



BYLAWS

These Bylaws of Litchfield-of-the-Sea Community Association, Inc. reflect the updated complete Bylaws as of October 15, 1984.

Bylaws of

LITCHFIELD-BY-THE-SEA COMMUNITY ASSOCIATION, INC.

ARTICLE I MEMBERS

Section 1. Definitions. All defined terms used in these Bylaws shall mean and refer to such term as defined in the Covenants described in Section 2 below, unless otherwise specifically provided herein.

Section 2. Membership in the Corporation. The Members of the Litchfield-by-the-Sea Community Association, Inc. (hereinafter referred to as "Corporation") shall be every Owner of the property subject to the provisions of (i) Declaration of Covenants and Restrictions of the Litchfield-by-the-Sea Community Association, Inc. (hereinafter referred to individually as the "Association Covenants"), (ii) Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Litchfield-by-the-Sea, (hereinafter referred to individually as the "General Covenants") (all such covenants, restrictions and affirmative obligations, as the same may be amended from time to time, are hereinafter jointly referred to as the "Covenants"), all such Covenants having been made June 15, 1978, by Litchfield-by-the-Sea, Inc., a Delaware Corporation qualified to do business in South Carolina (hereinafter referred to as the "Company").

The Board of Directors of the Corporation may suspend any Owner from membership in the Corporation during any period of time when such Owner is in default of any of his obligations under the Covenants and Bylaws (including, without limitation, the failure to pay any assessment), provided that such default has continued uncured for a period often (10) days after written notice thereof to such Member. The obligation for assessments is not abated by suspension of a Member and cannot be waived by non-use or abandonment of the Association facilities or properties.

Section 3. Membership Classes. There shall be the following three (3) classes of voting membership in the Corporation:

(a) Type "A" Members shall be all Owners (including the Company) of Residential Lots and Dwelling Units. A Type A Member shall be entitled to cast votes as set forth in Section 2 of Article III of the Association Covenants.

(b) Type "B" Members shall be all those Owners (including the Developer) of Public or Commercial Sites, Multiple Family Tracts, Public or Commercial Units, Unsubdivided Property and Development Unit Parcels. A Type B Member shall be entitled to cast votes as set forth in Section 2 of Article III of the Association Covenants.

(c) The Type "C" Member shall be the Company. The Type C Member shall be entitled to cast votes for the election of members of the Board of Directors as set forth in Section 2 of Article III of the Association Covenants.

Payment of Special Assessments shall not entitle Members to additional votes. When any property entitling an Owner to membership is owned Of Record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, one person or entity shall be designated the voting Member to bind all others. A written instrument designating the voting Member shall be executed in a form satisfactory to the Corporation and filed with the Secretary of the Corporation.

Section 4. Voting Rights in the Corporation. The Members of the Corporation shall have the right to vote for the election and removal of Directors and upon such other matters with respect to which a vote of Members is required under the Covenants. Members may cast their votes as set forth in Article III of the Association Covenants. Members, excepting the Type C Member, are divided into classes for the sole purpose of computing voting rights and shall in no event vote as a class.

ARTICLE II MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the Members shall be held on the first Tuesday in April of each year commencing with April 3, 1979. Such annual meetings shall be held for the purpose of electing Directors, selecting accountants and for the transaction of such other business as may be, pursuant to the Covenants and these Bylaws, properly the subject of action by the Members.

Section 2. Special Meetings. Special meetings of the Members may be called by the President, the Board of Directors or, subsequent to the first annual meeting, Members of the Corporation holding not less than one third of the votes.

Section 3. Place of Meeting. The President or the Board of Directors may designate any location within Georgetown, Charleston or Horry Counties, South Carolina as the place for any annual or special meeting. If no designation is made or if a special meeting is called by the Members of the Corporation, the place of meeting shall be the principal office of the Corporation within Georgetown County, South Carolina.

Section 4. Notice of Meeting. Written notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered not less than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary or the person calling the meeting, to each Member of the Corporation at his address as shown on the records of the Corporation. A Member may, in writing, signed by him, waive notice of any meeting before or after the date of the meeting stated therein.

Section 5. Informal Action by Members. Any action required or permitted by law to be taken at a meeting of the Members of the Corporation may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members of the corporation, which consent shall be filed with the Secretary of the Corporation as part of the corporate records.

Section 6. Quorum Required for any Action Authorized at Regular or Special Meetings of the Corporation. The quorum required for any action which is subject to a vote of the Members at a meeting of the Corporation (as distinguished from a Referendum) shall be as follows:

The first time a meeting of the Members of the Corporation is called to vote on a particular action the presence at the meeting of Members or proxies entitled to cast fifty-one (51%) percent of the total vote of the Membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such second meeting.

Section 7. Conduct of Meetings. The Directors may make such regulations as they deem advisable for any meeting of the Members, including proof of Membership in the Corporation, evidence of the right to vote and the appointment and duties of inspectors of votes. Such regulations shall be binding upon the Corporation and its Members.

Section 8. Ballots by Mail. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Corporation, a statement of certain motions to be introduced for vote of the Members and a ballot on which each Member may vote for or against the motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section 6 of this Article II. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

ARTICLE III DIRECTORS

Section 1. General Powers. The affairs of the Corporation shall be managed by its Directors. The Directors need not be Members of the Corporation.

Section 2. Number and Tenure. Initially the number of Directors shall be three (3) with the number of Directors in subsequent years to be set by the Board of Directors at three (3), five (5), seven (7), or nine (9) members as the Board of Directors deem appropriate. At the first annual meeting the Members shall elect one Director for a term of one (1) year and two Directors for a term of two (2) years. In the event the number of Directors is increased, one half of such new Directors shall be elected for an initial term of one (1) year and one half shall be elected for an initial term of two (2) years. At the expiration of the initial term of a Director, his successor shall be elected to a term of two years. Any vacancy occurring in the initial or any subsequent Board of Directors may be filled at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors, or by a sole remaining Director and, if not previously filled, shall be filled at the next succeeding meeting of the Members of the Corporation Any Director elected to fill a vacancy shall serve for the remaining term of his predecessor.

Section 3. Annual Meetings. Annual Meetings of the Board of Directors shall be held annually immediately following the annual meeting of the Members. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without notice.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors by giving notice thereof as provided in Section 5 of this Article III. Such persons calling a special meeting of the Board of

Directors may fix any location as the place for holding such special meeting. Further, any meeting of the Board may be held by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting.

Section 5. Notice. When notice of any meeting of the Board of Directors is required, such notice shall be given at least five days previous to such meeting by written notice delivered personally or sent by mail to each Director at his address as shown on the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited postage prepaid in the United States mail in a sealed envelope properly addressed. Any Director may waive notice of any meeting before or after the time of the meeting stated therein and attendance of a Director at any meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law, the Articles of Incorporation, these Bylaws or the Covenants.

Section 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, but if less than a majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting without further notice.

Section 7. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors any Director may be reimbursed for his actual expenses incurred in the performance of his duties as Director. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore.

Section 9. Informal Action by Directors. Any action required or permitted by law to be taken at a meeting of Directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all the Directors, which consent shall be filed with the Secretary of the Corporation as part of the corporate records.

Section 10. Removal of Directors. Any Director may be removed from the Board of Directors, with or without cause, by a majority vote of the Members of the Corporation. The vacancy thus created by such a removal shall be filled as provided in Section 2 of this Article III

ARTICLE IV POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Properties, Restricted Common Properties and Purchased Common Properties, and the conduct of the Members, their lessees or guests, and to establish penalties for the infraction of such rules and regulations;

(b) suspend the voting rights of a Member and his right to use the Common Properties, Restricted Common Properties and Purchased Common Properties during any period in which such Member shall be in default in the payment of any assessment levied by the Corporation. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

(c) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties,

(d) exercise on behalf of the Corporation all other powers, duties and authority vested in or delegated to the Corporation as set forth in the Covenants and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the Covenants

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs, have the same available for inspection at the offices of the Corporation, and present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by a one-fourth (1/4) vote of the Members who are entitled to vote;

(b) supervise all officers, agents and employees of the Corporation, and see that their duties are properly performed;

(c) perform all duties set forth in the Covenants, including without limitation:

1. fixing the amounts of all assessments;

2. sending written notice of all assessments to every Owner subject thereto;

3. in the discretion of the Board, foreclosing the lien against any property for which assessments are not paid within thirty (30) days after the due date or bringing an action at law against the Owner personally obligated to pay the same;

4. providing for a Board of Architectural Review;

5. issuing, or causing an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

6. causing the Common Properties, Restricted Common Properties and Purchased Common Properties to be maintained or repaired; and periodically defining a minimum level of services as set forth in the Association Covenants.

- (j) procure and maintain adequate liability and hazard insurance on property owned or leased by the Corporation; and
- (k) cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate.

ARTICLE V MERGER

To the extent and in the manner provided by law, the Corporation may participate in mergers and consolidation with other nonprofit associations organized for the same purposes, provided, however, that any such merger or consolidation shall require approval by the vote of two-thirds (%) of the Members at a meeting duly called for such purpose.

Upon merger or consolidation of the Corporation with another association or associations, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Corporation as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Existing Property, together with the covenants and restrictions established upon any other property as one plan. No merger or consolidation shall effect any revocation, change or addition to the Covenants, including, without limitation, the maximum limits on assessments of the Corporation, or any other matter substantially affecting the interest of Members of the Corporation.

ARTICLE VI MORTGAGES

To the extent provided by law and by the Covenants, the Board of Directors of the Corporation shall have the power and authority to mortgage the property of the Corporation and to pledge the revenues of the Corporation as security for loans made to the Corporation which loans shall be used by the Corporation in performing its authorized functions.

ARTICLE VII OFFICERS

Section 1. Officers. The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary and a Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and to perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person except the offices of President and Secretary. The President shall be a Director of the Corporation. Other officers may be, but need not be, Directors of the Corporation.

Section 2. Election, Term of Office and Vacancies. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation will be served thereby.

Section 4. Powers and Duties. The officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be chief executive officer of the Corporation.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE IIX COMMITTEES

Section 1. Committees of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of two or more Directors, which committees, to the extent provided in the resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Corporation; provided, however, that no such committee shall have the authority of the Board of Directors as to the following matters: (a) the dissolution, merger or consolidation of the Corporation; (b) the amendment of the Articles of Incorporation of the Corporation; (c) the sale, lease or exchange of all or substantially all of the property of the Corporation; (d) the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee; (e) the amendment or repeal of these Bylaws or the adoption of new Bylaws; and (f) the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

Section 2. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Corporation may be designated by a resolution adopted by the Board of Directors. Such committees may include or be entirely composed of Members who are not Directors and shall perform such duties and have such powers as may be provided in the resolution.

Section 3. Rules. Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE IX CERTIFICATES OF MEMBERSHIP

The Board of Directors may provide for the issuance of certificates evidencing membership in the Corporation, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary and shall be sealed with the seal of the Corporation. All certificates evidencing membership shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Corporation. If any certificate shall become lost, mutilated, or destroyed, a new certificate may be issued therefor upon such terms and conditions as the Board of Directors may determine.

ARTICLE X INSPECTION

The books and records of the Corporation shall at all times be subject to inspection by any Member during reasonable business hours. The Covenants, the Articles of Incorporation and the Bylaws of the Corporation shall be available for inspection and purchase by any Member at the principal office of the Corporation.

ARTICLE XI PROXIES

Section 1. Proxy Allowed. Each Member entitled to vote may vote in person or by proxy at any meeting of the Corporation.

Section 2. Form and Effect. Each proxy shall be executed in writing by the Member or by his duly authorized attorney-in-fact, shall state the meeting for which such proxy is given and shall be filed with the Secretary; provided, however, that proxies shall not be permitted for any action which is subject to a Referendum. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date.

ARTICLE XII CONSTRUCTION

In the event of a conflict between the Covenants and the Articles of Incorporation or the Bylaws, the Covenants shall control; and in the case of any conflict between the Articles of Incorporation and the Bylaws that the Covenants do not resolve, the Articles of Incorporation shall control.

ARTICLE XIII ASSESSMENTS

As more fully provided in the Covenants, each Member is obligated to pay to the Corporation annual and special assessments which are secured by a continuing lien upon the property against which such assessments are made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date a penalty in an amount to be determined annually by the Board of Directors and consistently applied shall be added to such assessment, and such assessment shall, unless waived by the Board of Directors, bear interest from the date of delinquency at the maximum rate allowed by law. The Corporation may further bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by suspension from or nonuse of the Common Properties, Restricted Common Properties or Purchased Common Properties or abandonment of the property owned by him.

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Litchfield-by-the-Sea Community Association, Inc., State of Delaware, 1978.

ARTICLE XV AMENDMENTS

These Bylaws may be altered, amended, or repealed by, and new Bylaws may be adopted by a majority of the Board of Directors.