

EXHIBIT "E"

BY-LAWS OF

CARNABY SQUARE ASSOCIATION, INC.,
a non-profit corporation existing under
the laws of the State of South Carolina

-providing for-

THE ADMINISTRATION OF
CARNABY SQUARE HORIZONTAL PROPERTY REGIME
(An expandable condominium)

A. Identity. These are the By-Laws of CARNABY SQUARE 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 an expandable horizontal property regime established pursuant to the Horizontal Property Act of South Carolina, as amended (hereinafter called the "Act"), which is identified by the name CARNABY SQUARE HORIZONTAL PROPERTY REGIME (hereinafter called "Regime" or "Condominium"), said Regime being located near the City of Columbia, in Richland County, South Carolina, being more particularly described in the Master Deed establishing the Regime.

1. The initial office of the Association shall be at Carnaby Square Apartments, Columbia, South Carolina.

2. The fiscal year of the Association shall be the calendar year.

3. The seal of the corporation shall consist of two concentric circles between which is the name of the Association, and in the center of which is inscribed "Seal",

and such seal as impressed on the margin hereof is adopted as the corporate seal of the Association.

B. Members' meetings.

1. The annual members' meeting shall be held at the office of the Association in March of each year at a date and time to be determined by the Board of Directors.

2. Special members' meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast one-third of the votes of the entire membership.

3. Notice of all members' meetings stating the time and place and the objects for which the meeting is called shall be given by the President, Vice President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of the meeting may be waived before or after meetings.

4. A quorum at members' meetings shall consist of co-owners with fifty-one (51%) percent or more of the total basic value of the Regime property, as then constituted, as

set forth in Exhibit "C" to the Master Deed. The acts approved by the owners representing a majority of fifty-one (51%) percent of the total basic value of the Regime property, as then constituted, a quorum being present, shall constitute a decision of the members and shall be binding upon the members except where approval by a greater percentage is required by the Act, the Master Deed establishing the Regime, the Charter of the Association or these By-Laws.

5. The presiding officer at members' meetings shall be the President. In his absence the Vice President shall preside.

6. Voting . Each co-owner shall have a vote equal to his percentage ownership in the common elements of the Regime property as set forth in Exhibit "C" to the Master Deed. If an apartment is owned by one person, his or her right to vote shall be established by the record title to his or her apartment. If an apartment is owned by more than one person, the person entitled to cast the vote for the apartment shall be one of the record owners designated by a certificate signed by all of the record owners of the apartment and filed with the Secretary of the Association. If an apartment is owned by a corporation, the person entitled to cast the vote for the apartment shall be designated by a certificate of appointment signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation and filed with the

Secretary of the Association. Such certificates shall be valid until revoked, until superseded by a subsequent certificate or until a change in the ownership of the apartment concerned. A certificate designating the person entitled to cast the vote of an apartment may be revoked in like manner as provided hereinabove. If such a certificate is not on file, the vote of such co-owners shall not be considered in determining the requirement for a quorum nor for any other purpose.

7. Proxies . Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be valid for such period as provided for by law, unless a shorter period is designated in the proxy, and must be filed with the Secretary before the appointed time of the meeting or any adjournment thereof.

8. Adjourned meetings . If any meeting of members cannot be organized because a quorum has not attained, a majority present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

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

- (a) Election of chairman of the meeting (in the absence of the President and the Vice President).
- (b) Calling of the roll and certifying of

proxies.

- (c) Proof of notice of meeting or waiver of notice.
- (d) Reading and disposal of any unapproved minutes.
- (e) Reports of officers.
- (f) Reports of committees.
- (g) Appointment of inspectors of election.
- (h) Election of Directors.
- (i) Unfinished business.
- (j) New business.
- (k) Adjournment.

10. Proviso . Provided, however, that until all of the apartments within Phase I, and if implemented, Phase II of the Regime have been sold, or until July 1, 1981, or until Carnaby Square - Joint Venture (Grantor) elects to terminate its control of the Regime, whichever shall first occur, the proceedings of all meetings of members of the Association shall have no effect unless approved by the Board of Directors.

C. Directors .

1. Membership of the Board of Directors . The initial Board of Directors shall consist of three members appointed by the Grantor, which Directors shall hold office until the first election of Directors by the members. Thereafter the Board of Directors shall consist of five members.

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

(a) Election of Directors shall be held at the annual members' meeting.

(b) Except as to vacancies provided by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining Directors.

(c) A Director may be removed by concurrence of two-thirds of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

(d) Provided, however, that until the Grantor has sold all of the apartments of Phase I, and, if implemented, Phase II of the Regime, or until July 1, 1981, or until Grantor elects to terminate its control of the Regime, whichever shall first occur, the first Directors of the Association shall serve, and in the event of vacancies the remaining Directors shall fill the vacancies, and if there are no remaining Directors the vacancies shall be filled by the Grantor.

3. The term of each Director's service shall be two years for three directors and one year for two directors. At the expiration of the term of each director his/her successor shall be elected for a term of two years and thereafter until his successor is duly elected and qualified or

until he is removed in the manner elsewhere provided.

4. 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.

5. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph, at least three days prior to the day named for such meeting.

6. Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of one-third of the Directors. Not less than three days' notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

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

8. A quorum at Directors' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number of

Directors is required by the Master Deed establishing the Regime, the Charter of the Association or these By-Laws.

9. Adjourned meetings . If at any meeting of the Board of Directors there is less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

10. Action Without a Meeting . Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all of the Directors then in office consent to such action in writing and such written consent or consents are filed with the minutes of the proceedings of the Board.

11. The presiding officer at Directors' meetings shall be the President. In the absence of the President the Vice President shall preside. In the absence of such presiding officers, the Directors present shall designate one of their number to preside.

12. The order of business at Directors' meetings shall be:

- (a) Calling of roll.
- (b) Proof of due notice of meeting.
- (c) Reading and disposal of any unapproved minutes.
- (d) Reports of officers and committees.

- (e) Election of officers.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

13. Directors' fees , if any shall be determined by the members.

D. Powers and duties of the Board of Directors .

1. All of the powers and duties of the "Council of Co-Owners" existing under the Act, Master Deed establishing the Regime, Charter of the Association and these By-Laws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to approval by the co-owners when such is specifically required.

2. Any agreement for professional management of the condominium, or any other contract providing for services of the Grantor may not exceed 3 years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

E. Officers .

1. The executive officers of the corporation shall be a President, who shall be a Director, a Vice President, who shall be a Director, a Treasurer, a Secretary, an Assistant Secretary and an Assistant Treasurer, all of whom shall be elected annually by the Board of Directors and who may be preemptorily removed by vote of the Directors at

any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary or an Assistant Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

2. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and at all meetings of the Board of Directors. He shall have all of the powers and duties which are usually vested in the office of the president of an association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

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

4. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those

of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President.

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

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

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

8. The compensation of all officers and employees of the Association shall be fixed by the Directors. The provision that the Directors' fee shall be determined by the members 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 Regime.

9. In order to exercise and enforce the Rules and Regulations of the Horizontal Property Regime, the Board of Directors is hereby empowered to fine any homeowner found to be in violation of said rules and regulations the sum of Twenty-five and NO/100 (\$25.00) Dollars. The Board may use

any legal means available to collect the fine and should legal process become necessary, the violating homeowner shall be responsible for a reasonable attorney's fee and costs associated with said legal action.

The violating homeowner may be fined by the association only after an initial warning, which results in the failure of the homeowner to stop or correct the offending action within a reasonable amount of time. The fine may then be imposed upon a recommendation of the Committee established by the Board of Directors to investigate said violation.

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

1. Apartments .

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

(1) All common elements, including portions of an apartment, except interior surfaces, contributing to the support of an apartment building, which portions shall include but not be limited to load-bearing columns and load-bearing walls. Also, all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services contained in the portions of an apartment maintained by the Association; and all such facilities contained within an apartment that service part or parts of the property other than the apartment in which they are

contained. Interior surfaces of an apartment shall be maintained by the co-owner.

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

(b) By the co-owner . The responsibility of the co-owner shall be as follows:

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

(2) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the apartment building.

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

2. Common elements .

(a) By the Association . The maintenance and operation of the common elements, both general and limited, shall be the responsibility of the Association and a

common expense; provided, however, that in case of emergency and in order to preserve the property or for the safety of the occupants, a co-owner may assume the responsibility therefor, and he shall be relieved of liability for his acts performed in good faith and reimbursed for his expenses by the Association when approved by its Board of Directors.

(b) The Association shall have the power to determine the use to be made of the common elements from time to time, provided that no such use shall discriminate against a co-owner. The Association may establish reasonable charges to be paid to the Association for the use of common elements not otherwise inconsistent with other provisions of the Master Deed, the Charter or these By-Laws.

G. Fiscal Management . The making and collection of assessments against co-owners for common expenses shall be pursuant to the following provisions:

1. Assessments . The Association shall assess each co-owner, including the Grantor, for his proportionate share of the common expenses, such share being the same as the undivided share of such co-owner in the common elements appurtenant to his apartment, which assessment shall be made and collected in the manner hereinafter provided.

2. Accounts . The funds and expenditures of the Association shall be credited and charged according to good accounting practices to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses unless otherwise

provided:

(a) Current expense, which shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable allowance for contingencies to reserves, to additional improvements or to operations. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense for the succeeding year.

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

(c) Reserve for replacement, which shall include funds for repair or replacement required because of damage, depreciation or obsolescence.

(d) Additional improvements, which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which will be part of the common elements. If capital funds and expenditures are for alterations for further improvements of common elements, the cost thereof shall be charged to the co-owners of apartments in the manner elsewhere provided.

3. Budget . The Board of Directors of the Association shall adopt a budget for each calendar year which shall include the estimated funds required to defray the common expense and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices as follows:

(a) Current expense , the amount for which shall not exceed 115% of the budget for this account for the prior year.

(b) Reserve for deferred maintenance , the amount for which shall not exceed 115% of the budget for this account for the prior year.

(c) Reserve for replacement , the amount for which shall not exceed 115% of the budget for this account for the prior year.

(d) Additional improvements . Provided, however, that no items for this account shall be budgeted without the approval of the co-owners in the manner elsewhere provided for alteration or further improvement of the common elements.

(e) Provided, however, that the amount budgeted for current expense, reserve for deferred maintenance and reserve for replacement may be increased over the foregoing limitations when approved by co-owners owning not less than 66 2/3% of the common elements of the Regime, as set forth in Exhibit "C" to the Master Deed; and further provided, however, that until the Grantor has sold all of the apartments of Phase I, and, if implemented, Phase II of the Regime or until July 1, 1981, or until Grantor elects to terminate its control of the Regime, whichever shall first occur, the Board of Directors may omit from the budget all allowances for contingencies and reserves.

(f) Copies of the budget and proposed

assessments shall be transmitted to each co-owner on or before December 1st preceding the year for which the budget is made. If the budget is subsequently amended, a copy of the amended budget shall be furnished to each co-owner.

4. Assessment Procedure .

(a) Annually; installments . Assessments against the co-owners for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 20th preceding the year for which the assessments are made. Such assessments shall be due in 12 equal installments on the first day of each month of the year for which the assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and monthly payments thereon shall be due upon each installment payment date until changed by an amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefor may be amended at any time by the Board of Directors of the Association provided that the accounts of the amended budget do not exceed the limitations thereon for that year. Any account which does exceed such limitation shall be subject to approval of the co-owners heretofore required. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be due in equal monthly installments on the first day of each month thereafter during the year for which the assessment is made.

The first assessment shall be determined by the Board of Directors of the Association.

(b) Acceleration of assessment installments upon default . If a co-owner shall be in default in the payment of an installment upon an assessment, the Board of Directors of the Association may accelerate the remaining installments of the assessment upon notice thereof to the co-owner, and thereupon the unpaid balance of the assessment shall come due upon the date stated in the notice, which date shall be not less than 10 days after delivery thereof to the co-owner, nor less than 20 days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.

(c) Assessments for emergencies . Assessments for emergency common expenses which cannot be paid from the annual assessments for common expenses shall be made only after notice of the need therefor to the co-owners. After such notice and upon approval in writing by co-owners owning 51% or more of the total basic value of the Regime property, as then constituted, the assessment shall be effective, and it shall be due after 30 days' notice thereof in such manner as the Board of Directors of the Association shall require.

5. Liability for Assessments . A co-owner shall be liable for all assessments coming due while he, she or it is the owner of an apartment. The Association shall provide for the issuance, and shall issue to every prospective purchaser, or mortgagee, upon his, her or its request, a

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 becomes 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 late fees of Ten Dollars (\$10.00) per month 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 a 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 the monthly charges and expenses, including the right to proceed personally against any delinquent owner for the recovery of a judgment "in personam". Any personal judgment against any such delinquent co-owner may include all unpaid subsequent

statement of the status of the assessment account of the seller or mortgagor. Such a certificate made by the duly authorized representative of the Association as to the status of a co-owner's assessment account shall limit the liability of any person for whom it is made, other than the co-owner.

"Any first mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by an individual unit owner/borrower of any obligation under the condominium constituent documents which is not cured within sixty (60) days."

6. Collection of Assessments .

(a) Interest; application of payments .

Assessments and installments thereon paid on or before ten (10) days after the date when due shall not accrue late charges, but all sums not paid on or before ten (10) days after the date when due shall be charged a late fee of Ten Dollars (\$10.00) per month. All payments upon account shall be first applied to late fees and then to the assessment payment first due.

(b) Lien . All assessments against any co-owner shall constitute a lien against the co-owner's apartment in favor of 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 R.M.C. Office of Richland County, South Carolina. Such claim of lien shall state the 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

assessments which come due after the institution of such suit and prior to such Order of Judgment, including late fees together with all costs and reasonable attorney's fees incurred by the Association incident to the collection of such assessments.

(c) Rental pending foreclosure . In any foreclosure of a lien for assessments, the Association shall, pending foreclosure, be entitled to the appointment of a receiver who shall collect a reasonable rental for the use of the apartment subject to the lien, which rental shall be applied to the obligations of the co-owner.

H. Insurance .

1. Insurance policies upon the property, covering the items described hereinbelow, shall be purchased by the Association for the benefit of the Association and the co-owners of the apartments and their respective mortgagees, as their interests may appear. Provision shall be made for the issuance of certificates of insurance, with mortgagee endorsements, to the mortgagees of all co-owners. Policies shall be purchased from insurance carriers authorized to do business in South Carolina and having a financial rating by Best's Insurance Reports of Class VI or better. Such policies and endorsements shall be deposited with the Insurance Trustee, which shall hold them subject to the provision of the Insurance Trust Agreement hereto attached as Exhibit "F" to the Master Deed. The Insurance Trustee shall be a South Carolina Bank (with trust powers) approved

by the Board of Directors of the Association.

2. Insurance shall cover the following:

(a) All buildings and improvements upon the land and all personal property included in the common elements in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and such other risks as are customarily covered with respect to buildings and improvements similar to the buildings and improvements on the land, such as, but not limited to, flood, vandalism and malicious mischief;

(b) Public liability in such amounts and with such coverage as shall be determined by the Board of Directors of the Association, but in any event not less than \$1,000,000.00, including, but not limited to, hired automobile and non-owned automobile coverages, and with cross liability endorsement to cover liabilities of the co-owners of all apartments as a group to an apartment co-owner;

(c) Workmen's Compensation (if required);

(d) Such other insurance as the Board of Directors of the Association shall from time to time determine to be desirable.

3. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a

common expense.

4. The Association is hereby irrevocably appointed agent for each co-owner to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon payment of claims.

5. The Insurance Trustee shall not be liable for payment of premiums nor for the renewal or the sufficiency of policies, nor the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein for the benefit of the co-owners and their mortgagees, in the following shares, but which shares need not be set forth on the records of the Insurance Trustee:

(a) Proceeds on account of damage to common elements shall consist of an undivided share for each co-owner, such share being the same as the undivided share of such co-owner in the common elements appurtenant to his, her or its apartment.

(b) Proceeds on account of damage to apartments shall be held for the co-owners thereof in proportion to the cost of repairing the damage suffered by each co-owner, which costs shall be determined by the Association. In the event a decision is made not to reconstruct the apartments, as provided hereinafter and in the Act, such proceeds shall be held for the co-owners in the proportion in

which they own the common elements.

(c) In the event a mortgage endorsement has been issued to an apartment, the share of the co-owner shall be held in trust for the mortgagee and the co-owner as their interest may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

6. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) All expenses of the Insurance Trustee shall be paid or provisions made for payment.

(b) If the damaged property for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray costs thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to co-owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of an apartment and may be enforced by such mortgagee.

(c) If it is determined in a manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to co-owners and their mortgagees being payable

jointly to them. This is a covenant for the benefit of any mortgagee of an apartment and may be enforced by such mortgagee.

7. In making distribution to co-owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Association as to the names of the co-owners and their respective shares of the distribution.

8. No provisions of this Paragraph, the Master Deed, nor these By-Laws, shall be deemed to prevent or prohibit any co-owner from obtaining additional insurance on his, her or its apartment for his, her or its own account and benefit; from insuring such furniture, furnishings, or other personal property as they may have in their individual apartments, for their own individual account and benefit; or from obtaining such additional public liability coverage as they may desire for their own individual protection. No co-owner shall, however, insure any part of the common elements whereby, in the event of loss thereto, the right of the Association to recover the insurance indemnity for such loss, in full, shall be diminished or impaired in any way.

I. Reconstruction or Repair After Casualty .

1. In the event of fire or other disaster or casualty resulting in damage to a building or buildings and common elements of the Regime which the Board of Directors of the Association shall determine to be two-thirds or less of the then total value of the property of the Regime (excluding land), the net proceeds of all insurance collected shall be

made available for the purpose of restoration or replacement. When such insurance proceeds are insufficient to cover the cost of such reconstruction or replacement, the balance of such costs shall be assessed against the co-owners who own the damaged apartments in the case of damage to apartments. Such assessments on account of damage to common elements shall be in proportion to the co-owner's share in the common elements, and assessments against co-owners for damage to apartments shall be in proportion to the costs of reconstruction and repair of their respective apartments.

2. In the event the buildings and improvements of the Regime are damaged or destroyed to more than two-thirds of the then total value of the property of the Regime (excluding land) as determined by the Board of Directors of the Association, the members of the Association shall be polled in writing via United States Mail by the Association as to whether the Regime shall be waived or the damaged property reconstructed or repaired. The Regime shall be waived unless within sixty (60) days after the mailing of such notices all of the co-owners, as well as all of the record owners of such encumbrances, agree in writing to repair and reconstruct the buildings and improvements of the Regime. If the election is to reconstruct or replace, payment of the costs thereof shall be made as provided for in subsection (a) of this Paragraph I. If the decision is to waive the Regime and not to reconstruct and replace, all sums recovered from insurance shall be paid over to the co-owners

in the proportion in which they own the common elements and to their respective mortgagees as their interest may appear.

3. The Insurance Trustee may rely upon a certificate of the Association to determine whether or not the damaged property is to be reconstructed or repaired or whether the Regime is to be waived.

4. If the damage is only to those parts of an apartment for which the responsibility of maintenance and repair is that of the individual co-owner, then the co-owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

5. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair so as to place the damaged property in condition as good as that before the casualty.

6. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvements which are shown on the exhibits attached to the Master Deed; or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is an apartment building or buildings, also by the co-owners who own at least 75% of the common elements, including the co-

owners of all damaged apartments. The approvals herein required shall not be unreasonable withheld.

J. Insurance Trustee . The funds for payment of cost of reconstruction and repair after casualty, which funds shall consist of proceeds of insurance held by the Insurance Trustee and funds collected by the Association from assessment against co-owners, shall be disbursed in payment of such costs in the following manner:

1. If the total of assessments made by the Association in order to provide funds for payment of reconstruction and repair, which is the responsibility of the Association, is more than \$5,000.00, then the sums paid upon assessments to meet such costs shall be deposited by the Association with the Insurance Trustee. In all other cases, the Association shall hold the sums paid upon such assessments and disburse the same in payment of the costs of reconstruction and repair.

2. The proceeds of insurance collected on account of a casualty, and the sums deposited with the Insurance Trustee by the Association from collections of assessment against co-owners on account of such casualty, shall constitute a reconstruction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(a) If the amount of the estimated cost of reconstruction and repair which is the responsibility of the Association is less than Five Thousand (\$5,000.00) Dollars,

(then the reconstruction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request to the Insurance Trustee by a mortgagee which is beneficiary of an insurance policy, the proceeds of which are included in the reconstruction fund, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

(b) If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is more than Five Thousand (\$5,000.00) Dollars, then the reconstruction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association and upon approval of an architect qualified to practice in South Carolina and employed by the Association to supervise the work.

(c) The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with a co-owner shall be paid by the Insurance Trustee to the co-owner, or if there is a mortgagee endorsement as to such apartment, then to the co-owner and the mortgagee jointly, who may use such proceeds as they may determine.

(d) It shall be presumed that the first moneys disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a reconstruction fund after payment of all costs of reconstruction and repair for which the fund is

established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; except, however, that the part of a distribution to a beneficial co-owner into the construction fund shall not be made payable to any mortgagee.

(e) Notwithstanding the provisions herein, the Insurance Trustee shall not be required to determine whether or not sums paid by co-owners upon assessments shall be deposited by the Association with the Insurance Trustee, not to determine whether the disbursements from the reconstruction fund are to be upon the order of the Association or upon approval of an architect or otherwise, nor whether a disbursement is to be made from the reconstruction fund nor to determine the payee nor the amount to be paid. Instead, the Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary as to any or all of such matters and stating that the sums to be paid are due and properly payable and stating the name or names of the payee and the amount to be paid; provided that when a mortgagee is herein required to be named as payee the Insurance Trustee shall also name the mortgagee as payee of any distribution of insurance proceeds to a co-owner; and further provided that when the Association or a mortgagee, which is the beneficiary of an insurance policy the proceeds of which are included in the reconstruction fund, so requires, the approval of an architect named by the Association shall be first obtained by the Association prior

to disbursements in payment of costs of reconstruction and repair.

K. Rentals . All rentals of apartments will be subject to such conditions as are established from time to time by the Board of Directors.

L. Funds .

1. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the moneys of the Association shall be deposited. Withdrawal of moneys from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

2. An audit of the accounts of the Association shall be made annually by a certified public accountant, a copy of which shall be furnished to each member not later than April 1st of the year following the year for which the audit is made.

3. Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors, but shall in no event be less than one and one-half times the amount of the estimated annual operating expenses and reserves of the Association. The premiums on such bonds shall be paid by the Association.

M. Non-Liability and Indemnity of Directors and Officers .

1. No Director or officer of the Association shall be liable for acts, defaults, or neglects of any other Director or officer or member or for any loss sustained by the Association or any co-owner, unless the same shall have resulted from his own willful or negligent act or omission.

2. Every director, officer, employee or agent of the Association shall be indemnified by the Association to the fullest extent permitted by law, for either Business Corporations or Non-Profit Corporations, against (a) reasonable expenses, including attorney's fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty, or settlement for which he may have become liable in any such action, suit, or proceeding; and whether or not he continues to be such director, officer, or agent at the time of incurring or imposition of such costs, expenses or liabilities.

The Board of Directors of the Association shall take all

such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this By-Law, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him.

Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this By-Law.

The Board of Directors of the Association shall have the power to purchase and maintain insurance on behalf of any such person who was or is such a director, officer, employee or agent against any liability asserted against him in any such capacity, arising out of his status as such.

N. Definitions .

1. The members of the Association shall be all co-owners of the property.

2. The majority of members means members owning fifty-one percent or more of the total basic value of the Regime property, as then constituted, as set forth in Exhibit "C" to the Master Deed.

3. All definitions set forth in the Master Deed are incorporated by reference herein.

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

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

1. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

2. A resolution for the adoption of the proposed amendment shall be presented to a meeting of the members of the Association. Such approval shall be by co-owners representing at least two-thirds of the total basic value of the Regime property, as then constituted, as set forth in Exhibit "C" to the Master Deed.

3. Proviso . Provided, however, that no amendment shall discriminate against any co-owner nor 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 of the Association or the Master Deed establishing the Regime.

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 R.M.C. Office for Richland County, South Carolina.

The foregoing were adopted as By-Laws of CARNABY SQUARE 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 February 21, 1980.

R. J. CASALE, Secretary

Approved:

IVAN GOTTLIEB, President

Approved:

DEAN FAULKENBERRY, Director