

EXHIBIT "B"

BY-LAWS OF HORSESHOE COVE
TOWN HOMES ASSOCIATION, INC.,
A SOUTH CAROLINA CORPORATION

ARTICLE I.

NAME, LOCATION AND PURPOSE:

Section 1. The name of this corporation shall be HORSESHOE COVE TOWN HOME ASSOCIATION, INC.

Section 2. Its principal office shall be located at 1002 Landfall Way, Seabrook Island, Charleston County, South Carolina.

Section 3. The object, purpose and business which this corporation proposes to do shall be to own, acquire, build, operate and maintain open spaces, streets and certain other common facilities incident to its ownership of the common properties located at HORSESHOE COVE, Seabrook Island, Charleston County, South Carolina.

- (a) To fix assessments or charges to be levied against the lots in HORSESHOE COVE TOWN HOMES.
- (b) Enforce any and all covenants, restrictions and agreements applicable to the lots.
- (c) Pay taxes, if any, on the common property and facilities at HORSESHOE COVE TOWN HOMES, Seabrook Island, Charleston County, South Carolina.

ARTICLE II

SEAL:

The corporation shall have a seal bearing the words "Seal" in the center, and having the words "HORSESHOE COVE TOWN HOMES ASSOCIATION" encircling the edge.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS:

Every legal person or entity who is the record owner of the fee simple title to any lot in HORSESHOE COVE TOWN HOMES, Seabrook Island, Charleston County, South Carolina, which is subject to assessment by the Association, shall be a member of the Association. Members shall be entitled to one vote for each lot owned, and when more than one person or entity own such interest in any lot, all such persons or entities shall be members and vote for such lots shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such lot.

ARTICLE IV:

BOARD OF DIRECTORS:

Section 1. The affairs of the corporation shall be managed by a Board of Directors. The Board of Directors shall consist of three Directors who shall be elected to serve until their successors shall be elected.

Section 2. Vacancies in the Board of Directors shall be filled by the majority of the remaining Directors and any such appointed Director shall hold office until his successor is elected by the members, who may make such election at the next annual meeting of the members or at any special meeting duly called for that purpose.

Section 3. The Board shall meet for the transaction of business at such place as may be designated from time to time. Special meetings of the Board may be called by the President or two members of the Board for any time and place, provided 72 hours notice or 5 days notice of such meeting shall be given to each Board member before the time appointed for such meeting. If necessary, a waiver of notice can be executed.

Section 4. The Directors shall act only as a Board and the individual Directors shall have no power as such. A majority of the Directors in office shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same, from time to time, without notice, until a quorum be at hand. Board Members must be present in person, not by proxy. The act of a majority of Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise provided by law.

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Section 5. The Board of Directors, after the close of the fiscal year, shall submit to the members of the corporation a report as to the condition of the corporation and its property and shall submit also an account of the financial transactions of the past year.

Section 6. The Board of Directors shall have the power:

- (a) To call special meetings of the members whenever it deems necessary and it shall call a meeting of the voting membership, as provided in Article VI, Section 2.
- (b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security and fidelity bond as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever.
- (c) To establish, levy and assess, and collect the assessments or charges referred to in Section 4 of the Protective Covenants provided that no assessment of liquidated damages as authorized by subsection (e) herein shall be made earlier than thirty (30) days after the subject violation and the amount of liquidated damages to be assessed if the violation is not corrected.
- (d) To adopt and publish rules and regulations governing the use of the common properties and facilities and the conduct of the members and their guests thereon, and any pets of the members or their guests.
- (e) To adopt a schedule of liquidated damages for the violation of any rules, regulations, covenant or restriction to be assessed against the lot on any person or persons violating such rule, regulation, covenant or restriction.
- (f) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the meeting or to members in the covenants.
- (g) To suspend the enjoyment of rights of any member for any period during which any assessment remains unpaid; and to suspend the enjoyment of rights of any member, for a period not to exceed thirty (30) days for any infraction of the published Rules and Regulations of the Association. Any action taken pursuant to this subsection shall be cumulative to any and all other remedies available to the Association.

Section 7. It shall be the duty of the Board of Directors:

- (a) To keep records of its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such is requested in writing by three member of the voting membership, as provided in Article VI, Section 2.
- (b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.
- (c) As more fully provided in Sections 4 and 5 of the Protective Covenants applicable to the Properties:
 - (1) To fix the amount of the assessments against each lot for each assessment period at least thirty days in advance of such date or period and, at the same time;
 - (2) To prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member, and, at the same time;
 - (3) To send written notice of each assessment to every owner subject thereto.
- (d) To issue, or to cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether any assessment has been paid.

ARTICLE V:

OFFICERS:

Section 1. The Executive Officers of the corporation shall be a President, a Vice President, and a Secretary/Treasurer. The first President shall hold office for two (2) years, after which time the President shall be elected annually by the Board of Directors. All other officers shall be elected annually by the Board of Directors, hereinafter sometimes referred to as the Board. They shall take office immediately after election. The officers of the corporation the first year need not be members of HORSESHOE COVE TOWN HOMES ASSOCIATION, INC. Thereafter, all officers shall be members of the association.

Section 2. Subject to the direction of the Board of Directors, the President shall be chief execute officer of the corporation, and shall perform such other duties as from time to time may be assigned to him by the Board. The President shall be ex-officio a member of all committees.

Section 3. The Vice President shall have the power and perform such duties as may be assigned to him by the Board of Directors or the President. In case of the absence or disability of the President, the duties of that officer shall be performed by the Vice President.

Section 4. The Secretary/Treasurer shall keep the minutes of all proceedings of the Board of Directors and all committees and the minutes of members' meetings and books provided for that purpose, he shall have the custody of the corporate seal and such books and papers as the Board may direct; shall have the custody of all the receipts, disbursements, funds, and securities of the corporation, and he shall in general perform all the duties incident to the office of Secretary/Treasurer, subject to the control of the Board of Directors and the President.

Section 5. The President, with the approval of the Board of Directors, may appoint such other officers and agents as the Board may deem necessary, who shall hold office during the pleasure of the Board and who shall have such authority and perform such duties as from time to time may be prescribed by the President or by the Board.

ARTICLE VI:

INDEMNIFICATION OF THE BOARD MEMBERS AND OFFICERS:

Section 1. No Board member or officer of the Association shall be liable to any member for any decision, action or omission made or performed by such Board member or officer in the course of his duties unless such Board member or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of these By-Laws.

Section 2. The Association shall indemnify and defend each Board Member or officer of the Association from any liability claimed or imposed against him by reason of his position or decision, action or omission as a Board Member or any officer of the Association if all of the following conditions are satisfied:

- (a) Such Board Member or officer has not acted in bad faith or in reckless disregard of the rights of any person or of the terms of these By-Laws.
- (b) Such Board Member or officer gives the Association adequate notice of the claim or imposition of liability to permit the Association reasonable opportunity to defend against the same.
- (c) Such Board Member or officer cooperates with the Association in defending against the liability.

The expense of indemnifying a Board member or an officer shall be borne by all the members, including such Board Member or officer and shall be collected by a special assessment.

ARTICLE VII:MEETINGS OF MEMBERS:

Section 1. There shall be an annual meeting of the members of the corporation at such place as may be designated. Between January 15th and March 15th for the transaction of such business, as may come before the meeting. Notice of each annual meeting, stating time, date, place and in general terms, the purpose thereof, shall be sent by mail to the last known address of all members at least thirty days prior to the meeting.

Section 2. Special meetings of the members shall be held whenever called by the Board of Directors or by the holders of at least three memberships. Notice of each special meeting, stating the time, date, place, and in general terms, the purpose or purposes thereof, shall be sent by mail to the last known address of all members at least ten days prior to the meeting.

Section 3. At any meeting of the members, a quorum shall consist of members owning two-thirds of the parcels in HORSESHOE COVE, present either in person or by proxy, a majority in amount of such quorum shall decide any question that may come before the meeting.

ARTICLE VIII:NOTICE:

Section I. Whenever, according to these By-Laws, a notice shall be required to be given to any member or Director, it shall not be construed to mean personal notice but such notice may be given in writing by depositing the same in a post office in Charleston County, South Carolina, in a postpaid sealed wrapper, addressed to such member or Director at his address as the same appears on the books of the corporation; and the time when such notice is mailed shall be deemed the time of the giving of such notice.

Section 2. Any notice required to be given by these By-Laws may be waived by the person entitled thereto.

ARTICLE IX:CONTRACTS AND OWNERSHIP OF PROPERTY:

Section I. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract and execute and deliver any instrument in the name of the corporation, and such authority may be general or confined to specific instances.

Section 2. All instruments in writing affecting any real estate which may be owned by the corporation, shall be executed and acknowledged in the name of the corporation by the President and attested by the Secretary, with the corporate seal affixed thereto.

ARTICLE X:

AMENDMENT OF BY-LAWS:

Section 1. These By-Laws may be altered, amended or repealed and new By-Laws may be adopted at any regular or special meeting of the Association, by two thirds vote of those in attendance, either in person or by proxy, and eligible to vote. Notice of such meeting stating the time, date, place and in general terms the subject of such amendment, shall be sent by mail to the last known address of all members, at least thirty (30) days prior to the meeting.

Section 2. Any and all amendments to the By-Laws shall be effective upon adoption by the Association and binding upon all members and need not be recorded in the RMC Office for Charleston County. A current copy of the By-Law's shall be available to any prospective member upon request.

CERTIFICATION

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

I, J. Edward Williams, Jr., President of HORSESHOE COVE TOWN HOMES ASSOCIATION, A South Carolina Corporation, do hereby certify that the foregoing instrument comprises the legal By-Laws of HORSESHOE COVE TOWN HOMES ASSOCIATION, a South Carolina Corporation.

WITNESS my Hand and Seal this 3rd of may 2004.

WITNESS

[Signature]
Corp. Sec.

OWNERS ASSOCIATION

BY: [Signature]
J. Edward Williams, Jr.
Its: President

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K. J. Lewis Co. Inc.

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