

**BY-LAWS OF**

**CAMBRIDGE LAKE CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**

**a non-profit corporation existing under  
The laws of the State of South Carolina**

These are the By-Laws of **CAMBRIDGE LAKE CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**, a non-profit 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 **CAMBRIDGE LAKE HORIZONTAL PROPERTY REGIME** (hereinafter called the "Condominium"), said Condominium being located on lands situated in Charleston County, South Carolina, and more fully described in Exhibit "A" to Master Deed.

1. Location of Office: The location of the office of the Association shall be at the Property in Charleston County, South Carolina.
2. Fiscal Year: The fiscal year of the Association shall end on the last day of December of each year.

**ARTICLE I**

**MEMBERSHIP AND MEMBERSHIP MEETINGS**

1. Qualifications: The members of the Association shall consist of all of the record owners of Apartments of the Condominium located in Charleston County, South Carolina, and established by Master Deed as recorded in the RMC Office of Charleston County, South Carolina, and appended to which Master Deed as Exhibit "E" thereto is a copy of these By-Laws.
2. Change of Membership: Change of membership in the Association shall be established by the recording in the RMC Office of Charleston County, South Carolina, of a deed or other instrument establishing a record title to an Apartment in the Condominium, and the delivery to the Association of a certified copy of such instrument, the Owner designated by such instrument thereby becoming a member of the Association. The membership of the prior Owner shall be thereby terminated.
3. Voting: When a vote or any other action by Co-Owners provided for herein or in the Condominium requires a specific percentage, portion or fraction of Co-Owners, such percentage or portion or fraction shall mean, unless otherwise stated in the Condominium, such percentage, portion or fraction in the aggregate of such voting power equal to the percentage interest in the Common Elements shown on Exhibit "B" of the Master Deed.
4. Voting Rights: If an apartment is owned by one person, his right to vote shall be established by the record title to his Apartment. If an Apartment is owned by more than one person, the person entitled to cast the vote for the Apartment shall be one of the record 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 then 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 forum nor for any other purpose.

5. Annual Meetings: Annual meetings of Co-Owners shall be held at the office of the Association, on the third Monday in October of each year, at 10:00 A.M., or, if that day is a legal holiday, on the next day following that is not a legal holiday; subject, however, to the provisions of Section 13 of this Article I. The annual meeting shall be held for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members.

6. Special Meetings: Special meetings of the members may be called by the Board of Directors, the president or by members of the Association holding more than twenty percent (20%) of the basic value of the Condominium Property, as a whole, as set forth in the Master Deed, for the purpose of considering and acting upon any matters of interest to the Association and its membership, and taking any other action not inconsistent with these By-Laws and the Charter of the Association, including the adoption of resolutions declaring the desirability of any action recommended by the membership.

7. Notice of Meetings: Notice of all members' meeting stating the date, time, place and object for which the meeting is called shall be mailed to each member not less than ten (10) nor more than fifty (50) days prior to the date of such meeting. Such notice shall be sent by the secretary of the Association and shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Association, postage prepaid. Notice of meetings may be waived either before or after meetings.

8. Voting in Person or by Proxy: A member may vote in person or by proxy executed in writing by the member or his duly authorized attorney-in-fact. No proxy shall be valid except for the particular meeting designated therein, and no proxy shall be honored unless filed with the secretary of the Association before the appointed time of the meeting.

9. Vote Required to Transact Business: The acts approved by a majority of the Co-Owners (51%) 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 Condominium, the Charter of the Association or these By-Laws.

10. Consents: Any action which may be taken by a vote of the members may also be taken by written consent to such action signed by the members required to take such action if such members were present and voting.

11. Adjourned Meetings: If any meeting of members cannot be organized because a majority of Co-Owners has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a majority are present.

12. Order of Business: The order of business at annual members' meetings and, as far as practical, at all other members' meetings shall be according to the latest addition of Robert's Rules of Order and shall be presided over by the President of the Association.

13. Retention of Control by Developer: Until the Developer has sold 76% of the Apartments of the Condominium, or until January 1, 2009, or until the Developer elects to terminate its control of the Condominium, whichever shall first occur, no annual or special meeting of the members shall be held.

## ARTICLE II

### BOARD OF DIRECTORS

1. Members: The Board of Directors of the Association shall be the form administration of the Condominium Property and shall consist of not less than three (3) nor more than seven (7), as shall, from time to time, be determined and fixed by the affirmative vote of the majority of Co-Owners at any annual meeting of the members. Any responsible person shall be eligible to be a Director. The first Board of Directors named in the Charter of the Association shall hold office until their successors shall have been elected. Each person shall be elected and qualified. The word "Director" as sometimes used herein shall mean a person elected to and serving on the Board of Directors.

2. Term: Each Director shall serve a two (2) year term and shall be subject to re-election; subject, however, to the terms of sections nine (9) hereof.

3. Removal: Any Director may be removed for cause by the vote of the majority of Co-Owners present in person or represented by written proxy at any annual or special meeting of the members of the Association.

4. Vacancies: Any vacancy occurring in the Board of Directors, including vacancies occurring from the removal of a Director, may be filled by majority vote of remaining members of the Board of Directors at any annual or special meeting.

5. Annual Meeting: The annual meeting of the Board of Directors shall be held on the third Monday in September of each year at the office of the Association. Notice of the place and hour of each such meeting shall be given to each Director at least five (5) days prior to each such meeting. Such notice may be given either in writing or by telephone.

6. Special Meetings: Special meetings of the Board of Directors for any purpose may be called by the president or upon the written request of any two (2) Directors, upon at least five (5) days notice to each Director and shall be held at such place or places as may be determined by the Directors, or as shall be stated in the call of meeting. Such notice may be given either in writing or by telephone. Regular meetings shall be held at such intervals as a majority of the Board may decide.

7. Organization Meeting: The organizational meeting of a newly-elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

8. Presiding Officer: The presiding officer of Directors' meetings shall be the Chairman of the Board if such an officer has been elected; and if none, then the President shall provide, in the absence of such presiding officers, the Directors present shall designate one of their members to preside.

9. Retention of Control by Developer: Provided, however, that until the Developer has completed and sold all of the Apartments of the Condominium, or until January 1, 2009, or until Developer elects to terminate its control of the Condominium, whichever shall first occur, the first Directors of the Association shall serve until the first annual meeting of the members occurring after the occurrence of the above described events.

10. Waiver of Notice: Any Director may waive notice of a meeting either before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

11. Quorum: A quorum shall consist of the Directors entitled to cast a majority of the votes of the entire Board of Directors. The acts of the Board of Directors approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors. 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.

12. Powers and Duties: The Board of Directors shall have the following powers and duties:

- (a) To elect the officers of the Association as hereinafter provided.
- (b) To administer the affairs of the association and the Condominium Property.
- (c) To estimate the amount of the annual budget and to make and collect assessments against Co-Owners to defray the costs, expenses and losses of the Condominium.
- (d) To use the proceeds of assessments in the exercise of its powers and duties.
- (e) To maintain, repair, replace and operate the Condominium Property.
- (f) To purchase insurance upon the Property and insurance, including fidelity bond coverage, for the protection of the Association and its members.
- (g) To reconstruct improvements after casualty and to further improve the Property.
- (h) To make and amend reasonable rules and regulations respecting the use of the Property and the operation of the Condominium ("Rules and Regulations").

- (i) To enforce by legal means the provisions of the Act, the Master Deed, and Charter, these By-Laws, and the Rules and Regulations for the user of the Property.
- (j) To contract for the management of the Property of the Condominium and to delegate to such managing agent all powers and duties of the Association except such as are specifically required by the Master Deed to have approval of the Board of Directors or the membership of the Association.
- (k) To contract for the management or operation of portions of the Common Elements of the Condominium susceptible to separate management or operation.
- (l) To retain legal counsel.
- (m) To employ personnel to perform the services required for proper operation of the Condominium.
- (n) To purchase Apartments of the Condominium.
- (o) Unless otherwise provided herein or in the Master Deed to comply with the instructions of a majority of Co-Owners as expressed in the resolution duly adopted at any annual or special meeting of the members.
- (p) To give notice to first mortgagees of certain events or occurrences as set forth in the Master Deed.
- (q) To exercise all the powers and duties as the board of administration of the "Council of Co-Owners" referred to in the Act, and all powers and duties of the Board of Directors of a corporation organized under the Non-Profit Corporation Statutes, and all powers and duties provided for in these By-Laws, and any other powers and duties consistent with South Carolina Law.

13. Compensation: No Director shall be compensated for his services as such.

14. Liability of the Board of Directors: The members of the Board of Directors shall

not be liable to the Co-Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Co-Owners shall indemnify and hold harmless each of the members of the Board of Directors on behalf of the Condominium unless any contract shall have been made in bad faith or contrary to the provisions of the Master Deed of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Condominium. It is understood and permissible for the Board of Directors, whether employed by the Developer or not, to contract with the Developer without fear of being charged with self-dealing. It is also intended that the liability of any Co-Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in common elements bears to the interests of all the Co-Owners in the common elements, as established by Exhibit "C" of the Master Deed.

**ARTICLE III**

**OFFICERS**

1. **Election:** At each annual meeting, the Board of Directors shall elect the following officers of the Association:

- (a) A president, who shall be a Director and who shall preside over the meetings of the Board of Directors and of the members, and who shall be the Chief Executive Officer of the Association.
- (b) A vice-president, who shall, in the absence of disability of the president, perform the duties and exercise the powers of president.
- (c) A secretary, who shall keep the minutes of all meetings of the Board of Directors and of the members, and the minute book wherein resolutions enacted at such meetings shall be recorded, and who shall, in general, perform all the duties incident to the office of the secretary. The office of the Secretary and Treasurer may be held simultaneously by one individual.
- (d) A treasurer, who shall keep the financial records and books of the Association.
- (e) Such additional officers as the Board of Directors shall see fit to elect.

2. **Powers:** The respective officers shall have the general powers usually vested in such officer of the non-profit corporations; provided that the Board of Directors may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board of Directors may see fit.

3. **Term:** Each officer shall hold office for the term of two (2) year and until his successor shall have been elected and qualified.

4. **Vacancies:** Vacancies in any office shall be filled by the Board of Directors at any meeting thereof. Any officer may be removed at any time by a majority vote of the Board of Directors at a special meeting thereof, called for such stated purpose.

5. **Compensation:** The compensation of all officers shall be fixed by the Board of Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association nor preclude the contracting with a Director for the management of the Condominium. The officers shall receive no compensation for their services, unless otherwise expressly provided in a resolution duly adopted by the Board of Directors.

**ARTICLE IV****INSURANCE AND CASUALTY LOSSES**

1. **Insurance:** The Board of Directors or its authorized agent shall obtain insurance for all of the improvements on the Property (with the exception of improvements and betterments made by the respective owners at their expense) against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in an amount sufficient to cover the full cost of any repair, reconstruction or replacement in the event of damage or destruction from any such hazard, and Elements and all damage or injury caused by the negligence of the Association or any of its agents which public liability policy shall have reasonable limits set by the Board of Directors. Premiums for all such insurance shall be common expenses and paid by the Association. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association. Such insurance shall be governed by the provisions hereinafter set forth.

- (a) All policies shall be written with a company licensed to do business in the State of South Carolina and holding a rating of "AAAA+" or better by Best's Insurance Reports.
- (b) All policies shall be for the benefit of the Association, the Co-Owners and their mortgagees as their interests may appear, and shall provide that all proceeds covering property losses be paid jointly to the Association and to the Trustee chosen by the Association to administer such proceeds as set forth herein.
- (c) Provision shall be made for the issuance of a certificate of insurance to each Co-Owner and his mortgagee, if any, which shall specify that the full replacement value (i.e. 100% of current "replacement cost" exclusive of land, foundation, excavation and other items normally excluded from coverage) of the entire Condominium Property shall be covered by such insurance policy or policies.
- (d) All original policies and endorsements thereto shall be deposited with the Trustee which shall hold them subject to the provisions of paragraph 3.
- (e) Exclusive authority to adjust losses under policies hereafter in force on the property shall be vested in the Board of Directors or its duly authorized agent; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations related thereto.
- (f) In no event shall any recovery or payment under the insurance coverage obtained and maintained by the Board of Directors hereunder be affected or diminished by insurance purchased by a Co-Owner or their mortgagee.
- (g) Each Co-Owner may obtain additional insurance for his own benefit and at his own expense; provided however, that no Co-Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all of the Co-Owners and their

mortgagees, may realize under any insurance policy which the Board of Directors may have in force on the property at any particular time.

- (h) Each Co-Owner at his own expense may obtain on the private elements of his Apartment or the contents thereof title insurance, homeowner's liability insurance, theft and other insurance covering contents, improvements, betterments and personal property damage and loss.
- (i) The Board of Directors shall conduct an annual insurance review for the purpose of determining the full insurable value of the entire Condominium Property including all private elements and common elements without respect to depreciation, and of all improvements on the Property (with the exception of improvements and betterments made by the respective Co-Owners at their expense) by one or more qualified persons.
- (j) The Board of Directors or its duly authorized agent shall make reasonable efforts to secure insurance policies that will provide for the following: (1) a waiver of subrogation by the insurer as to any claims against the Association, the Board of Directors, its duly authorized agents, and the Co-Owners and their respective servants, agents and guests; (2) a waiver of insurer's rights to repair or reconstruct instead of paying cash; (3) a waiver of insurer's right to cancel, invalidate or suspend the policy on account of the acts of fewer than five Co-Owners or the conduct of any Director, officer or employee of the Association or its duly authorized agent without a prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its agent, and Co-Owner or mortgagee, and (4) that any "other insurance" clause in the master policy exclude individual Co-Owners' policies from consideration.

2. No Partition: There shall be no judicial partition of the Condominium Property or any part thereof, and Developer and every person acquiring any interest in the Condominium Property or any part thereof shall acquire the same subject to this Declaration and shall be deemed to have waived any right to seek any such judicial partition until the happening of the conditions set forth in paragraph 4. In the case of damage or destruction or until the Condominium Property has been removed from the provisions of the Act as provided for in these By-Laws or the Master Deed.

3. Trustee:

- (a) All insurance policies purchased by and in the name of the Association shall provide that proceeds covering property losses shall be paid jointly to the Association and the Trustee. Immediately upon the receipt by the Association of such proceeds, the Association shall endorse the instrument by means of which such proceeds are paid and deliver such instrument to the Trustee. The Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds, nor shall Trustee have any obligation to inspect the Property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person. The Trustee shall be entitled to a reasonable compensation for the performance

of its duties and functions, which said compensation shall be paid as a common expense of the Association.

- (b) Among other things, the duty of the Trustee shall be to receive proceeds delivered to it and to hold such proceeds in trust for the benefit of the Co-Owners and their mortgagees. An undivided share of such proceeds on account of damage or destruction to the Common Elements shall be allocated and assigned for the Co-Owners in accordance with their respective percentages of undivided interest in and to the Common Elements. Proceeds on account of damage or destruction to private elements shall be allocated and assigned for the Co-Owners of the damaged or destroyed private elements in proportion to the cost of repairing or reconstructing the damage or destruction suffered by each such Owner. In the event that a mortgagee endorsement has been issued as to any particular Apartment, the share of such Co-Owner shall be held in trust for such Owner and his mortgagee as their interests may appear
- (c) Proceeds of insurance policies received by the Trustee shall be disbursed as follows:
- [i] If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs shall be paid into the capital account for the benefit of all Co-Owners and shall be considered as a contribution of capital by the Co-Owners.
  - [ii] If it is determined as provided for in the Act and paragraph 4, that the damaged or destroyed improvements for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed to such persons as therein provided.
  - [iii] Any and all disbursements of funds by the Trustee for any purpose whatsoever shall be made pursuant to and in accordance with a certificate of the Association signed by the President or Vice President and attested by the Secretary directing the Trustee as to the disbursements. If the damage or destruction is to the Common Elements and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee, if any, known by the Trustee to have the largest interest in or lien upon such Common Elements. If the damage or destruction is to the private elements of one or more apartments and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee or mortgagees, if any, known by the Trustee to have an interest in or lien upon the private elements of such Apartment or Apartments. The Trustee shall not incur liability to any Co-Owner, mortgagee or other person for any disbursements made by it pursuant to and in accordance with any such certificates or written authorizations.

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4. Damage and Destruction:

- (a) Immediately after the damage or destruction by fire or other casualty of all or any part of the Condominium Property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall notify any holder of a first mortgage covering the damaged or destroyed property and shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or construction of the damaged or destroyed Property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Condominium Property to substantially the same condition in which it existed prior to the fire or other casualty with the private elements of each Apartment and the Common Elements having the same vertical and horizontal boundaries as before.
- (b) Reconstruction after fire or other casualty shall be mandatory where the extent of damage accounts for less than two-thirds ( $66 \frac{2}{3}\%$ ) of the entire Condominium Property, as provided in the Act.
- (c) Any such damage or destruction shall be repaired or reconstructed unless at least ninety percent (90%) of the total vote of the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If, for any reason, the amount of the insurance proceeds to be paid as a result of such damage or destruction or reliable and detailed estimates of the cost of repair or reconstruction are not made available to the Association within said period of sixty (60) days after the casualty, then such period shall be extended until such information shall be made available to the Association; provided, however, that said extension of time shall in no event exceed ninety (90) days. No mortgagee shall have any right to participate in the determination as to whether the damage or destruction shall be repaired or reconstructed.
- (d) In the event that it is determined by the Association in the manner prescribed above that the damage or destruction shall not be repaired or reconstructed, then in that event, (1) any Co-Owner may petition a court of competent jurisdiction for a removal of the Condominium Property from the provisions of the Act, and upon removal of the Condominium Property from the provisions of said Act, the property shall be deemed to be owned in common by those who were Co-Owners at the time of such removal, (2) the undivided share in the property owned in common by each such Co-Owner with respect to the previous Common Elements and with respect to the private elements shall be the undivided interest previously owned by such owner in the previous Common Elements, (3) any liens affecting any of the Apartments shall be deemed to be transferred in accordance with the existing priorities to the percentage of undivided interest of the Co-Owner in the previous Condominium Property, and (4) the previous Condominium Property shall be subject to an action for partition and sale at the instance of any Co-Owner, in which event the net proceeds of sale shall be subject to an action for partition and sale at the instance of any Co-Owner, in which event the net proceeds of sale shall be paid to the Trustee. Said net proceeds of sale, together with the net of the insurance on the previous Condominium Property, after first paying out of the respective

share of the Co-Owners, to the extent sufficient for the purpose, all liens (according to their existing priorities) on the undivided interest in the previous Condominium Property owned by each Co-Owner. Disbursements to such owners shall be made pursuant to certificates provided for in paragraph 3.(c)[iii]. Under no circumstances shall anyone other than the owner of an Apartment at the time of removal of the Condominium Property from the provisions of said Act be entitled to the use of any previous element of each previous Apartment subsequent to such removal and prior to the sale of such previous element.

5. Repair and Reconstruction:

(a) If the damage or destruction for which the insurance proceeds are paid to the Trustee is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall levy a special assessment against all Co-Owners in sufficient amounts to provide funds to pay such excess cost of repair or reconstruction. Such assessments against Co-Owners for damage to Apartments shall be in proportion to such Co-Owners' percentages of ownership in the Common Elements.

(b) Any and all sums paid the Association by virtue of those special assessments provided for in paragraph (a) of this paragraph 5, shall be deposited by the Association with the Trustee. The proceeds from insurance and assessments, if any, received by the Trustee, when the damage or destruction is to be repaired or reconstructed, shall be disbursed as provided for in paragraph 3.

ARTICLE V

ASSESSMENT AND COLLECTION OF COMMON EXPENSES

1. Records: The Board of Directors shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Elements and common expenses, specifying and itemizing the expenses incurred, and such records and the vouchers authorizing the payments of such expenses shall be available for examination by the Co-Owners and the first mortgagee of any Apartment at convenient hours of week days. Such payment vouchers may be approved in such manner as the Board of Directors may determine.

2. Budget: The Board of Directors shall cause to be prepared an estimated annual budget for common expenses for each fiscal year of the Association. Such budget shall take into account the estimated common expenses for administration and maintenance and repair of the Common Elements which common expenses shall include but not limited to the following: salaries, wages, payroll taxes, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power and other expenses (as distinguished from individual mortgage payments, real estate taxes, and individual expenses for utility services billed or charged to the separate Co-Owners on an individual or separate basis rather than a common basis). The common expenses shall be those expenses designated by the Board of Directors pursuant to these By-Laws and the Master Deed. The Common expenses may also include such amounts as may be required for the purchase or lease by the

Board of Directors, on behalf of the Association, of any Apartment which is to be sold at a foreclosure or other judicial sale. The annual budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis. The annual budget shall provide for amounts required to make up for any deficit in any prior year, a general reserve for contingencies for the year, and a reserve for replacements in reasonable amounts as determined by the Board of Directors. To the extent that the assessments and other cash income collected from the Co-Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account.

3. Assessments: The estimated annual budget for each fiscal year shall be approved by the board of Directors, and copies thereof shall be furnished by the Board to each Co-Owner not later than forty-five days (45) before the beginning of such year. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget each Co-Owner shall pay, as his respective monthly assessment for the common expenses one-twelfth (1/12) of his share of the common expenses for such year as shown by the annual budget. The assessment of the common expenses shall be as set forth in the Master Deed. The Board of Directors may cause to be sent to each Co-Owner on or before the first day of each month a statement of the monthly assessment of such Co-Owner for such month, but the failure to send or to receive such monthly statement shall not relieve any Co-Owner of his obligation to pay his monthly assessments on or before the first day of each month. If the Board of Directors shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each Co-Owner shall continue to pay each month the amount of his previous monthly assessment on or before the first day of each month to the manager or managing agent or as may be otherwise directed by the Board. No Co-Owner shall be relieved of his obligation to pay his assessments by abandoning or not using his apartment or the common elements. No Co-Owner shall be liable for the payments of any assessment levied against his Apartment subsequent to a sale, transfer or other conveyance of all such Co-Owner's interest in such Apartment.

The Developer, its Grantees and Assigns to the development shall be exempt from paying dues on units owned by the Developer, but the Developer will pay into the Association the amount deemed by the Developer in his discretion to be necessary to maintain the budget.

4. Proration of Assessments: For the first fiscal year, the annual budget shall be approved by the first Board of Directors. If such first year shall be less than a full year, then the monthly assessment for each Co-Owner for the common expenses shall be proportional to the number of months and days in such period covered by such budget. Commencing with the date of closing of his Apartment by each Co-Owner, he shall pay his assessment for the following month or fraction of a month, which assessment shall be in proportion to his ownership interest in the Common Elements and the number of months and days remaining of the period covered by the current annual budget, and which assessment shall be as computed by the Board of Directors.

5. Annual Statements: Within forty-five (45) days after the end of each year covered by an annual budget, or as soon thereafter as shall be practicable, the Board of Directors shall cause to be furnished to each Co-Owner and the first mortgagee of each Apartment a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

6. Accounts: The Board of Directors shall cause to be kept a separate account record for each Co-Owner showing the assessments charged to and paid by such Co-Owner, and the status of his account from time to time.

Upon ten (10) days notice to the Board of Directors any Co-Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Co-Owner. A Co-Owner shall make no more than one request per month.

7. Supplemental Budget and Assessments: If during the course of any year, it shall appear to the Board of Directors that the monthly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated common expense for the remainder of such year, then the Board shall prepare and approve a supplemental budget as provided for in the Master Deed covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Co-Owner, and thereupon a supplemental assessment shall be made to each Co-Owner, for his proportionate share of such supplemental budget.

(a) 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 the Co-Owners. After such notice and upon approval in writing by a majority of the Co-Owners, the Assessment shall become effective, and it shall be due after 30 days' notice thereof in such manner as the Board of Directors of the Association shall require.

8. Payment of Assessments: It shall be the duty of every Co-Owner to pay his share of the common expenses in proportion to his percentage share in the Common Elements as shown on Exhibit "C" of the Master Deed. If any Co-Owner shall fail or refuse to make any such payments when due, the Association and the Board of Directors shall have the authority to exercise and enforce any and all rights and remedies as provided for the Act, the Master Deed or these By-Laws, or otherwise available at law or in equity, for the collection of all unpaid assessments.

(a) Acceleration of Assessment installments upon default. If a Co-Owner shall be in default in the payment of an installment upon an assessment, the Board of Directors of the Association may accelerate the remaining installments of the assessment (if the assessment is payable monthly) 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.

9. Liens: The Board of Directors may cause the Association to discharge any mechanic's lien or other encumbrance which, in the opinion of the Board, may constitute a lien against the Property, the Common Elements, or any Apartment or private element in the Condominium, and the Association shall thereupon have a lien in such amount, together with the amount of any costs any attorney's fees incurred in connection therewith, on each Apartment responsible for the payment thereof in accordance with the provisions of the Act, and the Board of Directors shall thereupon perfect any such lien by recording an appropriate claim of lien prepared and filed for record in accordance with the provisions of the Act. Any and

all liens, claims or rights of the Association in or with respect to any Apartment, or Co-Owner, for the discharge of any mechanic's lien or other encumbrances provided for hereunder shall be subordinate to the lien of any mortgage upon any Apartment recorded prior to the date of such lien, claim or right.

10. Lien of the Association For Unpaid Assessments: All unpaid Assessments against any Co-Owner shall constitute a lien against the Co-Owner's Apartment in favor of the Association, as provided by the Act, which lien shall become effective when a notice, claiming such lien, has been duly recorded by the Association in the RMC Office for Charleston County, South Carolina. Said lien shall be prior to all other liens except only tax liens on the apartment in favor of any assessing unit, and mortgages and other liens recorded , prior to recordation of the Association's lien. Such claim of lien shall state the legal description of the Apartment, the name of the record owner, and the amount due and the date when due. Such claim of lien shall be signed and verified by an officer or agent of the Association prior to its being recorded; and no such claim of lien shall be made by the Association unless the assessment, charge or expense, giving rise to the lien, remains unpaid for more than ten (10) days after same become due. Any such lien may be foreclosed by the Association in the manner provided by law for the foreclosure of real estate mortgages. The lien shall secure the payments of all assessments as described in said claim of lien and, in addition thereto, shall secure the payment of subsequent assessments which come due after the filing of the claim of lien and prior to the satisfaction of such lien by foreclosure or otherwise, including interest thereon at the rate of eight percent (8%) per annum together with all costs and reasonable attorney's fees incurred by the Association incident to the collection of such assessments or the enforcement of such lien. If foreclosure is not commenced within one (1) year after the date of filing such claim of lien, such claim shall not thereafter be foreclosed, nor shall such claim thereafter constitute a lien on the Apartment described in such claim. 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 assessments, including the right to proceed personally against any delinquent Co-Owner for the recovery of a judgment "in personam". Any personal judgment against any such delinquent Co-Owner may include all unpaid subsequent assessments which come due after the institution of such suit and prior to such Order of Judgment, including interest thereon at the rate of eight percent (8%) per annum, together with all costs and reasonable attorney's fees incurred by the Association incident to the collection of such assessments.

## ARTICLE VI

### MORTGAGES

1. Notice to Board of Directors: A Co-Owner who mortgages his apartment shall notify the secretary of the Association who shall maintain a record of such information.

2. Notice of Unpaid Common Expenses: The Board of Directors shall promptly report to the first mortgagee of any Apartment unpaid charges due from, or any other default by, the Co-Owner of a mortgaged Apartment not cured within thirty (30) days of default.

3. Notice of Taking or Damage: The Board of Directors shall promptly report to all first mortgagees in writing any loss to, or taking of, (including condemnation) the Common Elements or damage to an Apartment exceeding one thousand dollars (\$1,000.00).

4. Examination of Books: The holder of a first mortgage on any Apartment shall have the same right to examine the books and records of the Association afforded a Co-Owner pursuant to Section 6 of Article V of these By-Laws.

## ARTICLE VII

### USE AND OCCUPANCY RESTRICTIONS

1. Use and Occupancy Restrictions: No part of the Property shall be used for other than residential use and the related common purposes for which the property was designed. The foregoing restrictions as to use shall not, however, be construed in such manner as to prohibit a Co-Owner from:

- (a) Maintaining his personal or professional library therein.
- (b) Keeping his personal business or professional records or accounts therein.
- (c) Handling his personal business or professional records or accounts therein.

Such uses are expressly declared customarily incident to the principal residential use and not in violation of said restrictions.

2. Use of Common Elements: The Common Elements shall be used only for access, ingress and egress to and from the respective Apartments by the persons residing therein and their respective guests, household help and other authorized visitors, and for such other purposes which are incidental to the residential use of the respective apartments; provided, however, the parking area, and other special areas shall be used for such purposes as are approved by the Board of Directors. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Co-Owner. The Association and the Board of Directors, and their authorized employees and representatives, shall have such access to any Apartment as may be necessary for the repair, maintenance, replacement, alteration, care or protection of the Common Elements, or any portion thereof.

3. Nuisances: No unlawful, immoral, noxious or offensive activities shall be carried on in any Apartment or elsewhere on the Property, nor shall anything be done therein or thereon which shall constitute a nuisance or which shall in the judgment of the Board of Directors cause unreasonable noise or disturbance to others.

4. Maintenance and Repair: Each Co-Owner shall maintain his Apartment in good condition and in good order and repair, at his own expense, and shall not do or allow anything to be done in his Apartment which may increase the rate of cause the cancellation of insurance on other Apartments or on the Common Elements. Each Co-Owner shall not display, store or use any signs, clothing, sheets, blankets, laundry or other articles outside his Apartment, or paint or decorate or adorn the outside of his apartment, or install outside his apartment any canopy or awning, or outside radio or television antenna, or other equipment, fixtures or items of any kind, without the prior written permission of the Board of Directors.

5. Trash: Trash, garbage and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner as prescribed from time to time in administrative Rules and Regulations of the Board of Directors.

6. Rights of Developer: Until all of the Apartments have been sold by the Developer and occupied by the Purchasers, the Developer may use and show one or more of such unsold or unoccupied apartments as a model apartment or sales office, and may maintain customary signs in connection therewith notwithstanding the provisions of Sections 4 of this Article.

7. Personal Property: Articles of personal property belonging to any Co-Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall not be stored or kept in common areas, except in such storage area as may be specifically designated for the respective Co-Owner by the Board of Directors. No clothing, rugs, sheets, blankets or other laundry shall be hung or exposed from windows, balconies, decks or other common areas of the Property except when specifically approved by the Board of Directors. Screened porches shall at all times be kept clean and free of clothes, etc. If there is a violation of these rules, the Board of Directors shall have the right to assess a penalty fee.

8. Electric Wiring: No Co-Owner shall overload the electric wiring in any building, or operate any machines, appliances, accessories or equipment to the heating or air-conditioning system or plumbing system other than those systems originally installed, without the prior written consent of the Board of Directors or managing agent.

9. Boats, Campers and Inoperable Motor Vehicles: No boats, canoes, or campers shall be stored or parked on or in the common areas. All boats, canoes and campers shall be stored and parked in the area designated by the Board of Directors. Motor vehicles may be parked only in the areas provided for that purpose. Any motor vehicle which breaks down or becomes inoperable in the common areas shall immediately be repaired and made operable. The Board of Directors shall have the authority to remove any such vehicle from the common area if such vehicle is left in an inoperable state for more than 48 hours, or if such vehicle impedes or prevents ready access to any part of the Property. If there is a violation of these rules, the Board of Directors shall have the right to assess a penalty fee.

10. Pets: No animals shall be raised, bred or kept in any apartment, except for dogs, cats or other household pets of a Co-Owner, provided that they are not kept for any commercial purposes, and provided that they shall be kept in strict accordance with the administrative rules and regulations relating to household pets from time to time adopted or approved by the Board of Directors, and provided that they shall not in the sole judgment of the Board of Directors constitute a nuisance to others. If there is a violation of these rules, the Board of Directors shall have the right to assess a penalty fee. Pets shall be limited to no more than two (2) pets in any apartment and shall be limited to small pets. Any and all pets will need to be approved by the Board of Directors or any such committee created by the Board for such review.

**ARTICLE VIII**

**MISCELLANEOUS**

1. **Seal:** The seal of the Association shall be circular in form and shall contain the name of the Association and the year of its creation. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

2. **Bank Accounts:** The Board of Directors may, from time to time, by resolution authorize the maintenance of one or more deposit accounts by the Association. All checks, drafts, or other orders for the payment of money issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association, and in such manner as shall be determined from time to time by resolution of the Board of Directors.

3. **Notice:** Whenever any notice or demand is required to be given by these By-Laws or the Master Deed, any notice or demand so required shall be deemed sufficient if given by depositing the same in the United States Mail, postage prepaid, addressed to the person entitled thereto at his last known post office address according to the records of the Association, and such notice shall be deemed given on the day of such mailing.

4. **Waiver of Notice:** Whenever any notice whatever is required to be given under the provisions of any law, or under the provisions of the Charter, these By-Laws or the Master Deed, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

5. **Conflict:** In the event of any conflict between the provisions of these By-Laws and the Master Deed, the Master Deed shall govern.

6. **Definitions and Gender:**

(a) The **Members** of the Association shall be all Co-Owners of the Property.

(b) All definitions set forth in the Master Deed are incorporated by reference herein.

(c) Singular, plural, gender. Whenever the context so permits, the use of the plural shall include the singular, the use of the singular shall include the plural, and the use of any gender shall be deemed to include all genders.

**ARTICLE IX**

**AMENDMENT**

1. **Notice:** Notice of the subject matter of a proposed amendment to these By-Laws shall be included in the notice of any meeting at which a proposed amendment is considered

(a) A **resolution** for the adoption of the proposed amendment shall be represented to a meeting of the Members approval of any amendment shall be

had only upon the affirmative vote of the Co-Owners representing at least two-thirds of the total basic value of the Property, as provided for in the Act.

- (b) Proviso. Provided, however, that no amendment shall discriminate against any Co-Owner not against any Apartment or class or group of Apartments unless the Co-Owners so affected shall consent. No amendment shall be made which is in conflict with the Act, the Charter or the Master Deed.

4. Execution and Recording: A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officers of the Association with formalities of a deed. The amendment shall be effective when such certificate and a copy of the amendment are recorded in the RMC Office for Charleston County, South Carolina.

The foregoing were adopted as By-Laws of CAMBRIDGE LAKE CONDOMINIUM HOMEOWNERS ASSOCIATION, INC., a non-profit corporation existing under the laws of the State of South Carolina, at the first meeting of the Board of Directors on the ~~27<sup>th</sup>~~ day of February, 2003.

[Signature]  
WITNESS

[Signature]  
PRESIDENT

[Signature]  
WITNESS

STATE OF SOUTH CAROLINA )  
  )  
COUNTY OF CHARLESTON     )

Personally appeared before me the undersigned witness who, on oath, says that he saw the within named CAMBRIDGE LAKE CONDOMINIUM HOMEOWNERS ASSOCIATION, INC., by Allest Yates, its President, sign the within Master Deed, and that (s)he with the other witness herein witnessed the execution thereof.

[Signature]  
Witness

SWORN TO and subscribed before me this 24<sup>th</sup> day of February, 2003  
[Signature]  
NOTARY PUBLIC FOR SOUTH CAROLINA  
My Commission Expires: 8/19/2007