal is in the best interest of the Association.

Section 6.03. Powers and Duties. The Officers of the Association shall have such powers and duties as generally pertain to their respective offices, and such other powers and duties as may be prescribed or imposed by the Board of Directors, from time to time.

Section 6.04. President. The President shall be the chief executive officer of the Association and shall be a member of the Board of Directors. The President shall execute on behalf of the Association all instruments requiring such execution except to the extent the signing and execution thereof shall be expressly delegated by the Board to another Officer or agent. The President shall preside at all meetings of the Association and the Board of Directors and shall have all general powers and duties which are customarily vested in the office of President of a property owners' association, including the power to appoint committees.

Section 6.05. Vice-President. The Vice President shall act under the direction of the President and shall perform such duties as may be imposed by the Board. In the absence or disability of the President, the Vice President shall perform the duties and exercise the powers of the President.

Section 6.06. Secretary. The Secretary shall act under the direction of the President and subject to the direction of the President shall attend all meetings of the Board and the Association, and record the proceedings thereof. The Secretary shall give or cause to be given, notice of all meetings of the Association and the Board as required hereunder, and shall perform such other duties as may be prescribed by the President and the Board of Directors.

Section 6.07. Treasurer. The Treasurer shall act under the direction of the President and shall keep or be responsible for keeping the accounts of the Association. The Treasurer shall disburse the funds of the Association as may be ordered by the President or the Board of Directors and shall render upon request or at the regular meetings of the Board of Directors an account of all transactions of the Association and its financial condition. The Treasurer shall be further responsible for mailing or having mailed all Assessment, meeting, and proxy notices and shall keep current a list of all Owners and Members.

ARTICLE VII

COMMITTEES

Section 7.01. Committees of Directors. Subject to the Act, the Board may designate one or more committees, each of which shall consist of two or more Directors and such other Members as the Board shall determine, which committees to the extent authorized by the Board, shall have and exercise the authority of the Board in the management of the affairs of the Association; provided, however, that no such committee shall have the authority of the Board as to the following matters: (a) the dissolution, merger, or consolidation of the Association; the amendment of the Articles of Incorporation of the Association, or the sale, lease or exchange of all or substantially all of the property of the Association; (b) the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee; (c) the amendment or repeal of these By-Laws or the Declaration, or the adoption of new By-Laws; (d) the amendment or repeal of any resolution of the Board or (e) any other matter expressly prohibited by the South Carolina Code of Laws.

Section 7.02. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Association may be designated by a resolution adopted by a majority of Directors present at a duly called meeting. Such committees shall perform such duties and have such powers as may be provided in the resolution.

Section 7.03. Rules. Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board.

ARTICLE VIII

CONTROL

Section 8.01. Control by Declarant. NOTWITHSTANDING ANY OTHER PROVISION IN THE DECLARATION, THE ARTICLES OF INCORPORATION, OR BY-LAWS OF THE ASSOCIATION TO THE CONTRARY, Declarant hereby specifically retains the right, from time to time, to appoint and/or remove any member or members of the Board of Directors and any Officer or Officers of the Association with Cause so long as Declarant retains its Class B Membership. Every grantee of interest in the Subdivision, by acceptance of a deed or other conveyance of such interest, agrees that Declarant shall have the authority to appoint and/or remove Directors and Officers of the Association in accordance with the foregoing provisions. Upon the expiration or earlier termination of Declarant's Class B Membership as hereinafter set forth, the Declarant's right to appoint and/or remove Directors and Officers of the Association pursuant to the provisions of this Article shall pass to the Owners, including Declarant if Declarant is then a Class A Member.

Section 8.02. Termination or Assignment of Declarant's Control of the Association. As soon as reasonably possible (but in no event more than sixty {60} days) after the expiration or earlier termination of Declarant's Class B Membership, the Board of Directors shall call a special meeting of the Association wherein the Owners shall elect a new Board of Directors which shall undertake the responsibilities of the previous Board, and Declarant shall deliver all books, accounts, and records, if any, which Declarant has kept on behalf of the Association and any agreements or contracts executed by or on behalf of the Association during such period which Declarant has in its possession.

ARTICLE IX

FINANCES AND MANAGEMENT

Section 9.01. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors.

Section 9.02. Corporate Records. The Association shall keep as permanent written records a copy of the minutes of all meetings of its Members and Board of Directors, a record of all actions taken by the Members or Directors without a meeting, and a record of all actions taken by committees of the Board of Directors. The Association shall maintain appropriate accounting records. The Association or its agent shall maintain a record of the name and address, in alphabetical order, of each Member. The Association shall keep a copy of the following records at its principal office:

- (a) its articles or restated articles of incorporation and all amendments thereto currently in effect;
- (b) its by-laws or restated by-laws and all amendments thereto currently in effect;
- (c) resolutions adopted by its Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of the Members or any class or category of Members;
- (d) the minutes of all meetings of Members and records of all actions approved by the Members for the past three (3) years;
- (e) all written communications to Members generally within the past three (3) years, including financial statements furnished for the past three (3) years;
- (f) a list of the names and business or home address of its current Directors and Officers; and
- (g) The Association's most recent report of each type required to be filed by the Association with the South Carolina Secretary of State.

Section 9.03. Budget. The Board of Directors shall prepare and submit, or cause to be prepared and submitted to the Members at each annual meeting, a proposed budget for the Association for the 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 Common Expenses and contingencies.

Section 9.04. Approval of Budget. The proposed budget, as it may be amended from time to time, shall be submitted to a vote of the Members, and when approved shall become the budget of the Association for the fiscal year. The terms of the budget shall be binding upon the Board of Directors unless and until such budget is amended by action of the Members.

Section 9.05. Financial Statements. The Association upon written demand from a Member shall furnish to the demanding party the Association's latest annual financial statements, which may be consolidated or combined statements of the Association and one or more of its subsidiaries or affiliates, if applicable. Such statements shall include a balance sheet as of the end of the fiscal year and statement of operations for that year. If financial statements are prepared for the Association on the basis of generally accepted accounting principles, the annual financial statements also must be prepared on that basis. If the annual financial statements are reported upon by a public accountant, the accountant's statement must accompany them. If not, the statements must be accompanied by the statement of the President or person responsible for the Association's financial accounting records (1) stating whether or not to the President or such person's reasonable belief the financial statements were prepared on the basis of generally accepted accounting principles, and if not, describing the basis of preparation, and (2) describing any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year.

Section 9.06. Management of the Association.

(a) Property Manager (the "Manager"). The Board of Directors shall have the right and authority to employ a property manager to assist in the management of the Subdivision and administration of the Association in accordance with the terms and provisions of the Declaration, the By-Laws and the Articles of Incorporation. The Manager shall provide such services and perform such duties as the Board of Directors shall determine and the Manager shall confer fully and freely with the Board of Directors and shall attend meetings of the Board and the Association when so requested by the Board.

(b) Collection of Assessments. Members shall be personally liable for all Assessments and shall pay same promptly when due. The Board of Directors shall take prompt action to collect by suit, foreclosure, or other lawful method any past due Assessment. If any overdue Assessment is collected by an attorney or by action at law, the Member owing the same shall be required to pay all reasonable costs of collection, including attorney's fees.

(c) Delinquent Payment Fee. In addition to the interest set forth in Article VI, Section 6.07 of the Declaration, an Assessment not paid within thirty (30) days following the date when due shall be subject to a delinquent fee of one and one-half (1.5%) percent of the unpaid balance per month from the due date and each month or part thereof thereafter so long as the Assessment or any part thereof remains delinquent. The Delinquent Payment Fee shall be added to and collected in the same manner as the Assessment. The Board of Directors may, in their sole discretion, waive all or any portion of a Delinquent Payment Fee imposed pursuant to this Section if it affirmatively appears that the failure to pay the Assessment when due was caused by circumstances beyond the control of the Member.

(d) Payments. The Board of Directors shall provide for payment of all debts of the Association from the funds collected by the Association. Expenditures for Common Expenses or other expenditures specifically approved in the budget may be paid without further approval unless the Board of Directors shall otherwise determine. All other expenditures in excess of One Thousand and No/100 (\$1,000.00) Dollars shall be reviewed and approved by the President or a minimum of two (2) members of the Board of Directors before cost is incurred or payment is made unless other provision for the payment thereof has been set forth herein or in the Declaration. 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 Officers of the Association designated by the Board of Directors. The Board may authorize the Manager to draw checks from any account of the Association and the Board may also authorize the Manager to make disbursements from the petty cash fund, if any.

(e) Bonding. The Board of Directors shall procure a fidelity bond in an amount to be determined by the Board, covering each and every individual authorized to withdraw funds from any account maintained by the Association. The cost of such bond shall be a Common Expense.

Section 9.07. Inspection Rights. The Members shall have only such rights to inspect records of the Association to the extent, and according to the procedures and limitations prescribed by the Act.

ARTICLE X

LIABILITY AND INDEMNIFICATION

Section 10.01. Liability of Directors. 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 Declaration or these By-Laws.

Section 10.02. Indemnification of Director. The Association shall indemnify and hold harmless each Officer and Director to the extent and in the manner permitted by law, from any liability claimed or imposed upon him by reason of his position or decision, action or omission as an Officer of Director if all of the following conditions are satisfied:

- (a) Such Officer or Director has not acted in bad faith or reckless disregard of the rights of any person or of the terms of the Declaration or these By-Laws;
- (b) Such Officer or Director reasonably believed:
 - (i) In the case of conduct in his official capacity with the Association, that his conduct was in the best interest of the Association;
 - (ii) In other cases, that his conduct at least was not contrary to the best interests of the Association;
 - (iii) In the case of criminal proceedings, that he had no reasonable cause to believe his conduct was unlawful.

(c) Such Director or Officer gives the Association adequate notice of the claim, assertion or imposition of liability to permit the Association and/or its insurer reasonable opportunity to defend against the same.

(d) Such Director or Officer cooperates with the Association in its defense against such liability.

The expense of indemnifying or defending such Director or Officer as provided herein shall be a Common Expense of the Association, and shall be borne by all Members, including such Director or Officer.

ARTICLE XI

AMENDMENTS

Section 11.01. These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the Board of Directors, at a regular or special meeting of the Board by a vote of a majority of all Directors, provided notice of such pending action with a copy or summary of the proposal is given in the notice for said meeting, and provided, further, that Declarant consents to such amendment so long as Declarant retains its Class B Membership.

These By-Laws may further be altered, amended or repealed and new By-Laws may be adopted by the Declarant, in its sole discretion, so long as Declarant retains its Class B Membership.

These By-Laws may also be amended by a two-thirds (2/3rds) vote of the Members at a duly called meeting of the Association provided notice of such proposed amendment is given in the notice for such meeting, and provided further that Declarant consents in writing to such amendment so long as Declarant retains its Class B Membership.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01. Merger. To the extent and in the manner provided by law, the Association may participate in mergers and consolidation with other non-profit associations organized for the same or similar purposes, provided, however, that any such merger or consolidation shall require approval by a vote of two-thirds (2/3rds) of the total votes cast at a meeting duly called for such purpose.

Upon merger or consolidation of the Association with another association or associations, its property rights and obligations may, by operation of law, be transferred to the surviving or consolidated association. However, the properties, rights, and obligations of another association which may, by operation of law, be added to the obligations of this Association as a surviving corporation pursuant to such merger, shall be maintained separately from the property rights and obligations hereunder. The surviving or consolidated association may administer the Terrapin Common Properties, however, no merger or consolidation shall effect any revocation, change or addition to the Declaration.

Section 12.02. Dissolution. If the Members determine that it is in the best interest of the Association and/or its Members to completely dissolve the Association, such action may be taken by an affirmative vote of twelve (12) Lot Owners, in person or by proxy, at a meeting duly called and held for such purpose; provided that Declarant consents in writing so long as Declarant retains its Class B Membership.

Section 12.03. Seal. The seal of the Association shall be circular in form and shall have inscribed thereon the name of the Association, the year of its organization, and the words "Corporate Seal, State of South Carolina."

Section 12.04. Conflicts. The Articles of Incorporation and the Act (as either may be amended from time to time) are incorporated herein by reference. Any conflict between the terms of these By-Laws, the Articles of Incorporation, the Declaration or the Act shall be resolved in the following order (i) the Act; (ii) the Declaration; (iii) the Articles; and (iv) the By-Laws. In the case of any conflict between these By-Laws and any regulation promulgated by the Board of Directors, these By-Laws shall control.

Section 12.05. Waiver. No provision of these By-Laws or any regulation promulgated by the Board pursuant thereto 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.

Section 12.06. Severability. The provisions of these By-Laws are severable, and the invalidity of one or more provision hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remaining provisions.

Section 12.07. Captions. Captions are inserted herein only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision.

Section 12.08. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine, and non-personal entities, as well as the singular and plural wherever the context requires or permits.

Section 12.09. Roberts Rules. All meetings of the Members and of the Board of Directors shall be conducted in accordance with Roberts Rules of Order Revised.