

BY-LAWS  
OF  
SEA CABIN ON THE OCEAN III HORIZONTAL PROPERTY REGIME

REGIME COUNCIL OF CO-OWNERS

ARTICLE I

NAME

The name of the Association shall be the Sea Cabin On the Ocean III Horizontal Property Regime Council of Co-Owners.

ARTICLE II

OFFICES

The principal office of the Association shall be located at Sea Cabin On the Ocean III Horizontal Property Regime, Isle of Palms, South Carolina. The Association may have other offices within and without the State of South Carolina as the Board of Directors may determine or as the affairs of the Association may require from time to time. The Association shall have and continuously maintain in the State of South Carolina, a registered agent whose office shall be identical with the registered office. The registered office may be but need not be identical with the principal office of the Association and the address of the registered office may be changed from time to time by the Board of directors.

ARTICLE III

PURPOSE

The purpose of this Association shall be to provide a collective

the Ocean III Horizontal Property Regime to manage and control Sea Cabin on the Ocean III Horizontal Property Regime and the activities of the Co-Owners therein and of all persons using or occupying the facilities of Sea Cabin On the Ocean III Horizontal Property Regime and all things pertinent to and/or related thereto and to carry out all activities, promulgate all Rules and Regulations and to have all responsibilities and purposes that are given to the Sea Cabin On the Ocean III Horizontal Property Regime Council of Co-Owners in the Master Deed of Sea Cabin On the Ocean III Horizontal Property Regime (hereinafter called the Master Deed), in the South Carolina Horizontal Property Act, Title 27, Chapter 31, Code of Laws of South Carolina, 1976, (hereinafter called the Act) and in these By-laws, and to be the Council of Co-Owners for this Horizontal Property Regime as defined and called for in the Act and the Master Deed.

#### ARTICLE IV

#### DEFINITIONS

All terms and phrases used herein shall, unless the context otherwise requires, have the same definition and meaning as set forth in the Master Deed and/or in The Act, as the case may be.

#### ARTICLE V

#### MEMBERS

Each and every Co-Owner of an Apartment or an interest in an Apartment in Sea Cabin On the Ocean III Horizontal Property Regime shall be a Member of this Association. Further, there shall be appurtenant to each Apartment in Sea Cabin On the Ocean III Horizontal Property Regime the number of votes assigned in the Master Deed which shall be voted collectively by the Voting Member of that Apartment as set forth in the

automatically become a Member hereof and likewise the vote appurtenant to that apartment shall automatically pass and the membership of the transferor immediately terminated whether any membership certificate or voting certificate be transferred or not; provided, however, the Association shall for all purposes be entitled to rely upon the right to membership and voting rights of the person shown as Co-Owner of an Apartment in its records until notified of such transfer by delivery of written notice thereof to the secretary of the Association.

## ARTICLE VI APPLICATION

All present and future Co-Owners, tenants, future tenants, agents, servants, employees, guests, invitees and any other person using the facilities of Sea Cabin On the Ocean III Horizontal Property Regime or occupying any Apartment thereof shall be and is hereby subject to all matters, Rules and Regulations set forth in these By-Laws, Rules and Regulations promulgated by the Board of Directors hereof, and all things set forth in the Master Deed and in The Act.

A mere acquisition or rental of an Apartment or use of the facilities of the Condominium shall signify these By-Laws and all Rules and Regulations and provisions contained within the Master Deed, The Act or promulgated by the Board of Directors are accepted, ratified and shall be complied with.

## ARTICLE VOTING MAJORITY

Section 1. There is hereby assigned to each Apartment the number of votes as described and assigned in the Master Deed which shall be voted

them as the Voting member and notify the Secretary in writing of such designation. In the event a corporation owns an Apartment, the corporation shall designate one agent thereof as the Voting Member and so notify the Secretary in writing. In the case of multiple or corporate ownership of an Apartment, the vote appurtenant thereto shall not be exercised until written designation of the Voting Member has been delivered to the Secretary. The Voting Member so designated shall remain the Voting Member, entitled to cast the vote of that Apartment on all matters to come before the Council of Co-Owners for vote until the Secretary be given written notice of change. The vote assigned to each Apartment represents the percentage value of that Apartment as opposed to the Regime as a whole as then comprised.

Section 2. As used in these By-Laws, the term Majority of Co-Owners shall mean those Co-Owners who are Voting Members holding 51 percent of the total vote of all the Co-Owners of the Condominium as then constituted and thereby represent 51 percent of the basic value of the Property as a whole. Unless otherwise required herein, in the Master Deed or in The Act, majority vote shall constitute 51 percent of the total outstanding votes of all Co-Owners and shall be required to adopt any decisions affecting the Condominium.

Section 3. Except as otherwise provided or required in these By-Laws, the Master Deed or The Act, the presence in person or by proxy of a Majority of Co-Owners, as is defined above, shall be required to constitute a quorum.

Section 4. Votes may be cast in person or by proxy. Each proxy shall be in a form as determined by the Board of Directors and must be filed with the Secretary at least 15 days before the appointed time for a regular meeting and at least one day before the appointed time for a

ARTICLE VIII  
ADMINISTRATION

Section 1. The Association shall be managed and governed by a Board of Directors (herein called the Board) consisting of seven (7) members; provided, however, if there be fewer different Co-Owners than seven, the number of Directors shall be equal to the number of different Co-Owners; provided, however, there shall always be an odd number of Directors. If there be an even number of different Co-Owners less than seven, there shall be one less director than the number of different Co-Owners. The initial Board of Directors shall be nominated and elected at the organizational meeting. Of the total Directors to be then elected, the number of nominees equal to one-half of the Board to be elected plus one and receiving the most votes shall be elected to the Board for a two-year term; the nominees receiving the next highest number of votes equal to the remaining positions on the Board shall be elected for a one-year term. Directors elected at subsequent elections shall be elected for a term of two years, and shall be elected at the regular Annual Meeting of the Council of Co-Owners. At such regular Annual Meetings, the Voting Members shall vote for the number of Directors necessary as there are vacancies on the Board; provided, however, there shall be no cumulative voting. The candidates receiving the most votes shall be declared elected as members of the Board to fill the Board positions vacant at that time. Board members shall serve until their successors are elected and qualified.

Section 2. Any Director who shall cease to be a Co-Owner or who shall be delinquent in payment of any common expenses or assessments (as defined in the Master Deed and/or in The Act) shall automatically cease to be a Member of the Board.

ARTICLE IX  
BOARD OF DIRECTORS

Section 1. Consistent with these By-Laws, the Board shall:

A. Transact all Association business and prescribe the Rules and Regulations for the use of Sea Cabin On the Ocean III Horizontal Property Regime and all facilities and property thereof and may appoint such officers, clerks, agents, servants or employees as it may deem necessary in its sole discretion and may fix their duties and compensation.

B. Annually set the common expenses for the operation of the Condominium.

C. Fix, impose and remit penalties for violations of these By-Laws and Rules and Regulations of the Council of Co-Owners.

D. Serve without compensation.

E. Elect from the Board within thirty (30) days after each Annual Meeting a President, Vice President, Secretary and Treasurer, all of whom shall serve without remuneration. In the event of a vacancy in any one of these offices during the year, the Board shall have the power to elect a member of the Board in good standing to fill the vacancy for the unexpired term. In the event of a vacancy on the Board, the President shall have the power to appoint with the approval of the majority of the Board, a member in good standing to fill the vacancy until the next Annual Meeting.

F. Carry out all other duties and obligations imposed and exercised

Section 2. There shall be at least one regular meeting of the Board quarterly at a time designated by the President. The President or two members of the Board may call special meetings of the Board as are deemed necessary or desirable and in the best interest of the Association.

Section 3. Notice of regular and any special meetings of the Board of Directors shall be given at least two days previously thereto by written notice delivered personally or sent by mail to each Director at his address as shown in the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice for such meeting except for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither business to be transacted nor other 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 or by these By-Laws.

Section 4. A simple majority of the members of the entire Board shall constitute a quorum for the purposes of transacting Association business and the affirmative vote of a simple majority of the entire Board shall be necessary to pass any resolution or authorize any act of the Association unless a different vote is required herein, in the Master Deed, its Exhibits and/or The Act. Absentee voting is permitted provided such Director register his vote in writing with the Secretary within twenty-four hours after the termination of such meeting.

Section 5. Any action required by law to be taken at any meeting of the Directors or any action which may be taken in a meeting of the

Section 6. The Board of Directors shall annually on or before November 15 of each year, prepare a budget for the up-coming calendar year to include such sums as it deems necessary and adequate to provide for the common expenses of the Condominium and such other expenses as are deemed necessary or appropriate expenses of the Condominium. The Board of Directors shall thereafter on or before December 1 deliver (which delivery may be by mail) the budget for the up-coming year together with statement of the amount(s) due from each Co-Owner for that year and the date or dates upon which payment or payments are due to the Co-Owners. Thereafter, should any increase or decrease be determined appropriate by the Board of Directors in assessments to be paid by Co-Owners, the Board shall notify all Co-Owners so affected at least thirty days prior to the time such assessment so changed shall be due. The Council of Co-Owners shall have a lien upon each Apartment together with the common elements and common surplus appurtenant thereto for payment of all assessments not paid when due in the amount of such unpaid assessments together with the interest thereon from the date due together with the cost of collection thereof including a reasonable attorney's fees. Such shall be collected and/or lien foreclosed upon in the manner provided for in the Master Deed and Exhibits thereto and/or in The Act.

#### ARTICLE X

#### OFFICERS

Section 1. The principal officers of the Association shall be a President, Vice-President, Secretary and Treasurer, all of whom shall be elected by and from the Board. The Directors may appoint assistant treasurers and secretaries and such other officers as in their judgement may be necessary. No two offices may be held by the same person unless there be less directors than officers to be elected in which case one may hold more than one (1) office.



Council of Co-Owners and shall serve for the twelve month period next succeeding. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall be duly elected and shall qualify.

Section 3. The President shall be the principal executive officer of the Association, shall preside at all meetings of the Board and all meetings of the membership, shall appoint committees and shall have general charge of and shall control the affairs of the Association according to such rules and regulations as the Board shall determine.

Section 4. There shall be a Vice-President who shall perform such duties as may be assigned to him by the Board. In case of death, disability or absence of the President, he shall be vested with all the powers and perform all duties of the President. The Vice-President shall also be chairman of the Operations Committee.

Section 6. There shall be a Treasurer who shall keep the funds of the Condominium and shall disburse them to meet the ordinary and usual expenses of the Condominium and for other purposes as required by the Master Deed, The Act and/or upon order of the Board of Directors after such disbursement order has been entered in the minutes of the Board at a duly constituted meeting and shall have such other duties as may be assigned to him. He shall render a financial report to each regular meeting of the Board and to the Annual Meeting of the Council of Co-Owners. The Treasurer shall be bonded at the expense of the Association.

Section 7. If required by the Board of Directors, the assistant treasurer, if any, shall be bonded at the expense of the Association. The assistant treasurers and the assistant secretaries, in general, shall

Section 8. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

## ARTICLE XI

### MEETINGS

Section 1. There shall be an Annual Meeting of the Council of Co-Owners (Association) held during the first quarter of the calendar year and at a time and place designated by the President. Notice of the annual meeting shall be given to all Co-Owners by mail at least twenty days prior to the date of the meeting.

Section 2. Special meetings of the Council of Co-Owners may be called by the Board. Also, upon request of voting members totaling 50 percent of the total votes of the Association in writing made to the Secretary stating the purpose therefor, a special meeting shall be called by the Secretary of the Association to be held within forty days thereafter. Special meetings of the Council of Co-Owners may be held at the call of the President upon five days notice by mail to all members.

Such notice shall state the purpose for which the special meeting is called and no other business shall be transacted at said meeting.

Section 3. Voting members holding fifty-one percent of the total votes of the Council of Co-Owners must be present personally or by proxy to constitute a quorum at all Annual and Special meetings of the Council of Co-Owners. Should voting members holding fifty-one per cent of the vote not be present or constitute a quorum at an Annual meeting of the membership, a special Board meeting may be called by the President or the Secretary and by action of two-thirds of the entire membership of the Board of Directors a quorum may be declared provided there are Voting

Section 4. Any action required by law to be taken at a meeting of the Council of Co-Owners or any action which may be taken in a meeting of the Council of Co-Owners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Voting Members holding not less than two-thirds of the entire votes entitled to vote on the subject matter thereof and further provided the same is not otherwise prevented by these By-Laws, the Master Deed or The Act.

Section 5. When notice to Co-Owners is required, the mailing of such notice to the last known address of the Co-Owner in the Corporation's records shall constitute notice.

## ARTICLE XII

### OBLIGATIONS OF CO-OWNERS

Section 1. Each Co-Owner is obligated to pay all annual, monthly and special assessments and charges levied and imposed by the Council of Co-Owners and/or through its Board of Directors for such purposes as are enumerated in the Master Deed, in The Act and in these By-Laws. Such charges or assessments so levied shall be paid on or before the date(s) affixed by resolution of the Board. Written notice of the change in any assessment and the date the payment shall be paid shall be sent to each Co-Owner at the address given by such Co-Owner to the Secretary of the Council. All common assessments shall be prorated dependent upon each Co-Owner's percentage of ownership in the common elements as is determined and set forth in the Master Deed and the Exhibits thereto. Such assessments shall include monthly payments to a general operating reserve in a reserve fund for replacements and all other things as required or set forth in Master Deed, The Act and/or these By-Laws.

Section 2. The amount of assessment levied shall be paid on or

on the Co-Owner's Apartment and share of the common elements and common surplus appurtenant thereto. Upon recording of the lien with the proper governmental authority for Charleston County, South Carolina, such lien rights shall be as provided for and in accordance with the terms and provisions of the Master Deed and The Act. The notice of assessment which shall state the amount of such assessment and such other charges and give the number of the Apartment which has been assessed shall be mailed to the Co-Owner thereof. Upon payment of such said assessments and charges or other satisfaction thereof, if a lien has been recorded, the Board shall, within a reasonable time, cause to be recorded a notice stating the satisfaction of and release of said lien. The priority of the lien hereinabove set forth shall be as provided in the Master Deed and/or The Act.

Section 3. The lien provided herein may be foreclosed by suit by the Board acting on behalf of the Council in like manner as a mortgage and in such event, the Council may be a bidder at the foreclosure sale. The Council through its Board or duly authorized agent may also pursue any other remedy against any Co-Owner owing money to it which is available to it by law or in equity for the collection of debt.

Section 4. Upon request, the Board shall furnish a statement certifying that all assessments then due have been paid or indicating the amount then due.

Section 5. The Council through its Board shall suspend any Co-Owner not paying assessments when due and such Co-Owner and any lessee, guest or invitee or other person planning to occupy that Co-Owner's Apartment by reason of permission of that Co-Owner or use the facilities of the Condominium shall be refused entrance into the Condominium and use of the facilities thereof until all assessments and penalties to which such

Master Deed, The Act or these By-Laws or which is within his own Apartment which, if omitted, would affect the Condominium in its entirety or in a part belonging to some other Co-Owner(s). The Council shall be responsible for all maintenance and repair work required of the Council in the Master Deed, these By-Laws and/or The Act.

A Co-Owner shall reimburse the Council if there be any expenditures incurred in repairing and/or replacing any common elements or facilities damaged by such Co-Owner, his family, guests, invitees or lessees.

Section 7. Each Apartment, other than any Apartment owned by Sea Cabin Corporation, shall be utilized for residential purposes only, provided, however, such shall not prevent rent or lease of his Apartment by a Co-Owner to a lessee or rentor to use for residential purposes.

Section 8. No Co-Owner shall make any structural modifications or alterations in his apartment or upon any common elements without the approval of the Council of Co-Owners through the Board of Directors.

Section 9. No Co-Owner, his family, guests, invitees, or lessees shall place or cause to be placed in any common areas or facilities any furniture, package(s) or object(s) of any kind. Such areas shall be used for no purpose other than normal transit through them and/or use of the facilities provided.

Section 10. Each Co-Owner shall and does hereby grant right of entry to the Board or its duly authorized agent in the case of any situation provided for in the Master Deed or the Act whether such Co-Owner is present at the time or not.

Section 11. No occupant of an apartment shall post any

Section 12. Occupants of apartments shall use extreme care about making noises or the use of musical instruments, radio, television and/or amplifiers that may disturb other occupants and in the event so notified by the Board or its duly authorized agent such occupant shall immediately cease and desist such activity.

It is prohibited to hang garments, rugs, etc. from the windows or from any sides or from any of the buildings or parts thereof.

It is prohibited to dust rugs, etc. from the windows or to clean rugs, etc. by being on the exterior part of any of the buildings.

It is prohibited to throw or place garbage or trash outside the disposal installation(s) provided for such purposes.

Section 13. No Co-Owner, occupant or lessee of an apartment shall install wiring for electrical or telephone installation, television antenna, machines or air conditioning units, etc. on the exterior of the buildings or that protrude through the walls or roof of any building except as authorized by the Board.

Section 14. Nothing herein contained shall limit in any manner the power of the Council and/or Board to issue or promulgate such Rules and Regulations as are deemed necessary or desirable for the use, occupancy and enjoyment of the Condominium by the Co-Owners and/or occupants thereof. Further, all obligations imposed by the Master Deed, its Exhibits and/or the Act are hereby incorporated by reference as further obligations as fully as if herein set forth.

Section 15. The Board of Directors shall have the right to enter into such agreements as it deems desirable to provide common services or

television system and/or television sets. Furthermore, Sea Cabin Corporation, as Grantor, shall have the right to enter into such agreements on behalf of and for the Council of Co-Owners, its Board and the Co-Owners which agreement(s) shall be binding upon the Council of Co-Owners and each and every Co-Owner.

## ARTICLES

### MORTGAGES

Section 1. Any Co-Owner who mortgages his condominium Unit or any interest therein shall notify the Board of Directors of the name and address of his mortgagee and the Board shall maintain such information in a book entitled "Mortgagees of Condominium Units".

Section 2. The Board shall, at the request of such mortgagee, report any unpaid assessments due from the Co-Owner of such condominium Unit so mortgaged.

Section 3. Any and all Institutional Mortgagees shall have all rights and powers granted unto them by the Master Deed and/or The Act and nothing herein contained shall supercede such rights and powers. In the event any right or duty or power herein delegated or granted unto the Council or Board by these By-Laws is given to an Institutional Mortgagee by reason of the Master Deed and/or The Act or should that Institutional Mortgagee by reason of the Master Deed and/or The Act have any voice in such decisions, then such Institutional Mortgagee is hereby given and granted such rights and powers and vote in such decisions as are thereby granted.

## ARTICLE XIV

### RULES AND REGULATIONS

issued as it may in its sole discretion determine necessary and desirable for the continued maintenance and upkeep, use and enjoyment of any apartments, common areas of facilities contained within the Condominium, subject, however, to such restrictions upon such as contained in the Master Deed, its Exhibits and The Act together with any Rules and Regulations issued thereunder. Such Rules and Regulations shall be binding upon and enforceable upon all Co-Owners, their families, guests, invitees and/or lessees, and all occupants of Apartments.

#### ARTICLE XV

#### CONTRACTS, CHECKS, DEPOSITS, AGREEMENTS AND FUNDS

Section 1. The Board of Directors may authorize any officer or officers or agent or agents of the Council to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Council and/or the Co-Owners thereof. Such authority may be general or confined to specific instances.

Section 2. All checks, drafts or orders for the payment of notes or other evidences of indebtedness issued in the name of the Council shall be signed by such officer or officers, agent or agents of the Council in such manner as shall from time to time be determined by the resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer (or duly authorized assistant treasurer) and by the President (or Vice President).

Section 3. All funds of the Council of Co-Owners and/or received by it from or on behalf of the Co-Owners shall be deposited from time to time to the credit of the Council at such banks, insurance companies, trust companies or other depository as the Board may select or as the circumstances and purposes of such deposits may require.



ARTICLE XVI  
CERTIFICATES OF MEMBERSHIP

Section 1. The Board shall provide for the issuance of certificates evidencing membership in the Association to each Co-Owner which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President and by the Secretary and shall be sealed with the seal of the Association, if any. All certificates shall be consecutively numbered. The name and address of each Co-Owner and the date of issuance of the certificates shall be entered on the records of the Association. If any certificate may become lost, mutilated or destroyed, a new certificate may be issued therefore upon such terms and conditions as the Board may determine.

Section 2. Upon purchase of the Condominium Unit, a certificate of membership shall be issued in the name of the Co-Owner thereof and delivered to him by the Secretary. Such certificate shall be non-transferable and shall be immediately surrendered to the Board upon termination of ownership for any reason. Further, should such Co-Owner fail to surrender such certificate upon termination of ownership such termination shall automatically terminate and such membership certificate shall become null and void.

Section 3. Any Co-Owner failing to pay assessments when due may have his membership in the Association and his use of his Apartment and the facilities of the Condominium suspended by the Board. Any Co-Owner thus suspended shall immediately be notified in writing by the Secretary.

ARTICLE XVII  
BOOKS AND RECORDS

Section 1. The Council and the Board shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Council, of the Board and committees having any authority of the Board and/or the Council and shall keep at the registered office a record giving the names and addresses of the Co-Owners who are Voting Members.

Section 2. For purposes of voting at all meetings of the Council of Co-Owners, that person designated as Voting Member for a particular apartment shall be conclusively so presumed to be the Voting Member therefor until the Secretary be notified of a change in the Voting Member. The names of the Voting Members entitled to vote at any meeting and may not thereafter be changed without the express permission of the Board. For purposes of this section, deposit of notice in the United States mail prepaid or personal delivery shall constitute delivery.

ARTICLE XVIII  
MISCELLANEOUS

Section 1. Each person elected and qualified as a Director or Officer shall be indemnified by the Council against expenses actually and necessarily incurred by and in connection with the defense by such person of any action, suit or proceeding in which he is made a party by reason of his being a Director or Officer except as to matter as to which he is adjudged to be liable for gross negligence or willful misconduct. The right of indemnification shall inure to each Director or Officer when such matter occurred during the time that such person was a Director or

Officer until such time as such Director or Officer

Section 2. Any question as to the interpretation of these By-Laws shall be determined by simple majority of the full Board.

Section 3. Robert's Rules of Order shall apply in any meeting of the Board or of the Council unless in conflict with the By-Laws, Master Deed or the Act in which case these By-Laws, the Master Deed and/or The Act shall control.

#### ARTICLE XIX

#### COMPLIANCE

These By-Laws are set forth to comply with the requirements of the South Carolina Horizontal Property Act, Title 27, Chapter 312, Code of Laws of South Carolina, 1976. In case any of these By-Laws conflict with the provisions of The Act, the provisions of The Act shall apply. In the event of any conflict between these By-Laws and the Master Deed, the provisions of the Master Deed shall control.

#### ARTICLE XX

#### AMENDMENTS

These By-Laws may be amended by a vote of two-thirds of the total vote of the Condominium, which represents two-thirds of the total value of the Property, unless some other or greater vote is required herein, in the Master Deed and/or in The Act. The percentages and vote set forth in the Master Deed and Exhibits thereto are based upon the value of each apartment in relation to the entire Condominium property.

#### ARTICLE XXI

#### INCORPORATION

future, incorporating, if such be approved by a two-thirds vote of the Voting Members and not objected to by any Institutional Mortgagee of record provided, however, such shall not work to void or avoid any rights, duties, obligations or liabilities of any individual Co-Owner under the Master Deed, The Act or herein, or therefore made or entered into, whether then executory or not.

## ARTICLE XXII

### DISSOLUTION

Termination of the Condominium shall automatically dissolve this Association. It may also be dissolved in the manner provided by law. Upon dissolution those funds held by the Association for the Co-Owners shall be turned over to the Association's successor as governing entity of the Condominium, or if the Condominium be terminated, after payment of all debts and expenses, divided as provided according to the percentage ownership interests of the Co-Owners in the Common Elements and disbursed as provided in The Act and/or the Master Deed, provided, however, the residual of any property of any nature owned by the Association not held by it on behalf of the Co-Owners or any of them, shall, if appropriate, be turned over to one or more organizations which, themselves, are exempt from Federal Income Tax as organizations described in Sections 501(e) (3) and 170(c) of the Internal Revenue Code and from South Carolina Income Tax, or to the Federal, State or Local Government for exclusively public purposes.

THESE BY-LAWS are hereby adopted, accepted and fully ratified as THE BY-LAWS OF THE SEA CABIN ON THE OCEAN III HORIZONTAL PROPERTY REGIME COUNCIL OF CO-OWNERS this 2<sup>nd</sup> day of MAY, 1980.

Witness:



LEASE AGREEMENT

THIS AGREEMENT, made and entered into this 2<sup>ND</sup> day of MAY, 1980, by and between Reception Corporation, a South Carolina corporation, with its principal office in the City of Columbia, South Carolina, hereinafter called Reception Corporation, and Sea Cabin on the Ocean III Horizontal Property Regime Council of Co-Owners on behalf of itself and each and every Co-Owner thereof, Isle of Palms, South Carolina, County of Charleston, State of South Carolina, hereinafter called "Lessee".

Reception Corporation and Lessee do hereby mutually agree as follows:

1. Reception Corporation will furnish and lease unto Lessee, and Lessee does hereby lease from Reception Corporation, for the term and under the terms and conditions herein set forth the number and type of television sets and/or equipment herein specified. Said equipment shall be delivered by Reception Corporation (with the exception of conduit which is to be supplied by Lessee at its expense), in rooms located upon premises owned or leased or otherwise lawfully operated by Lessee located on Isle of Palms, County of Charleston, State of South Carolina. Lessor shall not be liable for delay in, or failure to make delivery of equipment or installation, caused by circumstances beyond its reasonable control, including, but not limited to, Acts of God, fire, flood, wars, accidents, labor or different contingency. The number and types of television sets and/or equipment leased under the terms hereof are as follows and are the model, type and design selected by the Lessee as suitable, in its judgment, for Lessee's purpose.

One (1) 19" Solid State General Electric  
Color Television for each Condominium  
apartment included in the Condominium  
Regime;

One Locking furniture swivel for each  
television set so provided; and

Cable, antenna systems, distribution  
equipment and amplification equipment for  
signal distribution.

All equipment to be prepaid by Reception  
Corporation.

2. SERVICE

Reception Corporation shall keep and maintain, or cause to be kept and maintained at its sole expense, said leased equipment in good operating order, condition and repair during the full term hereof except for damage to or repair to such equipment as might be made necessary by the negligent acts or omissions of the Lessee, his agents and/or employees. Reception Corporation shall promptly replace any defective set or injured part or parts thereof, provided, however, that in the event replacement of any defective set or sets such substituted equipment shall be subject to all the terms hereof.

It is the obligation of the Lessee to notify Reception Corporation of any deficiency in service as rendered by Reception Corporation or its service representative. Reception Corporation shall not be liable to Lessee for any loss, damage or expense of any kind or nature, directly or indirectly caused by the television equipment covered hereby--or because of any failure thereof, or because of any interruption of service or loss of business or damage whatsoever or howsoever

### 3. NON-ASSIGNMENT LEASE

The equipment leased hereunder shall not be transferred, delivered or sublet to any other person, firm or corporation, and this agreement shall not be assigned by Lessee except upon prior written consent of Reception Corporation.

### 4. LOCATION

Lessee shall not remove said equipment or any part thereof from the premises where installed; nor sell or encumber any of said leased equipment. Lessee further agrees to make no alteration in or repairs to said equipment except through authorized service representative of Reception Corporation.

### 5. TERM

The term hereof shall be for a period of eighty-four (84) months beginning on the date of the completion of the delivery of the equipment on premises of Lessee, said date to be confirmed in writing by Lessee upon request of Reception Corporation.

### 6. RENT PAYMENTS

As rental for said equipment, Lessee shall pay to Reception Corporation, at Columbia, South Carolina, during the full term hereof, the sum of \$9.85 per set delivered per month, plus tax. Rental payments are due on or before the 1st day of each month, the first of which shall be due on or before the 1st day of the month following the delivery of equipment. In the event that Lessee requests partial delivery of equipment, Lessee agrees to pay billing on an interim basis, with such billing based on rates for equipment in use, and upon completion of delivery, the full term of this lease shall commence.

### 7. OWNERSHIP

The equipment, together with wiring, reception and distribution facilities, leased under the terms hereof shall at all times be the sole property of Reception Corporation, its successors and assigns, and Lessee shall have no property interest therein, conditions herein contained. Said equipment shall remain personal property and, no matter how connected with or attached to the premises of Lessee, will not become a part of the realty or fixture therein, and Lessee, if so requested by Reception Corporation, will obtain written consent of any other party holding a mortgage, encumbrance or lien on the premises of Lessee, or of any purchaser of the premises of Lessee in the event of sale of same, that said equipment shall remain personal property. Lessee shall not at any time during the term hereof transfer, assign, mortgage, or otherwise encumber any interest in said personal property.

### 8. DELIVERY

Should Lessee and/or his agent order delivery of equipment and installation on specified dates, and Lessee's premises are not ready for installation of same, Lessee assumes full responsibility for storage, insurance, and any redelivery charges on equipment.

### 9. INSPECTION

Lessee grants unto Reception Corporation the right to inspect said equipment at all reasonable times during the full term hereof.

## 11. INSURANCE

Reception Corporation agrees during the term of this lease to replace or repair any of its equipment, including television sets in guest rooms, which is stolen, burglarized, damaged by fire or maliciously damaged while on the premises of Lessee, excepting television sets or equipment in storage awaiting use of service, providing: (a) Lessee reports within 48 hours of occurrence any such loss or damage to Reception Corporation and to local law enforcement authorities--notice of loss to be sent to Reception Corporation by Certified Mail, (b) Lessee furnishes in such report all available information regarding such loss, including name and address of last occupant of room and room number in which loss occurred (if applicable), auto license number and other pertinent information which would assist in recovery of loss, (c) Lessee and its employees, agents and representatives cooperate fully with Reception Corporation and local law enforcement authorities in their subsequent efforts to effect recovery and prosecution if necessary. Lessee agrees to notify Reception Corporation immediately in the event of subsequent recovery of property covered by any and all loss reports.

Lessee agrees at all times to maintain and exercise due care, caution and watchfulness in the protection and accounting for the equipment under lease. Failure to cooperate in providing such care, caution and watchfulness shall make the terms and provisions of Item 11 "INSURANCE" null and void and Lessee shall be responsible for the replacement of and/or repair to equipment for which such insurance is provided. In the event loss or damage proves to have been caused by employees, agents or representatives of Lessee, or if Lessee fails to comply with "a", "b", or "c" above, it shall be the responsibility of the Lessee to pay Reception Corporation for its cost of replacement or repair of Reception Corporation equipment involved in such loss. In the event that service by Reception Corporation is not included in this agreement, Lessee agrees to maintain the theft equipment installed hereunder, otherwise, theft and burglary insurance will be null and void in the event of any losses while the equipment is inoperative.

## 12. TAXES

Lessee agrees to be responsible for the collection and payment of any local, state and federal fees, sales, use or property taxes or penalties that may be applicable now or any time during the term of this lease to the property covered hereby or the use or rental thereof.

## 13. RENEWAL

At the expiration of the term hereof, this lease agreement shall be automatically renewed for additional terms of two (2) years, unless either party hereto should give written notice to the other party hereto at least sixty (60) days prior to the expiration of the term hereof or at least sixty (60) days prior to the expiration of any additional term of two (2) years thereafter, of the desire of such party to terminate this agreement.

## 14. DEFAULT

In the event that any payment of rental shall have become due as herein provided and shall remain unpaid for ten (10) days or in the event of any other breach of the terms or conditions of this lease by Lessee which breach shall not have been cured within ten (10) days after notice thereof by mail, post paid to Lessee's last known address, or should Lessee be adjudged as bankrupt or there be filed against Lessee a petition

and all damages, including attorneys fees, suffered by Reception Corporation. Further, in the event of non-payment, Reception Corporation shall be, and hereby is, subrogated to the lien rights of the Council of Co-Owners as to each Co-Owner failing to pay his share of Common Expenses necessary to make the rental payments herein required to the extent of the amount(s) due and owing to Reception Corporation, but unpaid, which shall include the right to file notice of and perfect a lien(s) against such Co-Owner(s) as granted to the Council of Co-Owners by the South Carolina Horizontal Property Act (Title 27, Chapter 31, South Carolina Code of Laws, 1976).

Lessee agrees to pay late charges of five cents (\$.05) per dollar in addition to the regular monthly payment or installment, if payments hereunder are not made within ten (10) days after due date, but not exceeding \$100.00, or the lawful maximum, if any. Reception Corporation's failure to exercise a right or remedy under this lease or to require strict performance by the Lessee or any provision of this lease shall not waive or diminish Reception Corporation's right thereafter to demand strict compliance with any such right or provision or with any other rights or provisions. Waiver by Reception Corporation of any default by the Lessee shall not constitute waiver of any other or subsequent default.

#### 15. SURRENDER

Upon expiration of this lease, Lessee shall remove the leased equipment from the premises referred to herein and surrender such equipment in good operating condition to Reception Corporation or its assignee and if the Lessee fails to so remove and surrender the leased equipment, Reception Corporation shall have the right to enter any premises where the leased equipment may be located and take possession and remove all such equipment either with or without permission and without prejudice to any other rights or remedies of Reception Corporation.

If Reception Corporation determines, upon termination or expiration of the lease agreement, that, as a result of causes other than its failure to provide service as expressly required herein, the equipment covered hereby is not in good operating condition, reasonable wear and tear excepted, the Lessee shall upon demand by Reception Corporation either (a) restore the equipment in good operating condition at its sole expense or (b) reimburse Reception Corporation for the reasonable expense of so restoring the equipment.

16. Should the equipment leased herein be covered by a Conditional Sale Contract, Chattel Mortgage or Security Agreement on which Reception Corporation is the purchaser or obligor, it is understood and agreed that this lease is subject and subordinate to the terms and conditions of said Conditional Sale Contract, Chattel Mortgage or Security Agreement.

#### 17. NOTICE

Any notice required to be given by one party hereto to the other party hereto shall be in writing and sent by certified mail addressed postage prepaid to the mail address of the other party hereto as shown herein.

#### 18. AMENDMENTS

This agreement constitutes the entire and only agreement between the parties with respect to leasing the equipment covered hereby and any representation, promise or conditions with respect to said leasing not set



State of South Carolina shall govern without reference to the place of execution or performance of same.

The invalidity of any provision of this agreement shall not affect the validity of any other provision hereof. This agreement and an amendment hereto shall become binding upon the parties hereto when executed by a duly authorized officer or agent of Lessee.

20. ASSIGNS

All rights, remedies and powers reserved or given to Reception Corporation shall inure to the benefit of Reception's assigns.

21. INTERIM BILLING

Lessee shall be billed per terms herein on the 1st day of the month following delivery of each TV increment, and when units are delivered, the 84 month lease term will commence.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on and as of the day and year first above written, one duplicate original copy being retained by each of the parties hereto.

SIGNED: (LESSEE)

SEA CABIN ON THE OCEAN III HORIZONTAL PROPERTY REGIME  
COUNCIL OF CO-OWNERS

BY: *Donald L. Smith*

Witness: *[Signature]*

RECEPTION CORPORATION

BY: *Robert D. [Signature]*  
Vice President

Witness: *[Signature]*

ATTEST FOR SEA CABIN ON THE OCEAN III  
HORIZONTAL PROPERTY REGIME COUNCIL  
OF CO-OWNERS

*[Signature]*  
Assistant Secretary

ATTEST FOR RECEPTION CORPORATION

*G. Michael Brent*  
Assistant Secretary