

**BYLAWS OF  
MILL CREEK OWNERS' ASSOCIATION, INC.**

1. **Association.** In conjunction with the development known as **Mill Creek** in Beaufort County, South Carolina, a South Carolina nonprofit corporation known as **Mill Creek Owners' Association, Inc.** has been formed ("Association") with a mailing address of 10 Westbury Park Way, Suite A, Bluffton, South Carolina 29910 ("Declarant").
2. **Bylaws Applicability.** The provisions of these Bylaws are applicable to the Association. All terms used herein and not otherwise defined shall have the meaning ascribed to them in the Declaration of Covenants, Conditions and Restrictions for Mill Creek at Cypress Ridge which were recorded in the Beaufort County Register of Deeds Office ("Covenants"). All present or future Owners, tenants, or their guests, or any other person who might use the Property in any manner, are subject to these Bylaws as they may be amended from time to time. The acquisition or rental of any Unit, or the act of occupancy of any Units, will signify that these Bylaws, and any authorized amendments to the foregoing are accepted and ratified, and will be complied with by the Unit Owner, renter, their guests or invitees. In the event of any conflict between the Covenants and these Bylaws, the terms of the Covenants shall control.
3. **Voting, Majority of Owners, Quorum, Proxies.**
  - a. **Eligibility.** All Unit Owners are deemed to have consented to be Members of the Association. There shall be one membership for each Unit owned. Transfer of ownership of a Unit, either voluntary or by operation of law, shall terminate membership in the Association, and said membership becomes vested in the transferee. If the Unit ownership is vested in more than one Unit Owner, then all of the Unit Owners so owning such Unit shall agree upon the designation of one of the Unit Owners of such Unit to act as a Member of the Association. If Unit ownership is vested in a corporation, partnership, limited liability company, or other entity, said entity must designate one individual to act as a Member of the Association.
  - b. **Voting.** Each Member shall have Association votes equal to the number of Units owned by the Member as set forth in the Covenants.
  - c. **Majority Vote.** As used in these Bylaws, the term Majority Vote shall mean fifty-one percent (51%) or more of the total number of votes including Members' votes and Declarant's votes, including the Declarant's Class B membership vote.
  - d. **Quorum.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of a Majority Vote as defined in Section 3(c) shall constitute a quorum.
  - e. **Proxies.** Member votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting.
  - f. **Voting Of Members.** The vote of a majority of the Members' votes including Declarant represented at any meeting at which a quorum shall be present shall be binding upon all Owners for all purposes except where in the Covenants, or in these Bylaws, or by law, a higher percentage vote is required.
4. **Mill Creek Owners' Association, Inc.**
  - a. **Association Responsibilities.** The Association shall have the responsibility of administering the Property and electing the Board of Directors.
  - b. **Place Of Meetings.** All meetings of the Association shall be at the offices of the Association, or at such other place as designated by the Board of Directors or the Management Agent and stated in the notice of meeting.

- c. Annual Meetings. Commencing in 2007, annual meetings of the Association shall be held once a year during the month of October or at such other time as the Board of Directors may agree upon. At such meetings there shall be elected by vote of the Members, a Board of Directors in accordance with the requirements of Section 5 of these Bylaws, and there shall be a report by the President or Secretary-Treasurer on the activities and financial condition of the Association. The Members may also transact such other business of the Association as may properly come before them.
- d. Special Meetings. It shall be the duty of the Secretary to call a special meeting of the Members as directed by: (i) resolution of the Board of Directors; (ii) at the request by a majority of the Directors; (iii) or upon a petition signed by thirty percent (30%) of the Owners and presented to the Secretary. A notice of any special meeting shall state the time and place of such meeting and the purpose or purposes thereof. No business shall be transacted at a special meeting except as stated in the notice. If a Member intends to raise a matter at a special meeting, said Member shall submit such request in writing to the Secretary or President at least ten (10) days before the date notice is to be mailed to the Members in order for such matter to be included in the Notice of Special Meeting.
- e. Notice Of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purposes thereof as well as the time and place where it is to be held, to each Owner of record at least fifteen (15), but not more than sixty (60) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served. The notice of meeting shall include any matters the Members intend to raise at the meeting if a request is submitted to the Secretary or President in writing at least ten (10) days prior to notice being mailed, which requests sets forth the matters to be raised.
- f. Quorum Requirements. A Majority of the Members present in person or by proxy constitutes a quorum for any meeting purpose.
- g. Adjourned Meeting. If any meeting of the Association cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. The time, date, and place of the meeting shall be set and announced before adjournment of the first meeting. Upon the reconvening of said meeting a quorum shall be constituted if twenty-five percent (25%) of the Members are present in person or by proxy at said reconvened meeting.
- h. Order Of Business. The order of business at all Annual Meetings of the Association shall be as follows:
  - i. Roll Call.
  - ii. Proof of Notice of Meeting or Waiver of Notice.
  - iii. Reading of Minutes of Preceding Meeting.
  - iv. Reports of Officers.
  - v. Reports of Committees.
  - vi. Presentation of Budget for Approval.
  - vii. Election of Directors.
  - viii. Unfinished Business.
  - ix. New Business.
- i. Record Date. The Board of Directors shall fix a record date for determining Owners entitled to notice of and to vote at each annual or special meeting. Such record date shall be at least ten (10) days, but not more than forty (40) days before the meeting. Only Members holding title to Units as reflected in the Beaufort County records on the record date shall be entitled to notice.

- j. Action By Written Consent. Whenever the vote of Members at a meeting is required or permitted by these Bylaws to be taken in connection with action of the Association, the meeting and vote of Members may be waived if a majority of Members who would have been entitled to vote consent in writing to such action being taken. Notice of such action shall be given to all Members, unless all Members participated in the approval of such action.
- k. Waiver And Consent. Any Member may waive any notice of meeting required by these Bylaws if the waiver is submitted in writing, signed by the Member entitled to notice, and delivered to the Association prior to the date of the meeting. Any Member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting unless the Owner objects to holding the meeting or transacting business at the meeting at the beginning of the meeting. Further, any Member's attendance at a meeting waives objection to considerations of a particular matter at the meeting that is not within the purpose described in the notice for the meeting, unless the Member objects to the consideration of the matter at the time when it is presented at the meeting.
- l. Membership List. After a record date for a notice of meeting has been fixed by the Board of Directors, a complete list of Members of the Association shall be prepared by the Secretary or Treasurer. This Membership list shall list the Members and shall include the addresses and number of votes each Member is entitled to vote at the meeting. Such list shall be maintained in the office of the Association beginning the day after notice is given of the meeting for which the list was prepared and continuing through the meeting.

5. **Board of Directors.**

- a. Number And Qualification. The affairs of the Association shall be governed by a Board of Directors ("Board") comprised of three persons. The Declarant shall appoint the initial Board. Initially, Directors do not need to be Members. After the Declarant no longer has the right to appoint the members of the Board as set forth in the Covenants, Directors shall be Members and shall be elected initially as set forth in the Covenants.
- b. General Powers And Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association.
- c. Specific Powers And Duties. In addition to the general powers referenced above, the Board shall be responsible for the following:
  - i. Care and upkeep of the Common Property.
  - ii. Establishment of the annual budget. A proposed budget shall be available to all Members at least fifteen (15) days in advance of the Association's annual meeting. The budget may be modified by the Association at the annual meeting or a special meeting of the Association by a majority vote of the Members present at such meeting, in person or by proxy.
  - iii. Employment, dismissal and control of any Management Agent and any personnel necessary for the maintenance and operation of the Common Property.
  - iv. Collection of all assessments and fees from the Owners.
  - v. Obtaining of insurance for the Common Property.
  - vi. Grant or relocate easements which are not inconsistent with the Owners' full use and enjoyment of the Common Property.
  - vii. Making of, or causing to be made, repairs, additions and improvements to or alterations of, the Common Property and repairs to and restoration of the Common Property.
  - viii. To make available for inspection, upon request during normal working hours or under other reasonable circumstances, to Unit Owners, the holders, insurers or guarantors of any first mortgage on any Unit, Bylaws, other rules or regulations

pertaining to the Association, and the books, records and financial statements of the Association.

- ix. To adopt and implement a policy regarding resale of Units, the purpose of said policy to assist Unit Owners to provide timely information to prospective buyers while not burdening the Association financially.
- d. Management Agent. The Board of Directors may retain a Management Agent, at the compensation established by the Board, to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in this Section. Any contracts with the Management Agent shall be for a reasonable term and shall contain reasonable provisions regarding the right of the Association to terminate said contracts.
- e. Board Of Directors. The first Board of Directors consisting of three (3) persons shall be designated by the Declarant. These appointments will continue until the Declarant's rights to appoint all Board members under the Covenants expires. When the Declarant's right to appoint the Board expires, the Board shall be increased to five (5) directors. The initial term of office for two (2) directors of the Board shall be fixed at three (3) years. The term of office of two (2) directors of the Board shall be fixed at two (2) years, and the term of office of one (1) director of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each director of the Board, a successor shall be elected to serve a term of three (3) years. The directors of the Board shall hold office until their successors have been elected and hold their first meeting. All directors, except those appointed by the Declarant, shall be subject to replacement, in the event of resignation or death, in the manner set forth in this Section.
- f. Vacancies. Vacancies in the Board of Directors caused by reason other than the removal of a director of the Board by a vote of the Members shall be filled by vote of the majority of the remaining directors. Each person so elected shall be a director of the Board until a successor is elected at the next meeting of the Association. If a quorum cannot be achieved due to vacancies in the Board, only a majority of the remaining Board shall be required to elect successor Board members.
- g. Removal Of Director. At any annual or special meeting of the Association, any one or more of the directors of the Board may be removed with or without cause by a majority of Members and a successor may then be elected to fill the vacancy. Any director of the Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. If a director ceases to be an Owner, said director shall either resign or be removed by the Board. Notwithstanding any other provision contained herein, any director of the Board who was elected by the Members shall only be removed by the Members at a meeting where the purpose, or one of the purposes, as stated in the Notice of Meeting, is the removal of said director. Notwithstanding any other provision contained herein, no director appointed by the Declarant may be removed without the vote of the Declarant.
- h. Organizational Meeting. The organizational meeting of the Declarant's appointed first Board shall be held at such time and place as shall be determined by the Declarant. No notice shall be necessary to the newly elected Board members to legally constitute such an organizational meeting, providing a majority of the Board shall be present.
- i. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least four (4) such meetings shall be held each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary or Treasurer, or other designated person to each Board member personally, by mail, or facsimile at least two (2) days prior to the day of the meeting.

- j. Special Meetings. Special meetings of the Board may be called by the President, on three (3) days prior notice to each director, given personally, by mail, or facsimile, which notice shall state the time, place, and the purpose or purposes of the meeting.
- k. Waiver Of Notice. Before or at any meeting of the Board, a director may waive in writing notice of such meeting. Attendance or participation by a director at any meeting of the Board shall constitute a waiver of notice. If all directors are present at a meeting of the Board, no notice shall be required.
- l. Action Without A Meeting. Actions of the Board may be taken without a meeting if the action is taken by all directors of the Board and evidenced by one or more written consents describing the action taken, signed by each director, and included in the corporate records of the Association.
- m. Board Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business. Actions and resolutions approved by a vote of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. Directors may participate in a regular or special meeting by, or conduct the meeting through any means of communication by which all directors participating may hear each other simultaneously during the meeting, and directors so participating by this means shall be deemed to be present in person at the meeting. If at any meeting of the Board there is less than a quorum present, the majority of the directors present may adjourn the meeting to another time. At any such adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice. Proxies shall not be available for either a Board quorum or for voting purposes.
- n. Fidelity Bonds. The Board may require that any Management Agent, officers or employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.
- o. Compensation. No director shall receive any compensation from the Association. However, a Director may be reimbursed for actual expenses incurred in the performance of his or her duties.
- p. Liability Of The Board Of Directors. Except as required under the laws of South Carolina, the directors shall not be liable to the Unit Owners or Members for any mistake of judgment, negligence, or otherwise, except for willful misconduct. To the extent permitted under the laws of South Carolina, the Unit Owners and Members shall indemnify and hold harmless the Board of Directors against all contractual liability to others arising out of contracts entered into by the Board of Directors on behalf of the Association, unless any such contract is contrary to the provisions of the Covenants or of these Bylaws. Directors who are members of, or employed by Declarant, are authorized and allowed to contract with Declarant and affiliated corporations without being charged with self-dealing.

6. **Officers**.

- a. Designation. The principal officers of the Association shall be a President, a Vice President, and a Secretary and/or Treasurer all of whom shall be elected by the Board. The Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as, in their judgment, may be necessary. One person may hold more than one office.
- b. Election Of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.
- c. Removal Of Officers. Upon an affirmative vote of a majority of the directors of the Board, any officer may be removed either with or without cause, and a successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. No officer shall continue to serve as such if he or she shall cease to be an Owner.

- d. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the office.
  - e. President. The President shall be the Chief Executive Officer of the Association. The President shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of President of an incorporated nonprofit Association, including but not limited to, the power to appoint committees from among the Unit Owners as appropriate to assist in the conduct of the affairs of the Association. The President shall sign all leases, mortgages, deeds and other written contracts and instruments and shall co-sign all checks and promissory notes, and perform all of the duties which may be delegated from time to time by the Board of Directors.
  - f. Vice President. The Vice President shall take the place of the President and perform the President's duties when the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other director of the Board to perform such duties on an interim basis. The Vice President shall also perform other duties as requested by the Board.
  - g. Secretary And Treasurer. The offices of Secretary and Treasurer may be combined or separated. The Secretary or Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association. The Secretary or Treasurer shall have charge of the record books and papers of the Association and shall authenticate the records of the Association. The Secretary or Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association and shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board.
7. **Notices.** Whenever under the provisions of the Covenants or these Bylaws notice is required to be given to the Board of Directors, the Management Agent or a Member, it shall not be construed to require personal notice; but such notice may be given in writing, by first class, certified or registered mail, by depositing the same in a post office or letter box, in a postpaid sealed envelope, addressed to the Board of Directors, the Management Agent or the Member, at such address as appears on the books and records of the Association. Notice shall be deemed given as of the date of mailing.
8. **Obligations of the Owners.**
- a. Assessments For Common Expenses. All Owners shall be obligated to pay the Assessments imposed by the Association and to meet all Association expenses for upkeep and maintenance of Common Property as set forth in the Covenants.
  - b. Assessments To Remain In Effect Until New Assessments Made. The omission by the Board of Directors before the expiration of any year to fix the Assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of the Covenants and Bylaws or a release of any Owner from the obligation to pay Assessments, or an installment thereof, for that or any subsequent year, but the Assessment fixed for the preceding year shall continue until a new Assessment is fixed by the Board at a duly held Board meeting.
  - c. Records. The Management Agent or Board of Directors shall keep detailed records of the receipts and expenditures affecting the Common Property and any other Association expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by the Owners during reasonable business hours.
  - d. Default In Payment Of Common Charges. The Board shall take prompt action to collect any Assessment due from an Owner which remains unpaid for more than thirty (30) days from

the due date for payment thereof. In the event of default by any Owner in paying Assessments, such Owner shall be obligated to pay interest, late charges and collection charges as set forth in the Covenants.

- e. Statement Of Assessments. When requested in writing, the Board shall promptly provide any purchaser, Owner, mortgagee or prospective mortgagee of a Unit with a written statement of all unpaid Assessments due from the Owner of that Unit for a reasonable fee. The purchaser or mortgagee's liability therefor shall be limited to the Assessment amount as set forth in the statement. Any mortgagee holding a lien on a Unit may pay any unpaid Assessments payable with respect to such Unit and upon such payment such mortgagee shall have a lien on such Unit for the amounts paid of the same rank as the lien of his encumbrance. Any mortgagee holding mortgages on more than five (5) Units shall be entitled, upon request, to receive a statement of account on the Units securing all of said mortgages once each calendar year without any fee or charge.
  - f. Statement Upon Resale. No Owner shall convey or sell a Unit unless and until all unpaid Assessments against the Unit shall have been paid. Such unpaid Assessments, however, may be paid out of the proceeds from the sale of a Unit or by the Owner's grantee. Upon the written request of an Owner or the Owner's prospective purchaser, the Board or the Management Agent shall furnish a written statement of the unpaid Assessments due from such Owner for a reasonable fee, which shall be conclusive evidence of the payment of Assessments prior to the date of the statement. Further, the Association shall undertake to provide copies of the Covenants, these Bylaws, or other materials regarding the Association upon the written request of an Owner in connection with the sale of a Unit. A reasonable charge may be made by the Board for the issuance of Assessment statements and Association materials.
  - g. Litigation. No judicial proceeding or litigation shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the votes eligible to be cast by the Owners including Declarant's Class B Membership vote. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the Covenants or Bylaws (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided herein; (c) proceedings involving taxation, including, e.g., challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. In the event any judicial proceeding or litigation is instituted, then the Association shall assess all Owners for the costs of such litigation, including, without limitation, attorneys' fees incurred, and funds from regular Assessments shall not be used for any such claim or litigation.
9. **Insurance.** The Board of Directors shall be required to obtain and maintain insurance policies covering the Property Common Property without prejudice of the right of the Owner to obtain additional individual insurance policies at his or her own expense.
10. **Mortgages.**
- a. Notice To Board. An Owner who mortgages a Unit shall notify the Board of the name and address of the Mortgagee. The Association may maintain such mortgagee information.
  - b. Notice To Mortgagee. The Board shall give reasonable advance written notice of the events below to all Unit mortgagees from which it receives a written request. Such written request must identify the name and address of the mortgagee and the encumbered Unit number and address:
    - i. Any unpaid Assessments due the Association for over ninety (90) days from the Owner(s) of the Unit;

- ii. Any default by the Owner of the Unit in the performance of obligations under the Covenants or Bylaws when such default is not cured within sixty (60) days.
  - iii. Any notice of special or annual meetings of the Association.
  - iv. Any condemnation loss or any casualty loss which affects a material portion of the Property or any Unit on which there is a first mortgage held, insured, or guaranteed by such mortgagee;
  - v. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
  - vi. Any proposed action which would require the consent of a specified percentage of mortgagees as specified in these Bylaws or in the Covenants.
- c. Statements To Mortgagee. Upon written request to the Association from any mortgagee of which it has notice as herein provided, the Board shall supply such mortgagee with a reasonably current financial statement of the Association within a reasonable time of such request.
11. **Amendments**. These Bylaws may be amended only with the consent of at least sixty-seven (67%) percent of the Owners including the Declarant Class B Membership vote. Notwithstanding the foregoing, so long as the Declarant remains the Owner of more than one Unit in the Property, these Bylaws shall not be amended without the Declarant's consent.
12. **Miscellaneous Matters**.
- a. Number. When the context requires, the use of the singular includes the plural.
  - b. Definitions. The definitions contained in the Covenants apply to these Bylaws.
  - c. Execution Of Documents. The President, Vice President, or Secretary are responsible for preparing, executing, filing and recording amendments to the Covenants and Bylaws, and shall be authorized to execute any other document which the Association may from time to time be required to execute.
  - d. Notices. All notices required by these Bylaws shall be hand delivered or sent by mail to the Association at the address of the President; to Unit Owners at the address of the Unit or at such other address as may have been designated by such Unit Owner from time to time in writing to the Association. All notices from or to the Association shall be deemed to have been given when mailed or delivered, except notice of changes of address which shall be deemed to have been given when received.
  - e. Captions. The captions contained in these Bylaws are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision of the Bylaws.
  - f. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.
  - g. Conflict. These Bylaws shall comply with the South Carolina Non-Profit Corporation Act, as may be amended from time to time. In the event of any conflict between these Bylaws and the provisions of such statute or the Covenants, the provisions of such statute or the Covenants, as the case may be, shall control.
  - h. Waiver. No restriction, condition, obligation, or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violations or breaches thereof which may occur.