

## BY-LAWS

### OF

#### MYRTYLE BEACH GOLF & YACHT CLUB ASSOCIATION, INC.

##### 1. INTRODUCTION

These are the By-Laws of Myrtle Beach Golf & Yacht Club Association, Inc., an eleemosynary corporation organized and existing under the laws of the State of South Carolina (hereinafter called “the Association”), which has been organized for the purpose of administering Myrtle Beach Golf & Yacht Club Subdivision (“the Subdivision”), a multi-phased, multi-regime planned unit development or subdivision. The Subdivision is identified by the name Myrtle Beach Golf & Yacht Club and is located upon the real property in Horry County, South Carolina, Described on Exhibit “A” to the Amended and Restated Declaration of Covenants and Restrictions for the Subdivision dated as of January 21, 1985, recorded in the office of the Horry County Clerk of Court on January 29, 1985, in Deed Book 931 at page 563 (“the Declaration”). Upon submission of the property, or any portion of the property, described in Exhibit “B” to the Declaration, these By-Laws become equally applicable to such additional property. The Developer of the Subdivision is Myrtle Beach Golf & Yacht Club, a General Partnership (“the Developer”).

(a) The provisions of these By-Laws are applicable to any and all land subject to the Declaration, and the terms and provisions of these By-Laws are expressly subject to the effect of the terms, provisions, conditions, and authorizations contained in the Declaration. The terms and provisions of the Declaration shall be controlling wherever and whenever, if ever, they are or may be in conflict with these By-Laws.

(b) All present or future co-owners, tenants, future tenants, or their employees, invitees, licensees, or any other person that might use the

lands of the Subdivision, or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in the Declaration, as either, or both, may be amended or supplemented from time to time.

(c) The office of the Association shall be at 97 Bay Road, Myrtle Beach, South Carolina or such other place as the Board of Directors of the Association may designate from time to time.

(d) The fiscal year of the Association shall begin on July 1 and end June 30 of each year.

(e) The seal of the Association shall bear the name of the Association and the words "South Carolina."

(f) There shall be no dividends or profits paid to any members nor shall any part of the income of the Association be distributed to its Board of Directors or officers. In the event there are any excess receipts over disbursements as a result of performing services, such excess shall be applied against future expenses, etc. The Association shall not pay compensation to its members, directors or officers for services rendered. At any time, the Board may retain one (1) management firm and one (1) management firm only, and may contract with said firm to provide management for the Association and its subordinate regimes, commercial property, or Developer-owned/controlled property, to include, but not be limited to, the following services:

1. Financial services;
2. Administrative and clerical services; and
3. Maintenance, to include providing of goods, materials, labor and equipment, personnel supervision, contract labor, landscaping,

and security. Upon final dissolution of and liquidation, the Association may make distribution to its members as is permitted by law or any court having jurisdiction thereof, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income.

This Association shall issue no shares of stock of any kind or nature whatsoever. Membership in the Association and the transfer of that membership as well as the number of members/votes shall be in accordance with the terms and conditions of the Declaration and the By-Laws of the Association, and the voting rights of the Owners shall be as set forth in the Declaration and/or these By-Laws of the Association.

## 2. MEMBERSHIP, VOTING, QUORUM, PROXIES

- (a) All persons who are Owners as defined in the Declaration shall be members of this Association, provided, however, that no non-owner, tenant, sub-lessee, or assign shall be a member, nor have voting rights in this Association. The rights and privileges of membership, including the right to vote and to hold an office in the Association, may be exercised by a member or a member's spouse, but in no event shall more than one (1) vote be cast or more than one (1) office held for each Dwelling, except for those voting rights granted to or reserved by the Developer in the Declaration. Such voting weight shall continue to be equal upon the addition of all or a portion of the Additional Property to the Subdivision, and each Dwelling therein shall have one (1) vote. Each Owner, by acceptance of a deed or other conveyance for a Dwelling, consents and agrees to the dilution of his voting interest in the Association by virtue of the submission from time to time of the Additional Property or any portion thereof to the terms of this Declaration as provided herein. The foregoing is not intended to include Mortgagees or any other persons who hold an interest merely as security for the performance of an obligation, and the

giving of a security interest shall not terminate or otherwise affect an Owner's membership in the Association. Notwithstanding any of the foregoing to the contrary, no Owner, whether one or more persons, shall have more than one membership/vote per Dwelling. Any membership shall automatically terminate when an Owner, as defined herein, is no longer seized and vested with title to any real property within the Subdivision, and membership and/or voting rights in the Association shall be limited to such Owners.

- (b) The quorum at members' meetings shall consist of persons entitled to cast one-fourth (1/4) of the votes of the entire membership. 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 person for the purpose of determining a quorum.
- (c) The vote of the Owners of a Dwelling owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate or appropriate resolution signed by all of the Owners of the Dwelling and filed with the Secretary of the Association, and such certificate or resolution shall be valid until revoked by subsequent certificate or resolution. If such a certificate is not on file, the vote of such Owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.
- (d) Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of the meeting for which their use is sought.
- (e) Approval or disapproval of an Owner upon any matters, whether or not the subject of an Association meeting, shall be the same person who casts the vote of such Owner if in an Association meeting.

- (f) Except where otherwise required under the provisions of the Certificate of Incorporation of the Association, these By-Laws, the Declaration, or where the same may otherwise be required by law, the affirmative vote of the Owners of fifty-one percent of the total votes cast at a meeting at which a quorum is present shall be binding upon the members.

### 3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

- (a) The annual members' meeting shall be held at the office of the Association or such other place as may be designated by the Board of Directors, on the first Saturday in May of each year for the purpose of transacting any other business authorized to be transacted by the members. The first annual meeting shall be held in 1986.

- (b) Special members' meeting shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from the members of the Association representing a majority of the outstanding votes.

- (c) Notice of all members' regular or special, shall be give by the President, Vice President or Secretary of the Association, or other officers of the Association in the absence of said officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than ten (10) days or more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed property given when deposited in the United States mails addressed to the member at his post office address as it appears on the records of the association, the first class postage thereon prepaid. Proof of such mailing shall be given by the affidavit of the person giving the notice.

Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. If any members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended whenever the latter percentage of attendance may be required as set forth in the Certificate of Incorporation of the Association, these By-Laws or the Declaration, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present.

(d) At meetings of membership, the President shall preside or, in the absence of the President, the membership present may select a chairman in the event that the Board does not designate an acting president or presiding officer for any such meeting.

(e) The order of business at annual members meetings, and, as far as practical, at any other members' meeting, shall be:

- i) Calling of the roll and certifying proxies
- ii) Proof of notice of meeting or waiver of notice
- iii) Reading of minutes
- iv) Reports of officers
- v) Reports of committee
- vi) Unfinished business
- vii) New business
- viii) Adjournment

#### 4. BOARD OF DIRECTORS

Section 1. Number. Until the first annual meeting of the members, the affairs of the Association shall be managed by a Board of two (2) directors selected by the Developer. Thereafter, the affairs of the Association shall be managed by a board of three (3) directors, who must either be members of the Association or designated by the Developer.

Section 2. Term of Office. Until the first annual meeting of the members, the Board of Directors shall be designated by the Developer, in its sole discretion. At the first annual meeting the members shall elect one (1) director for a term of one year, one (1) director for a term of two years and one (1) director a term of three years; and at each annual meeting thereafter the member shall elect one (1) director for a term of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting of the directors which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

#### Nomination and Election of Directors

Section 6. Nomination. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting. Such nominations may be

made by a member only. Nominees shall be members unless designees of the Developer.

Section 7. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, one (1) vote for each Dwelling owned (subject to any contrary provisions of the Declaration). The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

#### Meeting of Directors

Section 8. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 9. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director mailed or presented personally to such director within such time.

Section 10. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

In the event that the developer in accordance with the privilege granted unto it, selects any person or persons to serve on any Board of Directors of the Association, the Developer shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or persons to serve on said Board of Directors. Replacement of any person or persons designated by the Developer to serve on any Board of Directors of the Association

shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name or names of the person or persons designated as successor or successors to the person or persons so removed from said Board of Directors. The removal of any director and designation of his successor shall be effective immediately upon delivery of such written instrument of the Developer to any officer of the Association.

If any director's meeting cannot be organized because a quorum has not attended, or because the greater percentage of the directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration, the directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than 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. 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.

#### Powers and Duties of the Board of Directors

Section 11. Powers. The Board of Directors, through the management firm, shall manage and direct the affairs of the Association and may exercise all of the powers of the Association subject only to approval by the Owners, as designated and defined in the Declaration, when such is specifically required by these By-Laws. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law, the Declaration or these By-Laws, or as it may deem necessary or appropriate in the exercise of its powers and shall include, without limitation the generality of the foregoing, the following:

- (a) To prepare and adopt a budget, make, levy and collect assessments against members and members' Dwellings to defray the cost of the

- common areas and facilities of the Subdivision, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;
- (b) To carry out the maintenance, care, upkeep, repair, replacement, operation, surveillance and the management of the general and limited elements, services and facilities of the Subdivision wherever the same is required to be done and accomplished by the Association for the benefit of its members;
  - (c) To carry out the reconstruction of improvements after casualty and the further improvement of the property, real and personal;
  - (d) To make and amend regulations governing the use of the property, real and personal, in the Subdivision so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Declaration;
  - (e) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Dwellings in the Subdivision, as may be necessary or convenient in the operation and management of the Association, except those which may be required by the Declaration to have approval of the Board of Directors or membership of the Association;
  - (f) To enforce by legal means the provisions of the Certificate of Incorporation and By-Laws of the Association, the Declaration and the regulations hereinafter promulgated governing use of the property in the Subdivision;
  - (g) To pay all taxes and assessments which are liens against any part of the Subdivision other than Dwellings and the appurtenances thereto, and to

- assess the same against the members and their respective Dwellings subject to such liens;
- (h) To carry insurance for the protection of the Subdivision, the members of the Association, and the Association against casualty, liability and other risks;
  - (i) To pay all costs of power, water, sewer and other utility services rendered to the Association and not billed to the Owners of the separate Dwellings; and
  - (j) To employ or contract for personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association as well as to dismiss said personnel.
  - (k) To adopt and publish rules and regulations governing the use of the common areas and facilities of the Association and personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
  - (l) To suspend the voting rights and right to use of the common areas and facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
  - (m) To exercise for the Association all powers, duties and authority vested in or delegated to this Association by the Declaration and not reserved to the membership by other provisions of these By-Laws, or the Certificate of Incorporation;

- (n) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (o) To employ a manager, a managing agent, an independent contractor, or such other employees or agents as they deem necessary, and to prescribe their duties.

Section 12. Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;
- (b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
- (c) Establish a fiscal year;
- (d) Establish the annual assessment period and fix the amount of the annual assessment against each member for each lot owned, at least thirty (30) days in advance of each annual assessment;
- (e) Establish the initial deposit to be made by each member in order to bring his total assessment deposit to the level required to meet his proportional share of the common expense;
- (f) Send written notice of each assessment to every lot owner, at least thirty (30) days in advance of each annual assessment period, and levy all such assessments as liens;

- (g) Collect all such assessments at monthly or other such regular intervals as may be determined at its discretion;
- (h) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;
- (i) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (j) Procure and maintain liability and fire and other hazard insurance on property owned by the Association;
- (k) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (l) Cause all of the facilities to be maintained; and
- (m) Have a management agent for any of the above.

Section 13. Actions Without Meetings. To the extent now or from time to time hereafter permitted by the law of South Carolina the directors without a meeting, a record of any such action so taken, signed by each director, to be retained in the Association's minute book and given equal dignity by all persons with the minutes of meetings duly called and held.

## 5. OFFICERS

- (a) The executive officers of the Association shall be the President and Secretary, who shall be Directors; a Vice President; and a Treasurer, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by 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.
- (b) The President shall be the chief executive officer of the Association. He shall have all 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.
- (c) Any Vice President, unless the majority may select a presiding officer, shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.
- (d) The Secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors, and such 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 shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the directors of President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.
- (e) The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep

the assessment rolls and accounts of members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

- (f) The compensation of all officers and employees of the Association shall be fixed by the directors. This provisions 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 management of the Association.

## 6. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth both in these By-Laws and in the Declaration shall be supplemented and complemented by the following provisions:

- (a) The Assessment roll shall be maintained in a set of accounting books in which there shall be an account for each apartment; for each subordinate regime; and for those developer-owned entities. Such an account shall designate the name and address of the Owner(s) or ownership/control entity, the amount of each assessment against each category set forth immediately hereinabove, the dates and amount in which assessments come due, the amounts paid upon the account and the balance due upon assessments.
- (b) The Board of Directors shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of the Association including, but not limited to, the following items:
  - i) Common expense budget, which shall include without limiting the generality of the foregoing, the estimated amounts necessary for maintenance, repair and/or replacement of: (i) all buildings and other improvements located within the Association's common

areas; (ii) all roads, walks, trails, lagoons, ponds, parking lots, landscaped areas/natural areas and other improvements situated within the Common Areas or within easements encumbering Dwellings Multi-Family Areas or Commercial Areas; (ii) such security systems, utility lines, pipes, plumbing, wires, conduits and related systems which are a part of the service district, public or private utility or other person; and (iv) all lawns, trees, shrubs, hedges, grass and other landscaping situated within the Subdivision as it may be constituted from time to time; and

- ii) Proposed assessments against each member. Copies of the proposed budget and proposed assessments shall be transmitted to each member on or before 60 days prior to the first day of the fiscal year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Directors to at any time in its sole discretion levy an additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.
- (c) The Board of Directors shall determine the method of payment of such assessments and the due dates thereof and shall notify the members thereof. The assessments will initially be on a monthly basis unless changed by a vote of the majority of the Board of Directors.

- (d) 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.
- (e) An audit of the accounts of the Association shall be made annually by a certified public accountant and a copy of the report shall be furnished to each member not later than 90 days after the last day of the fiscal year for which the report is made.
- (f) Fidelity bonds may be required by the Board of Directors from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the directors, but shall be at least one-half (1/2) the amount of the total annual assessments against members for common expenses. The premiums on such bonds shall be paid by the Association.

## 7. PHYSICAL MANAGEMENT

Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair and have jurisdiction over the standards of exterior maintenance over all portions of the Common Areas, individual regimes, and all Dwellings, which responsibility shall include the maintenance, repair and/or replacement of: (i) all buildings and improvements located within the Association's common areas; (ii) all roads, walks, trails, lagoons, ponds, parking lots, landscaped areas, natural areas and other improvements situated within the Common Areas or within easements encumbering Dwellings, Multi-Family Areas, or Commercial Areas; (iii) such security systems and utility lines, pipes, plumbing, wires, conduits and related systems which are a part of the Common Areas and which are not maintained by a public authority, public service district, public or private utility or other person; and (iv) all lawns, trees, shrubs, hedges, grass and other landscaping situated in the front yard of Dwellings within the Subdivision as

it may be constituted from time to time. The Association shall not be liable for injury or damage to any person or property (A) caused by the elements or by any Owner or any other person, (B) resulting from any rain or other surface water which may leak or flow from any portion of the Common Areas, or (C) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system or utility line or facility, the responsibility for the maintenance of which is not that of the Association, becoming out of repair. Nor shall the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored or left in or upon any portion of the Common Areas or any other portion of the Property. No diminution or abatement of assessments or charges shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under the Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such assessments and charges being a separate and independent covenant on the part of each Owner.

In the event that the Developer or the Board of Directors determines that: (i) any Owner, Multi-Family Association or Commercial Center Association has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair or replacement of items for which he or it is responsible hereunder; or (ii) that the need for maintenance, cleaning, repair or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his family, tenants, guests or invitees, and is not covered or paid for by insurance in whole or in part, then, in either event, the Developer or the Association, except in the event of an emergency situation, may give such Owner, Multi-Family Association or Commercial Center Association written notice of Declarant's or the Association's intent to provide such necessary maintenance, cleaning, repairs or replacement, at the sole cost and expense of such Owner, Multi-Family Association or Commercial Center Association, as the case may be, and setting forth with

reasonable particularity the maintenance, cleaning, repairs or replacement deemed necessary. Except in the event of emergency situations, such Owner, Multi-Family Association or commercial Center Association, as the case may be, shall have fifteen (15) days within to complete the same in good and workmanlike manner, or if replacement is not capable of completion within said 15-day period, to commence said maintenance, cleaning, repair or replacement and diligently proceed to complete the same in good and workmanlike manner. In the event of emergency situations or the failure of any Owner, Multi-Family Association or Commercial Center Association to comply with the provisions hereof after such notice, Declarant or the Association may provide (but shall not have the obligation to so provide) any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner, Multi-Family Association or Commercial Center Association, as the case may be, and said cost shall be added to and become a part of the assessment to which such Owner and his Dwelling or Commercial Center Association are subject and shall become a lien against such Dwelling or Commercial Center Association, or, in the case of a Multi-Family Association or Commercial Center Association, shall be added to and become a part of the assessments for all Owners within such Multi-Family Association or Commercial Center Association and shall become a lien against such Owner's Dwellings or Commercial Units. In the event that Developer undertakes such maintenance, cleaning, repair or replacement, the Association shall promptly reimburse Developer for Developer's costs and expenses.

#### 8. PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the statutes of the State of South Carolina.

#### 9. AMENDMENTS TO BY-LAWS

Amendments to these By-Laws shall be proposed and adopted in the following manner:

- (a) Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon vote of the majority of the directors, or by members of the Association owning a majority of the Dwellings in the Subdivision, whether meeting as members or by instrument in writing signed by them.
- (b) Upon any amendment or amendments to these By-Laws being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in absence of the President, who shall thereupon call a special joint meeting of the members of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members if required as herein set forth.
- (c) In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of the members owning not less than fifty-one per cent (51%) of the Dwellings in the subdivision (subject to any applicable laws requiring a greater majority). Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the public records of Horry County, South Carolina, within ten (10) days from the date on which any amendment or amendments have been affirmatively approved by the directors and members.
- (d) At any meeting held to consider such amendment or amendments to the By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or

represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

(e) Notwithstanding the foregoing provisions of this Article, no amendment to these By-Laws which shall abridge, amend or alter the right of the Developer to designate and select members of each board of Directors or the Association as provided in Article 4 hereof, may be adopted or become effective without the prior written consent of the Developer, nor will any right of any Dwelling mortgagee be affected without the express written consent of said mortgagee(s).

## 10. INSURANCE AND CASUALTY LOSSES

### 10.1 Insurance.

10.1.1 The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation, to include anticipated costs of demolition and clearing prior to building, but subject to such deductible levels as are deemed reasonable by the Board or under the terms of any subordinated regime documents as they affect or control Multi-Family ownership) of any repair or reconstruction in the event of damage or destruction from any such hazard.

10.1.2 The Board or its duly authorized agents shall have the authority and shall obtain and continue in effect a public liability policy covering all the Common Areas and all damage or injury caused by the negligence of the Association, its members, its directors and officers, or any of its agents. Such public liability

policy shall provide such coverages as are determined to be necessary by the Board of Directors.

10.1.3 The Board or its duly authorized agents shall have the authority and may obtain: (i) worker's compensation insurance to the extent necessary to comply with any applicable law; and (ii) such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

10.1.4 All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for each of the Owners and costs of all such coverage shall be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development shall be vested in the Board of Directors; provided, however, that no Mortgagee or other Security holder of the Common Areas having any interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Insofar as permitted by law, the Association shall be required to make every effort to secure insurance policies with the provisions hereinafter set forth:

10.1.4.1 All policies shall be written with a company holding a rating of A+10 or better in such financial categories as established by Best's Insurance Reports, if such a company is available or, if not available, it is equivalent rating or the best rating possible.

10.1.4.2 All property insurance policies shall be for the benefit of the Association, and/or its subordinate property regimes, Owners and Owner's Mortgagees, if applicable, as their interests may appear.

10.1.4.3 All policies shall contain a waiver of the insurer's right to cancel without first giving thirty (30) days prior written notice of such cancellation to the Association and to any Mortgagee to which a mortgagee endorsement has been issued.

10.1.4.4 In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners of their Mortgagees, and all policies shall contain a provision that the "other insurance" clauses in such policies exclude from consideration policies obtained by individual Owners or their Mortgagees.

10.1.4.5 All policies shall contain a waiver of subrogation by the insurer as to any claims against the Association, the Association's directors and officers, the Owners and their respective families, servants, agents, tenants, guest and invitees, including without limitation the Association's manager.

10.1.4.6 All policies shall contain a provision that no policy may be cancelled, invalidated or suspended on account of the conduct of one or more of the individual Owners, or their respective families, servants, agents, employees, tenants, guests and invitees, or on account of the acts of any director, officer, employee or agent of the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.

10.1.4.7 All liability insurance shall contain cross-liability endorsements to cover liability of the Association to an individual Owner.

10.1.5 It shall be the individual responsibility of each Owner at his own expense to provide, as he sees fit, public liability, property damage, title and other insurance with respect to his own Dwelling and Commercial Unit. The Board of Directors may require all Owners, to include the Developer, and/or Multi-Family Associations and/or Commercial Center Associations to carry public liability and property damage insurance on their respective Properties, Dwellings, indoor Commercial Units, and to furnish copies of certificates thereof to the Association.

10.2 Damage to or Destruction of Common Areas. Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Areas Covered by insurance written in the name of the

Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and, in any such event, the Board shall obtain reliable and detailed estimates of the cost of repair or reconstruction, as used in this Article means repairing or restoring the damages to property to substantially the same condition in which it existed prior to the fire or other casualty. Within sixty (60) days following any damage or destruction of all or part of the Common Areas, the Association shall restore or replace such damaged improvements, to include trees, shrubbery, lawns, landscaping, and natural vegetation. If the insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a special assessment against all Owners, without the necessity of a vote of the members of the Association, such special assessment to be in an amount sufficient to provide funds to pay such excess cost of repair or reconstruction. Such a special assessment shall be levied against the Owners equally in the same manner as annual assessments are levied, and additional assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such assessments shall be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and assessments shall be disbursed by the Association in payment for such repair or reconstruction pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Association.

10.3 Damage to or Destruction of Dwellings or Multi-family Areas, or Commercial Center. In the event of damage or destruction by fire or other casualty to any Dwellings, Multi-Family Areas or Commercial Center, such

Owner or Multi-Family Association shall, at its/their own expense, promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such Dwelling, Multi-Family Area or Commercial Center, in a clean, orderly, safe and sightly condition. Such other Owner or Multi-Family Association shall repair or rebuild such Dwelling or other improvements to substantially the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions and provisions of this Declaration (including without limitation Article 10 hereof) and all applicable zoning, subdivision, building and other governmental regulations. All such work of repair or construction shall be commenced promptly following such damage or destruction and shall be carried through, without interruption, diligently to conclusion.

## 11 CONDEMNATION OF COMMON AREAS

11.1 Whenever all or any part of the Common Areas of the Subdivision shall be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board acting on the agreement of at least seventy-five (75%) percent of the total vote of the Association and of the Developer, for so long as Developer owns any Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, the award of proceeds made or collected for such taking or sale in lieu thereof shall be payable to the Association and shall be disbursed or held as follows:

11.1.1 If the taking or sale in lieu thereof involves a portion of the Common Areas on which Improvements have been constructed, then, unless within sixty (60) days after such taking Developer, for so long as Developer owns any Dwelling or commercial Unit primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Subdivision, together with at least seventy-five (75%) percent of the total membership of the Association, shall otherwise agree, the Association shall restore or replace such improvements so taken, to the extent practicable, on the remaining lands

included in the Common Areas which are available therefor, in accordance with the plans approved by the Board of Directors, the Architectural Review Board, and the Developer, for so long as the Developer owns any Dwelling or commercial Unit primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Subdivision. If the awards or proceeds are not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a special assessment against all Owners, without the necessity of a vote pursuant to Paragraph 9.4 hereof, such special assessment to be in an amount sufficient to provide funds to pay such excess cost of repair or reconstruction. Such special assessment shall be levied against the Owners equally in the same manner as annual assessments are levied, and additional special assessments may be made at any time during or following the completion of any repair or reconstruction. If such improvements are not to be repaired or restored, the award or proceeds shall be retained by and for the benefit of the Association.

11.1.2 If the taking or sale in lieu thereof does not involve any improvements to the Common Areas, or if there are not funds remaining after any such restoration or replacement of such improvements is completed, then such reward, proceeds or net funds shall be retained by and for the benefit of the Association.

11.1.3 If the taking or sale in lieu thereof includes all or any part of a Dwelling, Multi-Family Area or a Commercial Unit and also includes any part of the Common Areas, then a court of competent jurisdiction shall apportion such award or proceeds and such award or proceeds shall be disbursed to the Association and the Owners so affected so as to give just compensation to the Owners of any Dwelling, Multi-Family Area or Commercial Unit taken for their interest in such Dwelling, Multi-Family Area or Commercial Unit; provided, however, such apportionment may instead be resolved by the agreement of: (i) the Board of Directors; (ii) the Owners of all Dwellings, Multi-Family Areas or Commercial Units wholly or partially taken or sold, together with the mortgages for such Dwelling,

Multi-Family Area or Commercial Unit; and (iii) the Developer, for so long as the Developer owns the Commercial Center or owns any Dwelling or Commercial Unit primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Subdivision.

## 12 ASSESSMENTS

12.1 Purpose of Assessments. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and occupants of the Development, and maintaining the Development and Improvements therein, all as may be more specifically authorized from time to time by the Board of Directors. These assessments are in addition to any charges or assessments imposed by any Multi-Family Regime or ownership sub-structure situate within the Subdivision as it may be constituted from time to time.

12.2 Creation of Lien and Personal Obligation of Assessments. Each Owner of a Dwelling or Commercial Unit, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, is deemed to covenant and agree to pay to the Association: (a) annual assessments such assessments to be established and collected as provided in Paragraph 12.3 hereof; (b) special assessments, such assessments to be established and collected as provided in Paragraph 12.4 hereof; and (c) individual or specific assessments against any particular Dwelling or Commercial Unit which are established pursuant to the terms of this Declaration, including but not limited to fines as may be imposed against such Dwelling or Commercial Unit in accordance with Article 10 hereof. Any such assessments or Club Charges, together with late charges of Forty and 00/100 (\$40.00) Dollars per month, or in an amount to be determined by the Board, from time to time, together with interest, court costs and reasonable attorneys' fees incurred to enforce or collect such assessments or Club Charges shall be an equitable charge and a continuing lien upon the Dwelling

or Commercial Unit, the Owner of which is responsible for payment. Each Owner shall be personally liable for assessments coming due while he is the Owner of a Dwelling or Commercial Unit, and his grantee shall take title to such Dwelling or Commercial Unit subject to the equitable charge and continuing lien therefore, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefore; provided, however, the lien for unpaid assessments shall not apply to the holder of any first priority institutional Mortgage or to the holder of any Mortgage securing a loan made by the Developer, its affiliates, successors or assigns, and who take title to a Dwelling or Commercial Unit through foreclosure, or to any purchaser of such Dwelling or Commercial Unit at such foreclosure sale until title vests at which time charges for assessments apply as to any other Owner. In the event of co-ownership of any Dwelling or Commercial Unit, all of such co-Owners shall be jointly and severally liable for the entire amount of such assessments. Assessments shall be paid such manner that unless otherwise provided by the Board, the annual assessment shall be paid in equal quarterly Installments.

**12.3 Computation of Annual Assessments.** It shall be the duty of the Board at least ninety (90) days prior to the commencement of the Association's fiscal year to prepare and adopt a budget covering the estimated Common Expenses during the coming year, such budget to include a capital contribution of reserve account if necessary for the capital needs of the Association. After subtracting the annual assessments contribution of the Commercial Units (which contributions are determined and paid as hereinafter provided), the total annual assessments shall be divided among the Dwellings equally, so that each Dwelling shall be subject to equal annual assessments. Upon the addition of the Additional Property or any portion thereof to the Subdivision, assessments shall continue to be equal and the Dwellings being added to the Development shall continue to be equal and the Dwellings being added to the Development shall thenceforth pay assessments which are equal to those imposed upon Property and Dwellings previously in the Development. The Association's budget shall be revisable

by the Board, without the necessity of approval by the Owners, to include Common Expenses and assessments related to such additional Dwellings. In the event the Board fails for any reason to determine the Budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget and annual assessment in effect for the then current year shall be increased in proportion to the percentage increase, if any, for the then current year, in the Consumer Price Index (all Urban Consumers, United States City Average, All Items 1957-59-100), or its successor index, and such increased budget shall be implemented for the succeeding year, until a new budget shall have been approved as provided above. If any budget at any time proves inadequate for any reason, then the Board may call a meeting of the Association for the approval of a special assessment as provided in Paragraph 12.5 hereof. The Common Expenses to be funded by the annual assessments may include, but shall not necessarily be limited to, the following:

- 12.3.1 Management fees and expenses of administration including legal and accounting fees;
- 12.3.2 Utility charges for utilities serving the Commons Areas and charges for other common services for the Development, including trash collection and security services, if any such services or charges are provided or paid by the Association;
- 12.3.3 The cost of any policies of insurance purchased for the benefit of all Owners and the Association as required or permitted by the Declaration, including fire, flood and other hazard coverage, public liability coverage and such other insurance coverage as the Board of Directors determines to be in the interests of the Association and the Owners;

- 12.3.4 The expenses of maintenance, operation and repair of those portions of the Common Areas which are the responsibility of the Association under the provisions of the Declaration;
- 12.3.5 The expenses of maintenance, operation and repair of other amenities and facilities servicing the Subdivision, the maintenance, operation and repair of which the Board from time to time determines to be in the best interest of the Association;
- 12.3.6 The expenses of the Architectural Review Board which are not defrayed by plan review charges;
- 12.3.7 The expenses for conducting recreational, cultural or other related programs for the benefit of the Owners and their families, tenants, guests and invitees;
- 12.3.8 Ad valorem real and personal property taxes assessed and levied against the Common Areas;
- 12.3.9 Such other expenses as may be determined from time to time by the Board of Directors of the Association to be Common Expenses, including without limitation taxes and governmental charges not separately assessed against Dwelling or Multi-Family Areas; and
- 12.3.10 The establishment and maintenance of a reasonable reserve fund or funds (A) for maintenance, repair and replacement of those portions of the Common Areas which are the responsibility of the Association and which must be maintained, repaired or replaced on a period basis, (B) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (C) to cover unforeseen operating contingencies or deficiencies arising from unpaid assessments or liens, as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board of Directors.

12.4 Special Assessments. In addition to the annual assessments authorized above the Association, acting through its Board of Directors, may levy, in any assessment year, special assessments for Common Expenses applicable to that year only. The Board of Directors may make such special assessments payable in installments over a period which may, in the Board's discretion, extend in excess of the fiscal year in which adopted. Such special assessments are to be prorated among the Dwellings equally as provided with respect to annual assessments.

12.5 Individual Assessments. Any expenses of the Association occasioned by the conduct of less than all of the Owners or by the family, tenants, agents, guests or invitees of any Owner shall be specially assessed against such Owners and their respective Dwellings. The individual assessments provided for in this Paragraph 12.5 shall be levied by the Board of Directors and the amount and due date of such assessment so levied by the Board shall be as specified by the Board.

12.6 Initial Assessment. At the time of the first sale of each Dwelling from the Developer to an Owner, there shall be assessed by the Association and collected from each Owner/purchaser an initial assessment equal to at least two months' assessments for such Dwellings, to establish and maintain a working capital fund for the use and benefit of the Association. The purpose of such working capital fund is to insure that the Association will have cash available to meet unforeseen expenditures, or to acquire equipment or service deemed necessary by the Association. Such initial assessments shall not be considered as advanced payment for regular assessments.

12.7 Transfer Fee. Excluding the first sale of each Dwelling from the Developer to an Owner, but including all subsequent sales of all Dwellings, there shall be assessed by the Association and collected from the new purchaser of each Dwelling a transfer fee equal to one-fourth per cent (1/4 %) of the sales price of such Dwelling, which transfer fee shall be paid to the Association and used

by the Association for its regular operations and/or reserves. In the event of non-payment of such transfer fee the amount due shall bear interest and shall be collectible as an assessment as set forth in Article VI of the Declaration. The Association may require the purchasing and/or selling Owner to provide reasonable written proof of the applicable sales price, such as executed closing statements, contracts of sale, copies of deed, or other such evidence.

12.8 Liens. All sums assessed against any Dwelling pursuant to the Declaration, together with court costs, reasonable attorneys' fees, and late charges as provided herein, shall be secured by an equitable charge and continuing lien on such Dwelling in favor of the Association. Such liens shall be superior to all other liens and encumbrances on such Dwelling except only for: (1) liens of ad valorem taxes; and (ii) liens for all sums unpaid on a first priority institutional Mortgage or on any Mortgage to the Developer, or its affiliates, successors or assigns, and all amounts advanced pursuant to any such Mortgage and secured thereby in accordance with the terms of such instrument. Notwithstanding the foregoing to the contrary, the subordination of assessments and Club Charges to the lien of such Mortgages shall only apply to such assessments and Club Charges which have become due and payable prior to a foreclosure. All other person(s) acquiring liens or encumbrances on any Dwelling after the Declaration shall have been recorded shall be deemed to consent that such liens or encumbrances shall be inferior to such future liens for assessments and Club Charges as provided herein, whether or not such prior consent shall be specifically set forth in the instruments creating such liens and encumbrances.

12.9 Effect of Nonpayment; Remedies of the Association. Any assessments of an Owner or any portions thereof which are not paid when due shall be delinquent. Any assessments delinquent for a period of more than ten (10) days after the date when due shall incur a late charge of Forty and 00/100 (\$40.00) Dollars per month or an amount as may be determined by the Board from time to time. Any one special assessment may not exceed fifteen (15%)

percent of the prior year's total annual assessment without approval of fifty-one (51%) percent of the total voting membership. A lien and equitable charge as herein provided for each assessment shall be attached simultaneously as the same shall become due and payable, and if an assessment has not been paid within thirty (30) days, the entire unpaid balance of the annual assessment may be accelerated at the option of the Board and be declared due and payable in full. The continuing lien and equitable charge of such assessment shall include the late charge of Forty and 00/100 (\$40.00) Dollars per month or any amount established by the Board of Directors, all costs of collection (including reasonable attorneys' fees and court costs) and any other amounts provided or permitted hereunder or by law. In the event that the assessment remains unpaid after sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. The equitable charge and lien provided for in this Article shall be in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Dwelling, vests in the Association and its agents the right and power to bring all actions against him personally for the collection of such assessments as a debt and/or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The association shall have the power to bid on the Dwelling at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner may waive or otherwise escape liability for the assessments provided herein, including by way of illustration but not limitation, non-use of the Common areas or abandonment of his Dwelling, and an Owner shall remain personally liable for assessments, and late charges which accrue prior to a sale, transfer or other conveyance of his Dwelling.

In the event that any Dwelling is to be sold at the time when payment of any assessment against the Owner of such Dwelling to the Association shall be in default (whether or not a claim of lien has been recorded by the Association) then the proceeds of such purchase shall, after payment of those sums given priority

by S.C. Code Ann. 27-31-200 (1976) (whether or not such Dwelling is a condominium apartment) be applied by the purchaser first to payment of any then delinquent assessment or installment thereof due to Association before the payment of any proceeds of purchase to the Owner of such Owner who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of any Dwelling (other than a deed in lieu of foreclosure as set forth above), the Grantee shall be jointly and severally liable with the Grantor for all unpaid assessments against Grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of the Grantee to recover from the Grantor the amounts paid by the Grantee therefor.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by Association which shall prevent its thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure, nor shall proceeding by foreclosure to attempt to effect such collection be deemed to an election precluding the institution of suit at law to attempt to effect collection of any sums then remaining owing to it.

**12.10 Certificate.** The Treasurer, any Assistant Treasurer or the manager of the Association shall, within ten (10) days of a written request and upon payment of such fee as is from time to time determined by the Board of Directors, furnish to any Owner or such Owner's Mortgagee which requests the same, a certificate in writing signed by said Treasurer, Assistant Treasurer or Manager of the Association setting forth whether the assessments and Club Charges for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, late charges and other penalty charges. Such certificate shall be conclusive evidence against all but such Owner of payment of any assessments and Club Charges stated therein to have been paid.

**12.11 Date of Commencement of Annual Assessments.** The annual assessments provided for herein shall commence as to each Dwelling on the day of which such Dwelling is conveyed to a person other than the Developer and shall be

due and payable in such manner and on such schedule as the Board of Directors may provide. Annual assessments and any outstanding special assessments shall be adjusted for such Dwelling according to the number of days then conveyed. Annual and special assessments for Dwellings in portions of the Additional Property hereinafter submitted to the terms of the Declaration shall commence with respect to each such Lot and Dwelling on the later of: (i) the day on which such Dwelling is conveyed to a person other than the Developer; or (ii) the day of the recording of the amendment to the Declaration so submitting such parcels, and annual and special assessments for each such Dwelling shall be adjusted according to the number of months then remaining in the fiscal year of the Association and the number of days then remaining in the month in which such assessments commence. Anything contained herein to the contrary notwithstanding, the Developer shall not be responsible for the payment of annual or special assessments on Dwellings or Multi-Family Areas which it or its affiliates own and which do not contain occupied residences, provided that the Developer covenants and agrees to pay annual and special assessments for each Dwelling owned by the Developer or an affiliate and containing occupied residences. Provided, however, the Developer shall fund any deficit which may exist between Association fees collected from all other sources and the annual budget of the Association for so long as the Developer has the authority hereunder to appoint and remove directors of the Association; provided, however, that the budget, assessments and deficit, if any, shall be annually reviewed by the Developer and the Board of Directors, and during such period the Developer's obligation for funding deficits shall only be up to the amount of the Association's budget.

### 13. RULE MAKING.

13.1 Rules and Regulations. Subject to the provisions hereof, the Board of Directors may establish reasonable rules and regulations concerning the use of Dwellings, Multi-Family Areas and the Common Areas and Facilities located thereon, including without limitation the Recreational Amenities. In particular

but without limitation, the Board of Directors may promulgate from time to time rules and regulations which shall govern activities which may, in the judgment of the Board of Directors, be environmentally hazardous, such as application of fertilizers, pesticides and other chemicals. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees, and servants and agents, until and unless any such rule or regulation be specifically overruled, cancelled or modified by the Board of Directors or in a regular or special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the total votes in the Association, provided that in the event of such vote, such action must also be approved by the Developer, for so long as the Developer owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Subdivision.

13.2 Authority and Enforcement. Subject to the provisions hereof, upon the violation of the Declaration, the By-Laws or any rules and regulations duly adopted hereunder, including without limitation the failure to timely pay any assessments or Club charges, the Board shall have the power: (i) to impose reasonable monetary fines which shall constitute equitable charge and a continuing lien upon the Dwelling, the Owners, occupants or guests of which are guilty of such violation; (ii) to suspend and Owner's right to vote in the Association; or (iii) to suspend an Owner's right (and the right of such Owner's family, guests and tenants and of the co-Owners of such Owner and their respective families, guests and tenants) to use any of the Recreational Amenities, and the Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests or tenants or by his Owners or the family, guests or tenants of his Owners or the family, guests or tenants of his Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

13.3 Procedure. Except with respect to the failure to pay assessments or Club Charges, the board shall not impose a fine, suspend voting rights or infringe upon or suspend any other rights of an Owner or other occupant of the Subdivision for violations of the Declaration, By-Laws or any rules and regulations for the Association, unless and until the following procedure is followed:

13.3.1 Written demand to cease and desist from an alleged violation shall be served upon the Owner responsible for such violation specifying:

13.3.1.1 The alleged violation;

13.3.1.2 The action required to abate the violation; and

13.3.1.3 A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

13.3.2 Within two (2) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice of a hearing to be held by the Board in executive session. The notice shall contain:

13.3.2.1 The nature of the alleged violation;

13.3.2.2 The time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;

13.3.2.3 An invitation to attend the hearing and produce any statement, evidence and witness on his behalf; and

13.3.2.4 The proposed sanction to be imposed.

13.3.3 The hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or other individual who delivered such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

13.4 Enforcement. Each Owner shall comply strictly with the By-Laws and the published rules and regulations of the Association adopted pursuant to the Declaration, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in the Declaration and in the deed or other instrument of conveyance to his Dwelling, if any. Failure to comply with any of the same shall be grounds for imposing fines, for suspending voting rights or rights of use in and to the Recreational Amenities, or for instituting an action to recover sums due, for damages and/or for injunctive relief, such actions to be maintainable by the Developer, the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Owner. Should the Developer or the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the violating Owner. Inasmuch as the enforcement of the provisions of the Declaration, the By-Laws and the rules and regulations of the Association are essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and all other remedies, may require and shall be entitled to the remedy of injunction to restrain any such violation or breach or any threatened violation or breach. No delay, failure or omission on the part of Declarant, the Association or any aggrieved Owner in exercising any right, power or remedy herein provided shall be construed as an acquiescence

thereto or shall be deemed a waiver of the right to enforce such right, power or remedy thereafter as to the same violation or breach, or as to a violation or breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whomsoever against the Developer or the Association for or on account of any failure to bring any action account of any violation or breach, or threatened violation or breach, by any person under the provisions of the Declaration, the By-Laws or any rules and regulations of the Association, however long continued.

14. Definitions

All terms defined in the Declaration shall have the same meaning in these By-Laws as in the Declaration.

15. Conflicts

In the event of any conflict between the provisions of the Declaration and the provisions of these By-Laws, the provisions of the Declaration shall control.

ADOPTED as and for the By-Laws of Myrtle Beach Golf & Yacht Club Association, Inc. as of the 30<sup>th</sup> day of January, 1985.

---

R. L. Propps, Director

---

Samuel D. Burns, Director