

STATE OF SOUTH CAROLINA) FIRST AMENDMENT TO MASTER DEED
) ESTABLISHING EAST BAY & ELLIOTT
 COUNTY OF CHARLESTON) HORIZONTAL PROPERTY REGIME

WHEREAS, 102 EAST BAY, LLC (the "Developer") submitted certain property located at the corner of East Bay Street and Elliott Street, in the City of Charleston, Charleston County, South Carolina (the "Property") to the East Bay & Elliott Horizontal Property Regime pursuant to a master deed entitled "Master Deed Establishing East Bay & Elliott Horizontal Property Regime," dated August 16, 2001 and recorded in the RMC Office for Charleston County, SC at Book A-380, Page 246 (the "Master Deed"); and

WHEREAS, the co-owners have adopted certain amendments to the Master Deed; and such amendments will not be effective until recorded in the RMC Office for Charleston County, South Carolina.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the undersigned officer of East Bay & Elliott Homeowner's Association, Inc. hereby certifies that by affirmative vote of the co-owners of sixty-six and two-thirds per cent (66 2/3%) in interest of the Property as based on percentage interests set forth in Exhibit E attached to the Master Deed, cast at a meeting duly held in accordance with the provisions of the By-Laws, the co-owners have adopted the following amendments to the Master Deed Establishing East Bay & Elliott Horizontal Property Regime:

1. The By-Laws of East Bay & Elliott Homeowner's Association, Inc. (the "Association") attached as Exhibit G to the Master Deed shall be amended and restated as set forth in Exhibit G-2004 attached hereto and incorporated herein by this reference.
2. Except as specifically amended herein, the Master Deed shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned as the Managing Director of the Association has executed this First Amendment to the Master Deed Establishing East Bay & Elliott Horizontal Property Regime this 19th day of JUNE, 2004.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

William D. Baker

East Bay & Elliott Homeowner's
Association, Inc.

Kathleen Long
William H

By: William H. Miller
Bill Miller, its Managing Director
WM

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 25 day of June,
2004 by East Bay & Elliott Homeowner's Association, Inc., acting herein by Bill Miller, its
Managing Director, on behalf of the said corporation. William H.

William Baker (SEAL)
Notary Public for South Carolina
My Commission Expires 10-7-2007
[Affix official notarial seal or stamp]

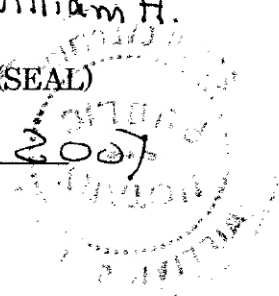


EXHIBIT G - 2004***BY-LAWS
OF
EAST BAY & ELLIOTT HOMEOWNERS ASSOCIATION, INC.*****SECTION I.**

IDENTITY: These are the By-laws of East Bay & Elliott Homeowners Association, Inc., a non-profit corporation existing under the laws of the State of South Carolina (hereinafter sometimes called "Association"). The Association has been organized for the purpose of managing, operating and administering the East Bay & Elliott Horizontal Property Regime (hereinafter sometimes called "Regime") established pursuant to the Horizontal Property Act of the State of South Carolina (hereinafter sometimes called the "Act"), on real property located generally east of East Bay Street, south of East Elliott Street and north of Boyce's Wharf, Charleston, S.C. and being more particularly described in the Master Deed establishing the said Horizontal Property Regime.

1. **OFFICE:** The office of the Association shall be on the premises of John Poston & Company, 25 Cumberland Street, Charleston, SC 29401, or at such other place as the Association shall select from time to time.

2. **FISCAL YEAR:** The fiscal year of the Association shall be the calendar year.

3. **SEAL:** The seal of the corporation shall consist of a circle around the outer edge of which shall be the name of the Association and in the center of which is inscribed the word "Seal" or such facsimile thereof as may be used from time to time by the Association.

4. **MASTER DEED:** The term "Master Deed" means the Master Deed for East Bay & Elliott Horizontal Property Regime, as recorded in the land record office for Charleston County, S.C., as amended from time to time.

SECTION II.
MEMBERSHIP: MEMBERS MEETINGS: VOTING AND PROXIES

1. **MEMBERSHIP:** Members of the Association shall be the Council of co-owners, as that term is defined in 1976 South Carolina Code Section 27-31-10 and following sections, of the Regime. The membership percentage of each co-owner in the Association shall be equal to the percentage of his right to share in the common elements as computed in accordance with the provisions of the Act and the Master Deed.

2. **ANNUAL MEETINGS:** The annual meeting of the Association shall be held at the office of the Association at 10 o'clock A.M., or at such other time or location as the Association may select on the first Saturday in November of each year, commencing with the year 2001, for the purpose of hearing reports of the officers, electing a Managing Director and an Assistant Managing Director, and for transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, then the meeting shall be held on the next business day thereafter at the same hour and place.

3. **SPECIAL MEETING:** Special meetings of the Association shall be held at the place of business of the Association (or at any other location in the City of Charleston, S.C., as may be stated in the notice of the meeting) whenever called by the Managing Director or by a majority of the Board of Directors. A Special Meeting must be called by the Managing Director upon receipt of a written request for such meeting signed by members entitled to cast one-third of the votes of the entire membership.

4. **NOTICE:** Notice of all meetings of the membership stating the time and place and the object for which the meeting is called shall be given by the Managing Director unless waived as set forth herein. Such notice may be communicated in person; by telephone, telegraph, teletype, e-mail or other form of wire or wireless communication; or in writing delivered in person or delivered by mail or private carrier, to each member at his address as it appears on the books of the Association and shall be sent not less than 14 days or more than 21 days prior to the date of the meeting. Proof of such notice shall be given by affidavit of the person giving the notice. Notice of meeting may be waived by any member before, during or after meetings by the signing of a document setting forth a waiver by such member. The attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business and at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting.

5. **ACTION BY BALLOT:** Any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the Association delivers in writing or by electronic or wireless means a ballot to every member entitled to vote on the matter.

(a) A ballot shall: (i) set forth each proposed action; and (2) provide an opportunity to vote for or against each proposed action.

(b) All solicitations for votes by ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter; and (iii) specify the time by which a ballot must be received by the Association in order to be counted. Solicitations for votes by ballot shall be in writing or by electronic means and delivered in any manner sufficient for delivery of written notice of a meeting of the members.

(c) A ballot may not be revoked once submitted to the Association but shall only be effective for the vote for which it is submitted.

6. **QUORUM:** Except as otherwise provided, a quorum at meetings of the Association and for written ballots shall consist of co-owners with 51 per cent or more of the basic value of the Regime property as a whole, as set forth in the Master Deed. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such member for the purpose of determining a quorum. When a quorum is present at any meeting, the affirmative vote of owners of at least fifty-one percent of the value of the Regime property present and voting shall be required to adopt decisions brought before the meeting and shall be binding upon the members except where approval by a greater percentage is required by the Act, the Master Deed establishing the Regime, the Charter of the Association or these By-laws. A co-owner represented by a proxy shall be counted as present for purpose of quorum count and for all other purposes.

7. **VOTING RIGHTS:** Each co-owner shall have a vote equal to his percentage ownership in the regime property as a whole, as set forth in the Master Deed. Such votes may be cast in person or by proxy. If an apartment is owned by one person, his right to vote shall be established by the record title to his apartment. If an apartment is owned by more than one person, the person entitled to cast the vote for the apartment shall be one of the record co-owners designated by a certificate signed by all of the record owners of the apartment and filed with the Managing Director of the Association or his designee. If an apartment is owned by a corporation, the person entitled to cast a vote for the apartment shall be designated by a certificate of appointment signed by the President or Vice-President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Managing Director of the Association or his designee. If an apartment is owned by a partnership, the person entitled to cast a vote for the apartment shall be designated by a certificate of

appointment signed by all the partners. Any such certificate shall be valid until revoked, until superseded by a subsequent certificate or until a change in the ownership of the apartment concerned. A certificate designating the person entitled to cast the vote of any apartment co-owner may be revoked in like manner as provided hereinabove. If such a certificate is not on file, the vote of such co-owner shall not be considered in determining the requirement for a quorum nor for any other purpose.

8. PROXIES: A proxy may be made by any person entitled to vote and shall be valid for such period as provided for by law, unless a shorter period is designated in the proxy, and must be filed with the Managing Director of the Association or his designee before the appointed time of the meeting or any adjournment thereof.

9. ADJOURNED MEETINGS: If any meeting or meetings of members cannot be organized because a quorum is not present, the members who are present, either in person or by proxy, may adjourn the meeting from time-to-time until a quorum is present.

10. ORDER OF BUSINESS; At annual meetings of the Association and as far as practical at all other meetings of the Association, the order of business shall be as follows:

- A. Calling of the roll and certifying of proxies.
- B. Proof of notice of meeting or waiver of notice.
- C. Reading and handling of any unapproved minutes.
- D. Reports of Officers.
- E. Reports of Committees.
- F. Election of inspectors of election.
- G. Election of officers.
- H. Unfinished business.
- I. New business.
- J. Adjournment.

11. PRESIDING OFFICER; MINUTE BOOKS: The Managing Director of the Association, or the Assistant Managing Director in the absence of the Managing Director, shall preside at all meetings of the Association. If neither officer is present at a duly called meeting, then the membership in attendance shall select a presiding officer by the vote of a majority in interest of the membership present. Minute Books of the Association shall be maintained by the Managing Director or his designee.

SECTION III. DIRECTORS

1. **DIRECTORS:** The Board of Directors shall consist of those persons designated as entitled to cast the vote for each co-owner pursuant to Subsection 7 of Section II of these By-Laws.

2. **REGULAR MEETINGS:** Regular Meetings of the Board of Directors may be held not less often than once each quarter at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each director personally or by mail, telephone or telegraph, teletype, e-mail or other form of wire or wireless communication, at least three (3) days prior to the day named for such meeting unless such notice is waived in writing. Any such waiver may be given prior to, at or within ten (10) days after the meeting.

3. **SPECIAL MEETINGS:** Special Meetings of the directors may be called by the Managing Director at any time and must be called by the Managing Director at the written request of not less than one-third of the directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, teletype, e-mail or other form of wire or wireless communication, which notice shall state the time, place and purpose of the meeting. Notice of Special Meetings may be waived as in the case of regular meetings. In the case of genuine emergency certified to by a majority of the Board of Directors, special meetings may be held upon call of any Director.

4. **WAIVER OF NOTICE:** Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice. The attendance of a Director at a 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 and at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting.

5. **QUORUM AND VOTING:** The quorum requirements and voting rights for Directors shall be the same as set forth for meetings of the members in Section II of these By-Laws. Any action that may be taken at any annual, regular, or special meeting of the Board of Directors may be taken without a meeting by ballot as set forth in Subsection 5 of Section II of these By-Laws.

6. **ADJOURNED MEETINGS:** If at any meeting of the Board of Directors there is less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any

business which might have been transacted at the meeting as originally called may be transacted without further notice.

7. JOINDER IN MEETING BY APPROVAL OF MINUTES: The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

8. PRESIDING OFFICER: The presiding officer of Directors' meetings shall be the Chairman of the Board if such an officer has been elected by the Board of Directors; and if none, then the Managing Director shall preside. In the absence of such presiding officers, the Directors present shall designate one of their number to preside. The Chairman of the Board must be a member of the Board of Directors.

SECTION IV.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS: All of the powers and duties of the "Council of Co-owners" and of the Association, shall be exercised by the Board of Directors (acting directly or through its agents, contractors or employees) including those existing under the Act, the Articles of Incorporation, these By-laws and the documents establishing the Regime. Such powers and duties of the Directors shall be exercised in accordance with the provisions of the said documents, and shall include but not be limited to the following:

1. To make and collect assessments against members to defray the costs of the Regime.
2. To use the proceeds of assessments in the exercise of its powers and duties.
3. To provide for the maintenance, repair, replacement and operation of the Regime property.
4. To provide for the reconstruction of improvements after casualty and the further improvement of the property.
5. To make and amend regulations with respect to the use of the Regime property.
6. To approve or disapprove proposed purchasers, lessees, mortgagees of units and those acquiring units by gift, devise, or inheritance, or other transfers in accordance with the provisions set forth in the Master Deed and in any Restrictive Covenants applicable to the Regime.

7. To enforce by legal means the provisions of the Regime documents including without limitation the Master Deed, the Articles of Incorporation of the Association, these By-laws, the Rules and Regulations, and the applicable provisions of the Act.

8. To enter into Management Agreements and contract for the maintenance and care of the Regime property and to delegate to such contractor all powers and duties of the Association except as are specifically required by the Regime documents to have approval by the Board of Directors or the membership of the Association or any portion thereof.

9. To pay taxes and assessments which are liens against any property of the Regime other than the individual apartments and the appurtenances thereto, and to assess for payment of same.

10. To purchase and carry insurance for the protection of apartment owners and the Association against casualty and liability.

11. To pay the cost of all power, water, sewer and other utilities services rendered to the Regime and not billed to owners of individual apartments.

12. To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of this Association.

13. To indemnify and hold harmless, or to protect by the purchase of appropriate insurance, on behalf of the Association, members of the Board of Directors appointed by Developer, including successor Directors appointed by Developer, for action taken in good faith in their capacity as Directors of the Association.

SECTION V. OFFICERS

1. **EXECUTIVE OFFICERS:** The executive officers of the Association shall be a Managing Director, who shall be a Director, and an Assistant Managing Director, all of whom shall be elected annually by the Board of Directors and who may be preemptorily removed by majority vote of the Directors at any meeting. . The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association. The Board of Directors may select from itself a Chairman of the Board. The Assistant Managing Director may, but shall not automatically, succeed to the office of Managing Director.

2. **MANAGING DIRECTOR:** The Managing Director shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of an association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association. The Managing Director or his designee shall also keep the minutes of all proceedings of the Directors and of the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He or his designee shall keep the records of the Association and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors. The Managing Director or his designee shall also have custody of all property of the Association, including funds, securities and evidences of indebtedness. He or his designee shall keep the books of the Association in accordance with good accounting practices; and he or his designee shall perform all other duties incident to the office of treasurer of an association.

3. **ASSISTANT MANAGING DIRECTOR:** The Assistant Managing Director shall in the absence or disability of the Managing Director exercise the powers and perform the duties of the Managing Director. He shall also generally assist the Managing Director and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

4. **COMPENSATION:** The compensation of all officers and employees of the Association shall be fixed by the Directors. No compensation shall be paid to any Director for serving in such capacity, but this provision shall not preclude the Board of Directors from employing a Director as an employee of the Association nor preclude the contracting with a Director for the management of the Regime.

SECTION VI. MAINTENANCE, UPKEEP AND REPAIR

Responsibility for the maintenance of the property of the Regime shall be as specified in the Master Deed.

SECTION VII. FISCAL MANAGEMENT

The making and collection of assessments against co-owners for common expenses shall be pursuant to the following provisions:

1. **ASSESSMENTS:** The Association shall assess each co-owner for his proportionate share of the common expenses, such share being the same as the undivided share of such co-owner in the common elements appurtenant to his apartment, which assessment shall be made and collected in the manner hereinafter provided.

2. **ACCOUNTS:** The funds and expenditures of the Association shall be credited and charged according to good accounting practices consistently applied to accounts under the following classifications (and such further classification as may be determined from time to time) as shall be appropriate, all of which expenditures shall be common expenses unless other provided:

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

(b) "Reserve for deferred maintenance", which shall include funds for maintenance items which occur less frequently than annually.

(c) "Reserve for replacement", which shall include funds for repair or replacement required because of damage, depreciation or obsolescence.

(d) "Additional improvements", which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which will be part of the common elements. If capital funds and expenditures are for alterations or further improvements of common elements, the costs thereof shall be charged to the co-owners of apartments in the manner elsewhere provided.

3. **BUDGET:** The Board of Directors of the Association shall adopt a budget for each calendar year which shall include the estimated funds required to defray the common expense and to provide and maintain funds for the following accounts and reserves (and such further accounts and reserves as the Board may determine from time to time) according to good accounting practices as follows:

(a) "Current expense"

(b) "Reserve for deferred maintenance"

(c) "Reserve for replacement"

(d) "Additional improvements". Provided, however, that no item for this account shall be budgeted without the approval of the co-owners in the manner elsewhere provided for alteration or further improvement of the common elements.

(e) "Notice of Budget". Copies of the budget and proposed assessments shall be transmitted to each co-owner on or before December 31st preceding the year for which the budget is made. If the budget is subsequently amended, a copy of the amended budget shall be furnished to each co-owner.

4. ASSESSMENT PROCEDURE.

(a) **ANNUALLY; INSTALLMENTS:** Assessments against the co-owners for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 31 preceding the year for which the assessments are made. Such assessments shall be due in 12 equal installments on the first day of each month of the year for which the assessments are made, or on such other schedule as the Board of Directors may select. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and payments thereon shall be due upon each installment date until changed by an amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefor may be amended at any time by the Board of Directors of the Association. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be due in equal monthly installments on the first day of each month thereafter during the year for which the assessment is made.

(b) **ACCELERATION OF ASSESSMENT INSTALLMENTS UPON DEFAULT:** If a co-owner shall be in default in the payment of an installment upon an assessment, the Board of Directors of the Association may accelerate the remaining installments of the assessment upon notice thereof to the co-owner, and thereupon the unpaid balance of the assessment shall come due upon the date stated in the notice, which date shall not be less than 10 days after delivery thereof to the co-owner, nor less than 20 days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.

(c) **ASSESSMENTS FOR EMERGENCIES:** Assessments for emergency common expenses which cannot be paid from the annual assessments for common expenses shall be made only after notice of the need therefor to the co-owners concerned. After such notice and upon approval in writing by co-owners owning 51% or more of the common elements owned by the co-owners concerned, the assessment shall become effective, and it shall be due after 30 days' notice thereof in such manner as the Board of Directors of the Association shall require.

5. **LIABILITY FOR ASSESSMENTS:** A co-owner shall be liable for all assessments coming due while he, she or it is the owner of an Apartment. The Association shall provide for the issuance, and shall issue to every prospective purchaser, or mortgagee, upon his, her or its request, a statement of the status of the assessment account of the seller or mortgagor. Such a certificate made by the duly authorized representative of the Association as to the status of a co-owner's assessment account shall limit the liability of any person for whom it is made and who shall justifiably rely thereon, other than the co-owner.

6. **COLLECTION OF ASSESSMENTS.**

(a) **INTEREST; APPLICATION OF PAYMENTS:** Assessments and installments thereon paid on or before ten (10) days after the date when due shall not bear interest, but all sums not paid on or before ten (10) days after the date when due shall bear interest at the maximum legal rate from the date when due until paid. All payments upon account shall be first applied to interest and then to the assessment payment first due.

(b) **LIEN:** All assessments against any co-owner shall constitute a lien against the co-owner's Apartment in favor of East Bay & Elliott Homeowners Association, Inc., a South Carolina non-profit association., as provided by the Act, which lien shall become effective when a notice, claiming such lien, has been duly recorded by the Association in the RMC Office for Charleston County, South Carolina. Such claim of lien shall state the description of the Apartment, the name of the record owner, and the amount due and the date when due. Such claim of lien shall be signed and verified by an officer or agent of the Association prior to its being recorded; and no such claim of lien shall be made by the Association unless the assessment, charge or expense, giving rise to the lien, remains unpaid for more than ten (10) days after same becomes due. Any such lien may be foreclosed by the Association in the manner provided by law for the foreclosure of real estate mortgages. The lien shall secure the payments of all assessments as described in said claim of lien and, in addition thereto, shall secure the payment of subsequent assessments which come due after the filing of the claim of lien and prior to the satisfaction of such lien by foreclosure or otherwise, including interest thereon at the maximum legal rate per annum together with all costs and reasonable attorneys' fees incurred by the Association incident to the collection of such assessments or the enforcement of such lien. The right of the Association to foreclose a lien as aforesaid shall be in addition to any other remedy, at law or in equity, which may be available to it for the collection of the monthly charges and expenses, including the right to proceed personally against any delinquent owner for the recovery of a judgment "in personam." Any personal judgment against any such delinquent co-owner may include all unpaid subsequent assessments which come due after the institution of such suit and prior to such Order of Judgment, including interest thereon at the maximum legal rate, together with all costs and reasonable

attorneys' fees incurred by the Association incident to the collection of such assessments.

(c) **RENTAL PENDING FORECLOSURE:** In any foreclosure of a lien for assessments, the Association shall, pending foreclosure, be entitled to the appointment of a receiver who shall collect a reasonable rental for the use of the apartment subject to the lien, which rental shall be applied to the obligations of the co-owner after deductions for costs of the receivership.

7. **ABATEMENT OF ASSESSMENTS:** Assessments provided for herein shall abate during the period for which any apartment shall be both (a) owned by a foreclosing mortgagee pursuant to the sale at foreclosure or a deed in lieu of foreclosure, and (b) unoccupied.

8. **ASSESSMENTS LIEN SUBORDINATE TO MORTGAGE LIEN:** The lien of the assessments provided for herein shall be subordinate to the lien of any first-lien mortgage(s) now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or any other proceedings in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessments.

SECTION VIII. INSURANCE

1. Insurance policies upon the property, covering the items described hereinbelow, shall be purchased by East Bay & Elliott Homeowners Association, Inc., a non-profit association, for the benefit of the Association and the co-owners of Apartments and their respective mortgagees, as their interest may appear. Provision shall be made for the issuance of certificates of insurance, with mortgagee endorsements, to the mortgagees of all co-owners. Such policies and endorsements shall be deposited with the Association, which shall hold them.

2. Insurance shall cover the following when available:

(a) All buildings and improvements upon the land and all personal property included in the common elements in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against loss or damage by fire and other hazards covered by standard extended coverage endorsement, and such other risks as are customarily covered with

respect to buildings and improvements similar to the buildings and improvements on the land, such as, but not limited to, vandalism and malicious mischief;

(b) Public liability in such amounts and with such coverage as shall be determined by the Board of Directors of the Association, including, but not limited to, hired automobile and non-owned automobile coverages, and with cross liability endorsement to cover liabilities of co-owners of all Apartments as a group to an Apartment co-owner;

(c) Workmen's Compensation (if required);

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

3. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

4. The Association is hereby irrevocably appointed agent for each co-owner to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon payments of claims.

5. The Association shall receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated herein for the benefit of the co-owners and their mortgagees, in the following shares:

(a) Proceeds on account of damage to common elements shall consist of an undivided share for each co-owner, such share being the same as the undivided share of such co-owner in the common elements appurtenant to his, her or its Apartment.

(b) Proceeds on account of damage to Apartments shall be held for the co-owners thereof in proportion to the cost of repairing the damage suffered by each co-owner, which costs shall be determined by the Association. In the event a decision is made not to reconstruct the Apartments, as provided hereinafter and in the Act, such proceeds shall be held for the co-owners in the proportion in which they own the common elements.

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

6. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) All expenses of the Association in administering the funds shall be paid or provisions made for payment.

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

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

7. In making distribution to co-owners and their mortgagees, the Association may rely upon the records of the Association as to the names of the co-owners and their respective shares of the distribution.

8. No provisions of this Paragraph, the Master Deed, nor these By-laws, shall be deemed to prevent or prohibit any co-owner from obtaining additional insurance on his, her or its apartment for his, her or its own account and benefit; from insuring such furniture, furnishings, or other personal property as they may have in their individual apartment, for their own individual account and benefit; or from obtaining such addition public liability coverage as they may desire for their own individual protection. No co-owner shall, however, insure any part of the common elements whereby, in the event of loss thereto, the right of the Association to recover the insurance indemnity for such loss, in full, shall be diminished or impaired in any way.

SECTION IX. RECONSTRUCTION OR REPAIR AFTER CASUALTY

1. In the event of fire or other disaster or casualty resulting in damage to a building or buildings and common elements of the Regime which the Board of Directors of the Association shall determine to be two-thirds or less of the then total value of the property of the Regime, the net proceeds of all insurance collected shall be made available for the purpose of restoration or replacement. When such insurance proceeds are insufficient to cover the cost of such reconstruction or replacement, the

balance of such costs shall be assessed against the co-owners in the case of damage to common elements and against the co-owners who own the damaged Apartments in the case of damage to Apartments. Such assessments on account of damage to common elements shall be in proportion to the co-owner's share in the common elements, and assessments against co-owners for damage to Apartments shall be in proportion to the costs of reconstruction and repair of their respective apartments.

2. In the event the buildings and improvements of the Regime are damaged or destroyed to more than two-thirds of the then total value of the property of the Regime as determined by the Board of Directors of the Association, the members of the Association shall be polled in writing via United States Mail by the Association as to whether the Regime shall be waived or the damaged property reconstructed and repaired. The Regime shall be waived unless within ninety (90) days after the mailing of such notices all of the co-owners, agree in writing to repair and reconstruct the buildings and improvements of the Regime. If the election is to reconstruct or replace, payment of the costs thereof shall be made as provided for in paragraph 1 of this Section IX. If the decision is to waive the Regime and not reconstruct and replace, all sums recovered from insurance shall be paid over jointly to the co-owners in the proportion in which they own the common elements and to their respective mortgagees, as their interest may appear.

3. The Association may rely upon a certificate of the Board of Directors to determine whether or not the damaged property is to be reconstructed or repaired or whether the Regime is to be waived.

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

5. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvements which are shown on the exhibits attached to the Master Deed; or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is the building, also by the co-owners who own at least 75% of the common elements, including the co-owners of all damaged apartments. The approvals herein required shall not be unreasonably withheld.

SECTION X. FUNDS

6. **DEPOSITORY:** The depository of the Association shall be such bank or banks as shall be designated from time-to-time by the Directors and in which the

monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

7. **AUDIT:** An examination and report of the accounts of the Association may be made annually by a certified public accountant, a copy of which shall be furnished, or made available, to each member not later than April 1 of the year following the year for which the examination is made. An audit of the accounts of the Association shall be made upon demand in writing by co-owners representing fifty-one (51%) per cent or more of the basic value of the property as a whole.

8. **FIDELITY BONDS:** Fidelity bonds may be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors, but shall be at least one-half of the amount of the total annual assessments against members for common expenses. The premium on such bonds shall be paid by the Association.

SECTION XI.

NON-LIABILITY AND INDEMNITY OF DIRECTORS AND OFFICERS

1. No Director or officer of the Association shall be liable for acts, defaults or neglects of any other Director or officer or member or for any loss sustained by the Association or any co-owner unless the same shall have resulted from his own willful or negligent act or omission.

2. Any person (including the heirs, executors, administrators, estates, legatees or devisees of such person) who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative (including any action or suit by or in the right of the company to procure a judgment in its favor) by reason of the fact that (a) he is or was a director, managing shareholder, officer, employee or agent of the company, or (b) he is or was serving at the request of the company as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or employee benefit plan, shall be indemnified by the company, if, as and to the fullest extent authorized by the laws of the State of South Carolina, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. The indemnification provided by this item and by the laws of the State of South Carolina shall not be deemed exclusive of any other rights to which any person indemnified may be entitled under any By-Laws, Articles of Incorporation, agreement, vote of stockholders or disinterested directors, or otherwise, but the invalidity of this sentence shall not affect the other provisions hereof. The foregoing right of indemnification shall be in addition to and not in

limitation of all other rights to which such person may be entitled as a matter of law, and such shall inure to the benefit of the legal representative of such person.

SECTION XII. DEFINITIONS

1. The members of the Association shall be all the co-owners of the property.
2. The majority of members or majority of co-owners means members (co-owners) owning fifty-one percent or more of the basic value of the property as a whole, as set forth in the Master Deed.
3. All definitions set forth in the Master Deed are incorporated by reference herein.

SECTION XIII. PARLIAMENTARY RULES

Roberts' Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Charter and By-laws of the Association, the Master Deed establishing the Regime, or with the laws of the State of South Carolina.

SECTION XIV. AMENDMENTS

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

1. **NOTICE:** Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.
2. **RESOLUTION:** A resolution for the adoption of the proposed amendment shall be presented to a meeting of the members of the Association. The affirmative vote of co-owners representing at least two-thirds of the total value of the property shall be required for approval of an amendment.
3. **PROVISO:** No Amendment shall be made which is in conflict with the Act, the Charter of the Association or the Master Deed establishing the Regime.

EXECUTION AND RECORDING: A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officers of the Association with formalities of a

deed. The amendment shall be effective when such certificate and a copy of the amendment are recorded in the RMC Office for Charleston County, South Carolina.

(Remainder of page intentionally left blank. Signature page follows.)

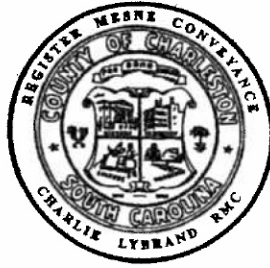
The foregoing were adopted as By-Laws of East Bay & Elliott Homeowners Association, Inc., a non-profit corporation existing under the laws of the State of South Carolina, on June 19, 2004.

EAST BAY & ELLIOTT HOMEOWNERS
ASSOCIATION, INC. (SEAL)

William H

By: William H. Miller
Bill Miller, its Managing Director

mt



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CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC

RECEIVED FROM RMC
JUN 30 2004
PEGGY A. MOSELEY
CHARLESTON COUNTY AUDITOR

**PID VERIFIED
BY ASSESSOR**
REP LMG
DATE 6/30/04