

Exhibit "A"

STATE OF SOUTH CAROLINA    )  
  )  
COUNTY OF CHARLESTON    )     RESTATED AND AMENDED BY-LAWS OF  
  )     DOCKSIDE ASSOCIATION, INC.

WHEREAS, the Master Deed for Dockside Horizontal Property Regime dated May 25, 1976 is recorded in Book X108, Page 204 of the RMC Office for Charleston County (hereinafter the "Master Deed") with the By-Laws of Dockside Association, Inc. attached thereto as Exhibit "E";

WHEREAS the By-Laws have been amended by instruments recorded in Book M109, Page 268; Book U118, Page 099 and Book W483, Page 513 of the aforementioned RMC Office;

WHEREAS, the attached Certification authorizes the By-Laws to be amended in accordance with the provisions therein; and

WHEREAS, the By-Laws have been restated and amended as set forth herein and such Restated and Amended By-Laws herein shall supersede all prior versions of the By-Laws.

NOW THEREFORE, the By-Laws are Restated and Amended as follows:

A. Identity. These are the By-Laws of DOCKSIDE ASSOCIATION, INC., a nonprofit corporation existing under the laws of the State of South Carolina (hereinafter called "the Association"), which has been organized for the purpose of administering a horizontal property regime established pursuant to the Horizontal Property Act of South Carolina (hereinafter called the "Act"), which is identified by the name DOCKSIDE HORIZONTAL PROPERTY REGIME (hereinafter called "Regime" or "Condominium"), said Regime being located at the foot of Calhoun Street on the Cooper River in the City of Charleston, Charleston County, South Carolina, being more particularly described in the Master Deed establishing the Regime.

1. The location of the office of the Association shall be at the Regime in Charleston, South Carolina.
2. The fiscal year of the Association shall be the calendar year.

3. The seal of the corporation shall consist of two concentric circles between which is the name of the Association, and in the center of which is inscribed "Seal", and such seal as impressed on the margin hereof is adopted as the corporate seal of the Association.

B. Members' meetings.

1. The annual meeting of the Members shall be held at the office of the Association at 7 o'clock p.m. or at such other time as the Board of Directors may specify in the notice of meeting, as provided in Section 3 below, Eastern Standard time, on the Second Tuesday in December of each year for the purpose of electing Directors and of transacting any other business authorized to be transacted by the Members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding business day.

2. Special meetings of the Members shall be held whenever called by the President or by a majority of the Board of Directors and must be called by the President or any other officer upon receipt of a written request from Members owning at least twenty (20%) percent of the basic value of the Condominium Property.

3. Notice of all meetings of the Members stating the time and place and the objects for which the meeting is called shall be given by the Secretary, or in his/her absence, by the President, unless waived in writing by the person entitled to such notice provided; however, that presence at a meeting without objection constitutes waiver of notice. Such notice shall be in writing to each Member at his/her address as it appears in the records of the Association and shall be mailed not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived by the person entitled to such notice before or after meetings.

4. A quorum at Members' meetings shall consist of Co-Owners with fifty-one (51%) percent or more of the basic value of the Condominium Property.. A quorum being present, the

acts approved by a majority of fifty-one (51%) percent of those present shall constitute a decision of the Members 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.

5. The presiding officer at Members' meeting shall be the President, or in his/her absence, the Vice President.

6. Voting. Each Co-Owner shall have a vote equal to that Co-owner's percentage ownership in the Condominium Property as set forth on Exhibit "C" to the Master Deed. If an Apartment is owned by one person, his/her right to vote shall be established by the record title to his/her 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 owners designated by a certificate signed by all of the record owners of the Apartment and filed with the Secretary of the Association. If an Apartment is owned by a corporation, partnership or other business entity, the person entitled to cast the vote for the Apartment shall be designated by a certificate of appointment signed by a duly authorized officer, general partner, or trustee, as the case may be, and filed with the Secretary of the Association. Such certificates 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 an Apartment may be revoked in like manner as provided hereinabove. If such a certificate is not on file, the vote of such Co-Owners shall not be considered in determining the requirement for a quorum nor for any other purpose.

7. Proxies. Votes may be cast in person or by proxy. 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. To be valid, a proxy must be delivered by US mail, or other certifiable delivery service, to the Secretary of the Association or to the managing agent, if any,

no later than 3:00 pm on the last day of business prior to the date of the meeting, or in person to the Secretary of the Association or to the managing agent, if any, no later than the time of the beginning of the meeting. A proxy may be revoked or changed by mail no later than 3:00 pm on the last day of business prior to the date of the meeting, or in person no later than the beginning of the meeting. A Co-owner may designate any other Co-owner as proxy agent and said proxy instrument may be limited as the Co-owner desires and/or indicates. If an official proxy agent or agents is or are designated by the Board of Directors in the notice mailed to Co-owners, the Co-owners must be given the opportunity on the proxy form to indicate how the Co-owner requires the proxy agent or agents to vote in regard to any matters being voted upon.

8. Recessed meetings. If any meeting of Members cannot be organized because a quorum has not attended the President may recess the meeting from time to time until a quorum is present.

9. The order of business at annual Members' meetings and as far as practical at all other Members' meetings, shall be:

- a) Election of chairman of the meeting, if necessary.
- b) Certification of proxies and verification of a quorum.
- c) Proof of notice of meeting or waiver of notice.
- d) Approval of minutes.
- e) Appointment of inspectors of election.
- f) Reports of officers.
- g) Reports of committees.
- h) Election of Directors.
- i) Unfinished business.
- j) New business.

k) Adjournment.

C. Directors.

1. Membership of the Board of Directors. The Board of Directors (hereinafter sometimes referred to herein as "Board") shall consist of five Members, each of whom is a Co-Owner.

2. Election of Directors shall be conducted in the following manner:

- a) Election of Directors shall be held at the annual Members' meeting.
- b) Except as to vacancies resulting from removal of Directors by Members, vacancies in the Board occurring between annual meetings of Members shall be filled by the remaining Directors. The Member or Members selected to fill the vacancy(ies) shall serve for the remainder of the term vacated.
- c) Any Director may be removed by concurrence of Co-owners owning two-thirds (66.667%) or more of the basic value of the Condominium Property, as a whole, at a special meeting of the Members called for that purpose. The vacancy on the Board so created shall be filled by the Members of the Association at the same meeting. The Member or Members selected to fill the vacancy(ies) shall serve for the remainder of the term vacated.

3. The terms of the Directors shall be for two years and shall be staggered such that only a portion of the Directors will be elected at each annual meeting. The offices of the Directors shall be filled as they become vacant on each successive year. The election of two (2) Directors at an annual meeting shall be followed at the next annual meeting by the election of three (3) Directors. And so forth.

4. The organizational meeting of a newly elected Board shall be held within ten (10) days of their election at such place and time as determined by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.
5. Regular meetings of the Board may be held at such time and place as determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director personally or by e-mail, surface mail, telephone or telegraph, at least three days prior to the day named for such meeting. Regular meetings of the Board shall be open to all Co-owners except when the Board convenes in executive session.
6. Special meetings of the Board may be called by the President and must be called by the Secretary at the written request of at least three (3) members of the Board. Notice of the meeting shall be given personally or by e-mail, surface mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be open to all Co-owners except when the Board convenes in executive session.
7. 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.
8. A quorum at Board meetings shall consist of at least three (3) members of the Board. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board, except where approval by a greater number of Directors is required by the Master Deed establishing the Condominium, the Charter of the Association or these By-Laws.
9. Recessed meetings. If at any meeting of the Board there is less than a quorum present, a majority of those present may recess the meeting from time to time until a quorum is present. At any recessed meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

10. The President shall be the presiding officer at Board meetings, or in his/her absence, the Vice President. In the absence of such presiding officers, the Directors present shall designate one of their number to preside.

11. The order of business at Board meetings shall be:

- a) Calling the roll.
- b) Proof of due notice of meeting.
- c) Reading and disposal of any unapproved minutes.
- d) Election of officers (following annual meeting).
- e) Reports of officers and committees.
- f) Unfinished business.
- g) New business.
- h) Adjournment.

12. Directors and Officers shall serve without compensation.

D. Powers and duties of the Board. All of the powers and duties of the "Council of Co-Owners" or Association existing under the Act and any other applicable South Carolina statutes, Master Deed establishing the Condominium, Charter of the Association and these By-Laws shall be exercised exclusively by the Board, its agents, contractors or employees, subject only to approval by the Co-Owners when such is specifically required.

E. Officers.

1. The officers of the Association shall be a President, a Vice President, a Treasurer, and a Secretary. Also, an Assistant Secretary or an Assistant Treasurer may be designated. All officers shall be elected annually by the members of the Board and may be peremptorily removed by vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary or an Assistant Secretary.

2. The President shall be the chief executive officer of the Association. He/she 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 time to time, as he/she may in his/her discretion determine appropriate, to assist in the conduct of the affairs of the Association.

3. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He/she shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

4. The Secretary shall keep the minutes of all proceedings of the Board and the Members. He/she shall be responsible for giving and serving of all notices to the Members and Directors and other notices required by law. He/she shall have custody of the seal of the Association and affix the same to instruments requiring the seal when duly signed. He/she 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 or the President.

5. The Assistant Secretary shall exercise the powers and perform the duties of the Secretary when the Secretary is absent or unable to perform his/her duties.

6. The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He/she shall keep the financial records of the Association in accordance with good accounting practices; and he/she shall perform all other duties incident to the office of Treasurer.

7. The Assistant Treasurer shall exercise the powers and perform the duties of the Treasurer when the Treasurer is absent or unable to perform his/her duties.



8. The compensation of all employees of the Association shall be fixed by the Board. The provision that Directors shall serve without compensation shall not preclude the Board from employing a Director as an employee of the Association nor preclude the contracting with a Director for the management of the Condominium.

9. Director Conflict of Interest. In the event that the Association contemplates entering into a business transaction in which a Director, a Director's family member or a Director's business associate has an interest or benefit, either directly or indirectly, the transaction shall only be authorized, approved or ratified by a vote of the majority of the Board of Directors provided that:

a) the material facts of the transaction and the Director's interest were disclosed and known to all Board members prior to voting; and

b) the Board considered multiple offers and/or vendors for the contemplated services; and

c) the interested Director recused himself/herself from any discussion or vote relevant to the transaction; and

d) the Directors approving the transaction acted in good faith and upon a reasonable belief that the transaction was fair and in the best interest of the Association.

F. Maintenance, Upkeep and Repair. Responsibility for the maintenance of the property within the Condominium shall be as follows:

1. Apartments

a) By the Association. The Association shall maintain, repair and replace at the Association's expense:

1) All Common Elements, including portions of an Apartment, except interior surfaces, contributing to the support of the Building, which portions shall include but not

be limited to load-bearing columns and load-bearing walls. Also, all conduits, ducts, plumbing, wiring and other facilities for the furnishing of Utility Services contained in the portions of an Apartment maintained by the Association; and all such facilities contained within an Apartment that service part or parts of the Condominium other than the Apartment in which they are contained. Interior surfaces of an Apartment shall be maintained by the Co-Owner.

2) All incidental damage caused to an Apartment by such work shall be promptly repaired at the expense of the Association.

b) By the Co-Owner. The responsibility of the Co-Owner shall be as follows:

1) To maintain, repair and replace at his/her expense all portions of his/her Apartment other than those portions to be maintained, repaired and replaced by the Association, including, but not limited to, service equipment, such as dishwasher, laundry, refrigerator, oven, stove, whether or not such items are built-in equipment, communications equipment, and interior fixtures, such as electrical and plumbing fixtures, and floor and wall coverings. Such shall be done without disturbing the rights of Co-Owners.

2) Not to alter internal common walls, ceilings or floors between adjacent apartments in any way that would violate current fire safety and structural codes.

3) Not to exceed recommended weight loads on balconies and terraces by the addition of furnishings, planters and/or plantings, and/or other constructions.

4) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the building without written permission of the Board and in accordance with the terms and provisions of the Master Deed.

5) To promptly report to the Association any defect or need for repairs, the responsibility for the remedying of which is that of the Association.

## 2. Common Elements.

a) By the Association. The maintenance and operation of the Common Elements, both General and Limited as defined by the Master Deed, shall be the responsibility of the Association and a Common Expense; provided, however, that in case of emergency and in order to preserve the property or for the safety of the occupants, a Co-Owner may assume the responsibility therefore, and he/she shall be relieved of liability for his/her acts performed in good faith and reimbursed for his/her expense by the Association when approved by the Board.

b) The Association has the power to determine the use and terms of use to be made of the Common Elements from time to time, provided that no such use shall discriminate against a Co-Owner. The Association, through its Board, may establish reasonable charges to be paid to the Association for the use of Common Elements not otherwise inconsistent with other provisions of the Act, the Master Deed, the Charter or these By-Laws.

G. 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/her 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/her Apartment, which Assessment shall be made and collected in the manner hereinafter provided.

2. Accounts. The revenues and expenses of the Association shall be credited and charged according to good accounting practices to accounts under the following classifications as shall be appropriate. All expenses shall be Common Expenses unless otherwise provided:

a) Current operations, which shall include all accounts receivable and all accounts payable for the current fiscal year.

b) Reserve for deferred maintenance, which shall include monies for maintenance items that occur less frequently than annually.

c) Reserve for replacement, which shall include monies 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 improvement 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 cost thereof shall be charged to the Co-Owners of Apartments in the manner elsewhere provided.

3. Budget. For each calendar year, the Board of the Association shall adopt a budget that shall include the estimated funds required to defray the Common Expense and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices as follows:

a) Current operations, the amount for which shall not exceed 110% of the budget for this account for the prior year.

b) Reserve for deferred maintenance, the amount for which shall not exceed 130% of the budget for this account for the prior year.

c) Reserve for replacement, the amount for which shall not exceed 130% of the budget for this account for the prior year.

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) Provided, however, that the amount budgeted for current operations may be increased over the foregoing limitations when approved by Co-Owners owning not less than seventy-five (75%) percent of the Common Elements.

f) Copies of the budget and proposed Assessments shall be transmitted to each Co-Owner on or before December 1<sup>st</sup> 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 20 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. 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 monthly payments thereon shall be due upon each installment payment date until changed by an amended Assessment. In the event the annual Assessment proves to be insufficient, the budget and Assessments therefore may be amended at any time by the Board of the Association provided that the accounts of the amended budget do not exceed the limitations thereon for that year. Any account which exceeds the limitations thereon for that year shall be subject to approval of the Co-Owners heretofore required. 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 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 therefore to all Co-Owners. After such notice and upon approval in writing by Co-Owners owning 51% or more of the Common Elements, the Assessment shall become effective, and it shall be due after 30 days' notice thereof or at such other time as the Board of the Association shall require.

5. Liability for Assessments.

a) A Co-Owner shall be liable for all Assessments coming due while he/she 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, other than the Co-Owner.

b) Where the mortgagee of any mortgage of record or other purchaser of an apartment obtains title at the foreclosure sale of such a mortgage, such acquirer of title, his/her successors and assigns, shall not be liable for the share of the common expenses or assessments by the Co-Owners chargeable to such apartment accruing after the date of recording such mortgage but prior to the acquisition of title to such apartment by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses.

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 rate of the current month's per annum Prime interest rate plus two percent (2%) 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 Dockside Association, Inc., as provided by the South Carolina Horizontal Property Act. Notice claiming such lien may be recorded by the Association in the Register of Mesne Conveyance (R.M.C.) Office for Charleston County, South Carolina. 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 rate of the current month's per annum Prime interest rate plus two percent (2%) 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 Co-Owner for the recovery of a judgment "in persona". 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 rate of the current month's per annum Prime interest rate plus two percent (2%), 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.

H. Insurance.

1. Insurance policies upon the property, covering the items described herein below, shall be purchased by Dockside Association, Inc., for the benefit of the Association and the Co-Owners of the Apartments and their respective mortgagees, as their interests may appear. Provision shall be made for the issuance of certificates of insurance, with mortgagee endorsements, to the mortgagees of all Co-Owners. Should the Association fail to pay such premiums when due, or should the Association fail to comply with other insurance requirements reasonably required by the mortgagee holding the greatest dollar volume of unit mortgages, said mortgagee shall have the right, at its option, to order insurance policies and to advance such sums as are required to maintain or procure such insurance, and to the extent of the money so advanced, said mortgagee shall be subrogated to the assessment and lien rights of the Association as against the individual unit Co-Owner for the payment of such item of common expense.

2. Insurance shall cover the following:

a) The Building 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 by an appraisal conducted at least every two years by a qualified appraiser retained by the Board. Such coverage shall afford protection against loss or damage by fire, wind and water, and other hazards covered by a standard extended coverage endorsement, and such other risks as are customarily covered with respect to



buildings and improvements similar to the Building 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 the Association, including, but not limited to, hired automobile and non-owned automobile coverages, and with cross liability endorsement to cover liabilities of the Co-Owners of all Apartments as a group to an Apartment Co-Owner;

c) Workmen's Compensation (if required);

d) Directors' and Officers' Liability; and

e) Such other insurance as the Board 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 payment of claims.

5. 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) If the damaged property for which the proceeds are paid is to be repaired or reconstructed, the 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 said mortgagee.

b) 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 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/her.

6. No provisions of this Paragraph, the Master Deed, or these By-Laws, shall be deemed to prevent or prohibit any Co-Owner from obtaining additional insurance on his/her Apartment for his/her own account and benefit; from insuring for their own individual account and benefit such furniture, furnishings, or other personal property as he/she may have in his/her individual Apartment; from insuring for his/her own individual account and benefit those parts of the Apartment for which the responsibility of maintenance and repair is that of the Co-Owner; or from obtaining such additional public liability coverage as he/she may desire for his/her 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.

I. Reconstruction or Repair After Casualty.

1. Any portion of the Condominium property for which insurance is required pursuant to South Carolina Code Annotated Section 27-31-240 and which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- a. Repair or replacement is illegal under a state statute or local health ordinance; or
- b. Eighty (80%) percent of the Co-owners, including the owner of an Apartment which is not to be rebuilt, vote not to rebuild.

2. The cost of repair or replacement in excess of insurance proceeds and reserve must be considered a Common Expense.

3. If the entire Condominium property is not repaired or replaced, the insurance proceeds:

- a. Attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Condominium property;
  - b. Attributable to Apartments and Limited Common Elements that are not rebuilt must be distributed to the Co-owner of the affected Apartments and the Co-owners to which the Limited Common Elements are allocated, or to the lienholders, as their interest may appear;
  - c. Remaining funds must be distributed to all of the Co-owners or lienholders, as their interests may appear, in proportion to their percentage interests.
4. If the Co-Owners vote not to rebuild an Apartment, that Apartment's allocated interest must be reallocated automatically upon the vote and the Board shall promptly prepare, execute and record an amendment to the Master Deed reflecting the reallocation.
5. If the damage is only to those parts of an Apartment for which the responsibility of maintenance and repair is that of the individual Co-Owner, then the Co-Owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility for undertaking reconstruction and repair after casualty shall be that of the Association, provided that the costs of such reconstruction and repair shall be allocated between the Association and the Co-Owners in accordance with their respective responsibilities for maintenance and repair.
6. Immediately after casualty causing damage to property for which the Association has the responsibility for undertaking 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; and, if applicable, shall specifically obtain

estimates for the Common Elements and Co-Owner's property by an "as-built" perspective and by a "betterments and improvements" perspective, respectively.

7. Any reconstruction or repair undertaken by the Association 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 the Association, and if damaged property is the Building, also by the Co-Owners who own 75% or more of the Common Elements, including the Co-Owners of all damaged Apartments. The approvals herein required shall not be unreasonably withheld. With respect to damage to individual Apartments, any betterments, improvements or upgrades not shown on the "as built" exhibits to the Master Deed shall be the responsibility of the Co-Owner to maintain, repair and replace. Where original improvements shown on the "as built" exhibits have been upgraded, the Association shall be responsible only for the cost of restoring the Apartment to its original condition using materials of the same or similar quality and quantity as originally installed therein. In such instance, the Co-Owner may elect to have the Association restore the Apartment to its original condition or may pay the difference in cost to restore the Apartment to the condition it was in prior to the casualty loss.

J. Insurance Disbursement. The proceeds of insurance collected on account of a casualty shall constitute a Reconstruction Fund that shall be disbursed in payment of the cost of reconstruction and repair in the following manner and order:

1. If the amount of the estimated cost of reconstruction and repair that is the responsibility of the Association is less than Fifty Thousand (\$50,000.00) Dollars, then the Reconstruction Fund shall be disbursed in payment of such costs upon the order of the Board.

2. If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is more than Fifty Thousand (\$50,000.00) Dollars, then the Reconstruction Fund shall be disbursed in payment of such costs in the manner required by the Board of the Association and upon approval of an architect qualified to practice in South Carolina and employed by the Association to supervise the work.

3. It shall be presumed that the first moneys disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a Reconstruction Fund after payment of all costs of reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; except, however, that the part of a distribution to a beneficial Co-owner which is not in excess of Assessments paid by such Co-owner into the reconstruction fund shall not be made payable to any mortgagee.

4. In addition to liability for the costs of repair and replacement to portions of an Apartment for which the Co-Owner is responsible, a Co-Owner shall be liable to the Association for the expense of any maintenance, repair or replacement rendered necessary by the act, neglect, or carelessness of the Co-Owner or his family, invitees, agents or lessees.

K. Option to Purchase. Any transfer of ownership of an Apartment must be approved by the Board and is subject to first refusal by the Association as provided for in the Master Deed.

L. Rentals. Any Apartment lease shall be for not less than one (1) year and is subject to the prior written approval of the Board, except that the Association and Board shall have no control over rental rates.

M. Funds.

1. The depository of the Association shall be such bank or banks as shall be designed from time to time by the Board and in which the funds of the Association shall be deposited.

Withdrawal of funds from such accounts shall be only by checks signed by such persons as are authorized by the Board.

2. A review of the accounts of the Association shall be made annually by a certified public accountant and his/her report shall be furnished to each member not later than May 1 of the year following the year for which the audit is made, provided that upon a vote by the majority of the Board an audit, rather than a review, of the accounts may be made for any particular purpose.

3. Fidelity bonds shall be required by the Board for all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board, but shall be at least one-half of the amount of the total annual assessments against Members for Common Expenses. The premiums on such bonds shall be paid by the Association.

N. 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/her own willful misconduct or gross neglect.

2. Every Director, officer and agent of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him/her in connection with or resulting from any claim, action, suit, procedure, investigation, or inquiry as to whatever nature in which he/she may be involved as a party or otherwise by reason of his/her being or having been a Director, officer or agent of the Association whether or not he/she continues to be such Director, officer or agent at the time of incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to which he/she shall be finally adjudged in such action, suit, proceeding, investigation, or inquiry to be liable for willful misconduct or gross neglect in the performance of his/her duties.

As to whether a Director, officer or agent is liable by reason of willful misconduct or neglect in the performance of his/her duties, in the absence of such final adjudication of the existence of such liability, the Association and each member thereof and officer or agent thereunder may conclusively rely on an opinion of legal counsel selected by the Association. 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.

O. Definitions.

1. The Members of the Association shall be all Co-Owners of the Property.
2. All definitions set forth in the Master Deed are incorporated by reference herein.

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

Q. Amendments. These By-Laws may be amended in the following manner:

1. Notice. The Notice of meeting required by Paragraph B, Section 3 herein at which a proposed amendment is to be voted on by the Members shall contain a copy of the existing language as well as the proposed amendments thereto for the Members' review and consideration.
2. Upon proper notice given and at a duly called meeting of the Members, a motion for the adoption of the proposed amendment shall be made and seconded; whereupon the Members of the Association shall vote on the proposed amendments. Approval shall be by Co-Owners representing at least two-thirds (66.667%) or more of the total basic value of the Property, as set forth in Exhibit "C" attached to the Master Deed.

3. Proviso. Provided, however, that no amendment shall discriminate against any Co-Owner or against any Apartment or class or group of Apartments unless the Co-Owners so affected

