

BYLAWS DATAW ISLAND OWNERS ASSOCIATION, INC.

Amended and Restated as of November 1, 1997, with Technical and Corrective changes of January 12, 1998, and amendments dated September 16, 2003, July 21, 2008, February 20, 2009, July 18, 2011, July 18, 2016, June 28, 2017, September 18, 2017, June 11, 2018 February 18, 2020, February 22, 2022 and February 21, 2023.

PREAMBLE

These Bylaws provide the basis for the organizational structure necessary to administer the Dataw Island Owners Association, Inc. affairs; to maintain the Common Areas; to enhance the safety, health and welfare of Dataw Island residents, visitors and employees; and to help provide for the security of property at Dataw Island.

ARTICLE I - DEFINITIONS

Section 1.1 Covenants

"Covenants" shall mean and refer to the AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR DATAW ISLAND, dated October 1, 1996, as recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 892 at Pages 1038 to 1102, inclusive; and any duly recorded subsequent amendments to these Covenants.

Section 1.2 Association

"Association" shall mean and refer to the Dataw Island Owners Association, Inc., a non-profit corporation organized and existing under the laws of the State of South Carolina.

Section 1.3 Property

"Property" shall mean and refer to all property which shall be subject to the jurisdiction of the Association pursuant to the Covenants.

Section 1.4 Common Areas

"Common Areas" shall mean and refer to those areas of land together with any improvements thereon, if any, which are deeded to the Association and designated in said deed as "Common Areas". The term "Common Areas" shall include any personal property acquired by the Association if said property is designated as "Common Areas". All Common Areas are to be devoted to and for the common use and enjoyment of the owners of the Property.

Section 1.5 Owner

"Owner" shall mean and refer (i) to one or more persons but not more than four (4) persons, (ii) to a corporation, partnership, association, trust or other legal entity, or (iii) any combination thereof, who or which shall own fee simple title to a lot or dwelling unit on Dataw Island; provided however that any person or legal entity, which shall own or possess a security interest in such lot or dwelling unit, shall not be an Owner thereof for purposes of these Bylaws.

Section 1.6 Board

"Board" shall mean and refer to the Board of Directors of the Association as constituted pursuant to the provisions of these Bylaws.

Section 1.7 Member

"Member" shall mean and refer to Members of the Association.

Section 1.8 Domestic Partner

"Domestic Partner" shall mean and refer to a person who (i) lives with the Member, (ii) is not related to the Member by blood, and (iii) who represents himself or herself as being in a personal couple relationship with the Member.

ARTICLE II - MEMBERSHIP IN THE ASSOCIATION

Section 2.1 Eligibility, Requirements and Rights

Each Owner and the spouse or domestic partner of each Owner, if not already the owner of fee simple title to a lot or dwelling unit, shall be eligible to be a Member; provided that if fee simple title to a lot or dwelling unit shall be held by more than one person as Owners, no more than two (2) of such Owners may be Members; and provided, further, that if fee simple title to a lot or dwelling unit is held by a legal entity, such legal entity shall be a Member and shall be entitled to designate one (1) person to also be a Member as the representative of such entity.

2.1.1 Each Member is subject to, and shall comply with, the following requirements, whether or not specific reference thereto is contained in any deed for such Member's lot or dwelling unit:

- A. The Covenants, the Certificate of Incorporation of the Association and these Bylaws, including any rules and regulations issued thereunder.
- B. The Dataw Island Design Guidelines adopted and published by the Architectural Review Board and approved by the Association.
- C. The payment of all annual and special assessments or charges levied by the Association.
- D. Provide to the Association, and keep current at all times, a mailing address.
- E. Prompt notification to the Association, in writing, when any lot or dwelling unit of such Member is transferred or leased, including the name and address of the transferee or lessee.
- F. The Architectural Review Board process for approval of plans for new homes or external renovations.

2.1.2 A Member in good standing is entitled to the following rights and privileges:

- A. To vote on matters at any Annual or Special Meeting of Members, as provided in these Bylaws.
- B. The use and enjoyment of the Common Areas for themselves, their household members and guests, subject to the rights and easements reserved to the Association.
- C. The use of transponder passes for admission to Dataw Island.
- D. Association publications and communications, including all notices provided for herein.

E. Attendance at Association meetings.

2.1.3 Members may delegate their rights of enjoyment in the Common Areas to any lessee, subject to the limitations of the Covenants, so long as notice of any lease, and a copy of any lease, is provided to the Association prior to the time of delegation.

2.1.4 Membership rights and privileges may be suspended by action of the Board for any Member who is delinquent in the payment of assessments until payment has been received, including late charges and any legal or collection fees incurred.

2.1.5 A Member shall cease to be entitled to the privileges of membership in the Association upon transfer, by sale or otherwise, of the ownership interest in his/her lot or dwelling unit. Each Member shall notify the Association in writing as to any such transfer not less than thirty (30) days prior to the effective date thereof. Said notice shall include such information and be in the form that the Association shall prescribe from time to time. The Association shall be entitled to send all notices to the Member at the address shown on the membership list maintained by the Association pursuant to Section 3.3.A hereof, as Owner of such lot or dwelling unit, and said notice shall be binding on any other Owner of such lot or dwelling unit when the Association has not been notified as provided herein.

Section 2.2 Annual Meeting of Members

The Annual Meeting of Members entitled to vote shall be held each year on the third Monday of February at such time and place as may be specified in a written notice thereof furnished to the Members, pursuant to Section 2.4, hereof. If such a date falls on a legal holiday, the meeting shall be held on the first day following which is not a legal holiday.

Section 2.3 Special Meetings of Members

Special Meetings of the Members entitled to vote for any purpose may be called at any time by the President or by a majority of the Board, or upon written petition signed by not less than twenty-five percent (25%) of the Members entitled to vote.

Section 2.4 Notice of Any Meeting

Notice of Annual and Special Meetings shall be given to the Members entitled to vote by mailing a copy of the notice to the address appearing on the membership list of the Association, not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting and shall set forth in general the nature of the business to be transacted.

Section 2.5 Quorum

In order for any meeting of Members to transact business, a quorum, consisting of not less than fifty percent (50%) of the total number of Members entitled to vote, must be present in person or by proxy. In the event that a quorum shall be determined to not be present, the President may convene the meeting but immediately recess it for not less than three (3) days or more than fourteen (14) days until the requisite quorum can be achieved. If, at the end of such period, the requisite quorum has not been achieved, another meeting, duly noticed for the same purposes, may be convened at which the requisite quorum shall be the presence in person or by proxy of not less than forty percent (40%) of members entitled to vote.

Section 2.6 Voting

One (1) vote may be cast by a Member entitled to vote, who, as an Owner, shall own the fee simple title to a lot or dwelling unit, or by the spouse or domestic partner of such Member. No

more than one (1) vote may be cast for each lot or dwelling unit. If more than one Member shall seek to vote for any one lot or dwelling unit, none of such votes shall be counted.

In the event that more than one person shall hold an interest, other than a security interest, in a lot or dwelling unit, the vote allocable to such lot or dwelling unit shall be exercised by one Member. In the event that a corporation, partnership, association, trust or other legal entity shall be the Owner of a lot or dwelling unit, the vote allocable thereto shall be exercised by the person designated by such legal entity as a Member pursuant to Section 2.1 hereof.

Section 2.7 Proxies

A Member entitled to vote may vote for the transaction of any business at a duly noticed meeting by means of a written and signed proxy or other form of power of attorney; provided however that if such proxy or power of attorney shall have been prepared by, or on behalf of such Member, such proxy or form of power of attorney shall be furnished to the Association prior to such meeting.

ARTICLE III - THE ASSOCIATION

Section 3.1 Responsibilities

The Association is responsible for maintaining the Common Areas, administering the enforcement of the Covenants and these Bylaws, and collecting assessments and disbursing funds so as to achieve these goals:

3.1.1 To preserve and enhance the amenities, natural beauty and harmony of Dataw Island.

3.1.2 To promote the safety, health and welfare of all who live and work at Dataw Island.

3.1.3 To promote the common benefit and enjoyment of the Property.

3.1.4 To promote the financial welfare of the Association through forecasting, planning and careful administration of Association funds.

Section 3.2 Direction and Administration

The business and affairs of the Association shall be directed by the Board and administered by a General Manager.

Section 3.3 Accounts and Records

Complete accounts and records of the business and affairs of the Association shall be kept and maintained. These accounts and records shall include, but not be limited to:

A. A membership list which shall include the name, current mailing address to which any notice or statement required to be furnished to a Member may be sent, telephone number of each Member and a designation of each lot or dwelling unit owned by such Member as an Owner.

B. Financial records, including forecasts, budgets and regular reports.

C. Book(s) of the minutes of all actions taken (i) at all Annual and Special Meetings of Members and (ii) at all regular, special, or emergency meetings of the Board.

D. Book(s) of all motions or resolutions of the Board.

- E. A Policy Manual.
- F. The Dataw Island Design Guidelines.
- G. Rules and regulations adopted by the Board.
- H. A Personnel Policy and Benefits Manual.

3.3.1 Subject to, and in accordance with the provisions of, applicable law, a Member may, upon request, examine, but not copy, the accounts and records of the Association. Single copies of any account or record, including a reasonable number of certified copies, shall be furnished on request to a Member, subject to the payment of such fees and to such terms and conditions as the Board may deem appropriate. The foregoing rights to examine and to receive copies does not extend to any personnel or similar type of records, or to the minutes or records of any action taken or discussions relating thereto at an executive session of the Board.

Section 3.4 Availability of Copies

The Association shall, upon request, make available to each Member a copy of the Covenants, the Certificate of Incorporation of the Association, the Dataw Island Design Guidelines, the Rules and Regulations of the Association, and the Bylaws. A fee may be charged for this service.

Section 3.5 Seal

The Association shall have a corporate seal in circular form having within its circumference the words, "The Dataw Island Owners Association, Inc.", or an abbreviation thereof approved by the Directors.

ARTICLE IV - BOARD OF DIRECTORS

Section 4.1 Number and Term

The Board shall be composed of not less than five (5) or more than seven (7) Members in good standing; the exact number shall be as determined from time to time by the Board. Except as provided hereinafter, the term of office of a Director, elected pursuant to the provisions of Article V, shall be three (3) years; any member of the Board, whose term shall expire as of any Annual Meeting, shall be eligible for re-election. However, no member or former member of the Board of Directors shall be entitled to serve more than a total of six (6) years.

Section 4.2 Removal of Directors

At any time any one or more of the Directors may be removed, with or without cause, at a duly noticed Annual or Special Meeting by the affirmative vote of a majority of the Members entitled to vote.

Section 4.3 Vacancies on the Board

If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors, not less than a quorum, as defined in Section 4.9 below, shall choose a successor or successors. A Director so chosen shall serve the unexpired term or terms of the vacancy being filled.

Section 4.4 Disqualification and Resignation of Directors

After review of the relevant circumstances by the Board and a determination by a majority of

the Board that one or more of the following has, in fact occurred, a Director shall be disqualified from continued service on the Board if such Director shall (i) have engaged in acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (ii) have engaged in any transaction from which an improper personal benefit is derived, (iii) have been absent without excuse from three regularly scheduled Board meetings during a calendar year, or (iv) be delinquent in the payment, for a period of thirty (30) days, of any assessment or other charge due the Association. In such event, the Director, without the submission of any written resignation, shall be deemed to have resigned, effective without further action by the Board.

A Director may resign at any time by the delivery to the Association, to the attention of the Secretary, of a written notice of resignation. Unless otherwise specified therein, such resignation shall be effective upon receipt. If a Director shall fail to continue to qualify as an Owner, such Director shall be deemed to have resigned effective immediately.

Section 4.5 Regular Meetings

Regular meetings of the Board shall be held on the third Monday of each month at the Dataw Island Club House. Reasonable notification as to a different date or location of the meeting shall be provided to the Members.

Section 4.6 Special Meetings

Special meetings of the Board may be called by the President or, in his/her absence, by the Vice President, or by a majority of the Board, by giving five (5) days notice to Directors as to the time and place of the special meeting. All notices of special meetings shall state the purpose(s) of the meeting. Reasonable notification as to the scheduling of a special meeting shall be provided to the Members.

Section 4.7 Emergency Meetings

An emergency meeting of the Board may be called by the President or, in his/her absence, by the Vice President. Reasonable notification as to the scheduling of any emergency meeting and the action taken, if any, shall be provided to the Members.

Section 4.8 Waiver of Notice

Before or at any meeting of the Board, any Director may waive notice of such meeting and such waiver shall be deemed equivalent to the receipt of notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at the meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 4.9 Quorum

At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at such meetings at which a quorum is present, shall be the acts of the Board. If, at any meeting of the Board there be less than a quorum present, the meeting shall be adjourned.

4.9.1 In order to satisfy a quorum, a Board Director may attend a Board meeting via telephone conference call, web cast or other electronic means.

Section 4.10 Polling

On a matter requiring immediate action of the Board, the Board may be polled by the President

and action taken as instructed by the Board. Such action shall be ratified at the next regular Board meeting.

Section 4.11 Compensation

No past or current Director shall receive compensation, in any form, for such service. Nothing herein shall prohibit the Association from compensating a Director, or any entity with which the Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that such Director's interest was made known to the Board prior to entering into such contract or agreement and such contract or agreement was approved by a majority of the Directors, excluding the interested Director.

Section 4.12 Open Meetings

Subject to the provisions of Section 4.13 below, all regular and special meetings of the Board shall be open to the Members. No Member, other than a Director, may participate in any discussion, unless a member shall submit to the Board, at least forty-eight (48) hours in advance of the meeting, a written request to speak and the Board shall have granted that Member the right to speak on the subject matter of the request. Notwithstanding the foregoing, the President may, in his/her sole discretion, call for comments on any issue under discussion from Members in attendance. In all cases the President may limit the length and number of times which a Member may speak.

Section 4.13 Executive Sessions

Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, excluding any Member who is not a Director, to discuss matters deemed by the President to be of a sensitive nature.

Section 4.14 Liability of Directors

No Director shall be liable to the Owners, the Members, or the Association with respect to any contract made or entered into by him/her for, or on behalf of, the Association or for any mistake of judgment, negligence, or otherwise, except for his/her own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each Director against all contractual liability to others arising out of contracts made or entered into by the Board on behalf of the Association, unless such contract shall have been made in bad faith or contrary to the provisions of the Covenants, the Certificate of Incorporation of the Association or these Bylaws. The indemnification provided for in this Section 4.14 shall be in addition to, and not in substitution for, any indemnification provided for in Section 9.1 hereof.

Article V - ELECTION OF DIRECTORS

Section 5.1 Nomination by Nominating Committee

The Presidents of the Dataw Island Club (DIC) and the DIOA will jointly appoint a Chairperson for the Nominating Committee by July 15 of the year preceding the election process. The appointed Nominating Chair will recruit a committee of seven members who are entitled to vote in the next election. No member of the nominating committee, including the Chair, may be the spouse or domestic partner of any current Dataw Island Owners Association (DIOA) or DIC Director. The Nominating Committee shall serve until their successors are appointed and qualified. Unless specifically requested by the Board of Directors, the Nominating Committee shall not nominate a candidate or candidates to fill vacancies on the Board of Directors, occurring by reason of resignation, death or otherwise, for any unexpired term. The Nominating

Committee shall solicit Members as candidates for election to the Board. The spouse or domestic partner of a Member, other than a member of the Nominating Committee who is entitled to vote, shall be eligible for election to the Board of Directors. The Nominating Committee shall interview potential candidates, make them aware of the commitment should they be elected and gather background and experience qualifications. Any business relationships between the candidates and the DIOA or the DIC must be fully disclosed to the nominating committee and to the membership. Not less than fifty (50) days prior to the Annual Meeting in any calendar year, the Nominating Committee shall present to the Board the names of members, all of whom shall be members in good standing, selected by a majority vote of the Nominating Committee, for each Director position to be filled as follows, provided, however, that no candidate may be a member of the Nominating Committee or a spouse or domestic partner of a member of the Nominating Committee. In the years when there is only one (1) Director position to be filled, the Nominating Committee shall present two (2) candidates to the Board. In the years when there are two (2) Director positions to be filled, the Nominating Committee shall present three (3) candidates to the Board. The Nominating Committee, in this presentation, shall include for each candidate a brief biographical sketch, the Nominating Committee's assessment of the qualifications to serve, a statement that the candidate is willing to serve if elected and a copy of any comments the candidate may wish to make. The Board shall promptly cause the names of the candidates nominated by the Nominating Committee to be made publicly available.

Section 5.2 Nomination by Petition

Sixty (60) or more of Members entitled to vote for the election of the Board of Directors, who are neither members of the Nominating Committee nor of the Board of Directors, may also nominate candidates for election to the Board of Directors by petition filed with the Secretary of the Board of Directors at least fifty (50) days before an Annual Meeting. The names of any such nominees, after having been certified by the Secretary, Vice President or President of the Board of Directors that such nominees are qualified for election and have been nominated with this Section 5.2, shall be posted/announced as a petition candidate in the same manner and at the same places as the nominees proposed for election to the Board of Directors by the Nominating Committee pursuant to Section 5.1. A Member shall not sign more than one (1) petition in any given election.

Section 5.3 Information Furnished to Members

At the time that the budget and annual assessment information is being mailed to Members, pursuant to Section 6.3.1 hereof, the Board shall also furnish, to each Member entitled to vote in the election of Directors, pursuant to Section 5.4 hereof, information as to the number and term of Directors to be elected, the names of the candidate(s) nominated by the Nominating Committee or by petition, and a brief biographical sketch of each candidate. Upon request, the Board shall furnish such election information and materials to any Member, who is otherwise entitled to vote for the election of Directors, but whose name and/or lot or dwelling unit designation(s), due to date of acquisition thereof, inadvertent omission or otherwise, was not included on the membership list of the Association maintained pursuant to Section 3.3.A hereof and used for the mailing of the budget and annual assessment information.

Section 5.4 Voting

Each Member entitled to vote shall be entitled to cast one vote for each position of Director to be filled for each lot or dwelling unit which such Member shall have designated on the membership list of the Association. Except as may be provided for in Section 5.3 hereof, only those Members whose lot or dwelling unit designations shall appear on the said membership list thirty (30) days prior to the date of the Annual Meeting shall be eligible to vote for the

election of Directors. A vote may be cast by means of a proxy or power of attorney returned by mail, facsimile transmission or in person to the Association prior to the Annual Meeting, or in person by ballot at the Annual Meeting. Cumulative voting is not permitted.

Section 5.5 Vote Counting

The Nominating Committee shall designate not more than three (3) of its members, one of whom shall be the chairperson, to monitor the manner in which any proxies received by the Association prior to the Annual Meeting are safeguarded and to assure that the confidentiality of the vote of any Member for the election of Directors is maintained. The confidentiality of any vote by ballot at the Annual Meeting shall be similarly assured. The votes received, whether by proxy or power of attorney returned pursuant to Section 5.4 hereof, or by ballot at the Annual Meeting, shall be totaled and the results reported in writing to the Board. The candidates who receive the highest number of votes for each term shall be deemed elected. If practicable, the results of the election shall be announced at the Annual Meeting and shall otherwise be promptly made public.

Section 5.6 Challenge to the Election Results

In the event that any Member challenges the results of any election, written notice and all pertinent facts with respect thereto shall be filed with the Board within two (2) days after the results are made public. The Board shall immediately consider the merits of such challenge and its decision with respect thereto shall be final. No newly elected Director, whose election has been challenged, shall vote on the matter.

Section 5.7 Retention of Votes

If a challenge shall have been made pursuant to Section 5.6 hereof, the votes shall be retained until the challenge has been resolved. Otherwise all votes, evidenced either by proxy, power of attorney or ballot, shall be destroyed no later than the third (3) day after the Annual Meeting.

ARTICLE VI - ADMINISTRATION OF THE ASSOCIATION

Section 6.1 Powers and Duties of the Board

The Board shall, insofar as permitted by law, exercise the powers and duties delegated or assigned to the Association by the Covenants, the Certificate of Incorporation of the Association, and these Bylaws.

Section 6.2 Adoption of Plans, Budgets, and Policies

The Board shall adopt and may, from time to time, amend organizational plans, budgets, policies and guidelines for the administration of Association affairs as set forth in the Covenants.

6.2.1 The Board shall establish and levy assessments approved by the Members to pay for the services provided by the Association, set up reserves for future major repairs or replacement of facilities and insure compliance with collection procedures.

6.2.1.1 All funds transferred to the Dataw Island Owners Association by the Dataw Island Club for the sole purpose of major repairs or replacement of infrastructure will be deposited in the reserve account. The funds will be used for the sole purpose of replacing the Dataw Island entrance bridge, until such time as the costs related to the replacement of the entrance bridge are paid in full. Thereafter, the funds may be used to pay for the costs related to the repair or replacement of other major Dataw Island infrastructure projects.

6.2.2 The Board shall adopt Dataw Island Design Guidelines to provide Members, architects, builders and landscape designers with the criteria and information necessary to comply with the restrictions and objectives of the Covenants for architectural control.

6.2.3 The Board shall adopt rules and regulations to govern the use of Common Areas and the conduct of all who reside, visit or work at Dataw Island while using Common Areas.

6.2.4 The Board shall have the authority to:

A. Suspend the rights and privileges of any Member, who shall be delinquent in the payment, when due, of any annual or special assessment.

B. File a lien against the lot or dwelling unit of any Member or any Owner thereof, who is not a Member, in the event of any delinquency in the payment of any assessment on such lot or dwelling unit.

C. Take legal action against any Member or any Owner of a lot or dwelling unit, who is not a Member, in the event of any delinquency in the payment of any assessment on such lot or dwelling unit or any violation of any provision of the Covenants, the Dataw Island Design Guidelines, any rules and regulation of the Association or these Bylaws.

Section 6.3 Submission to Members

The Board shall be required to submit certain proposed actions to the Members prior to implementation.

6.3.1 The Board shall establish a budget and a proposed annual assessment at least thirty (30) days prior to the Annual Meeting and shall mail them to each Member at the address shown on the membership list maintained by the Association, pursuant to Section 3.3.A hereof, not less than fifteen (15) days prior to the Annual Meeting. Copies thereof will be made available to a Member in person or to any Member otherwise entitled thereto, whose name and/or lot or dwelling unit designation, due to the date of acquisition thereof, inadvertent omission or otherwise, was not included on the membership list used for mailing the budget and annual assessment information. The budget and annual assessment shall become effective, unless disapproved, at the Annual Meeting by vote of a majority of the Members entitled to vote.

6.3.2 In any annual budget period the Board shall not make or commit to make any unbudgeted capital expenditures in excess of (i) \$500,000 to repair or replace any existing capital asset or (ii) \$200,000 to acquire or construct any aspirational (new) capital asset, without the prior approval of not less than seventy-five percent (75%) of those Members entitled to vote present in person or by proxy at a meeting of Members convened for such purpose.

6.3.3 The Board shall neither mortgage or lease any property of the Association with an aggregate value in excess of \$250,000 nor sell, offer for sale or trade any such property with a value in excess of \$250,000 without the prior approval of not less than seventy-five percent (75%) of those Members entitled to vote present in person or by proxy at a meeting of Members convened for such purpose.

6.3.4 The Board shall not enter into any unsecured indebtedness in excess of \$250,000

without the prior approval of not less than seventy-five percent (75%) of those Members entitled to vote present in person or by proxy at a meeting of Members convened for such purpose.

6.3.5 The Board shall not enter into any agreements for the Association, Property or Common Areas to be merged with, or be acquired by, any corporation or entity, or to acquire any corporation or entity, without prior approval of a majority of the Members entitled to vote, unless the Board determines the agreement to be technical or corrective in nature or to be one which does not materially or adversely affect the existing rights and privileges of the Members.

6.3.6 The Board shall not have the authority to dissolve the Association. Any proposal for dissolution shall be submitted to the Members and must be approved by a majority of the Members entitled to vote.

6.3.7 Notwithstanding the limitations set forth above in Section 6.3 hereof, the Board may make an expenditure of funds or incur unsecured indebtedness, in either instance in excess of \$500,000, but not to exceed \$2,000,000, to address the occurrence of a natural catastrophe or other type of emergency on Dataw Island. The Board shall, as soon as reasonably practical after such event, convene a Special Meeting of the Members to review the said expenditure of funds or incurrence of unsecured indebtedness.

Section 6.4 Appointment and Removal

The Board shall have the authority to appoint or remove the General Manager and agents and consultants to the Board, and approve the appointment of any agents or consultants employed by the General Manager.

Section 6.5 The General Manager

The Board shall employ a General Manager, who shall be the Association's chief operating officer, shall report to the Board, and shall employ, supervise, and terminate, when necessary, Association employees, professional consultants, contractors and agents.

The General Manager shall administer Association affairs through the implementation of policy directives and shall administer and enforce the Covenants, Dataw Island Design Guidelines and the rules and regulations adopted by the Board, so as to accomplish Association goals and objectives.

The General Manager shall develop for Board approval an organizational plan including the programs, procedures, personnel, systems, specifications and equipment necessary to provide the services required. The General Manager shall have the authority to implement the approved plans but must request Board approval for any major changes.

The General Manager shall prepare for Board approval an operational plan and budget for the ensuing year and shall have the authority to implement such approved plans and budget. The General Manager shall review the operational activities at each regular meeting of the Board and at the Annual Meeting of Members.

The General Manager shall prepare an annual report for the Board of existing and anticipated requirements with a forecast of expenses and income for periods defined by the Board.

The General Manager shall consult with the appropriate committees of the Board on the development of programs or procedures. The General Manager may utilize the services of Members as needed. The General Manager, and/or his designee, shall be an ex-officio member of all Board Committees, except the Nominating and Executive Committees.

ARTICLE VII - OFFICERS OF THE ASSOCIATION

Section 7.1 Designation and Election

The officers of the Association shall be the President, the Vice-President and the Secretary, each of whom shall be a Director, and the Treasurer, who may, but is not required to be a Director. The Board may appoint such assistant secretaries and assistant treasurers as it shall deem appropriate for a term which shall expire at the next Annual Meeting. No such assistant officer may be the spouse of, or be one of the multiple owners of a lot or dwelling unit owned by, any Director or officer.

7.1.1 As soon as practicable after the installation of the newly elected Directors at the Annual Meeting, the Board shall meet to elect the officers to serve until their successors are elected at the meeting of the Board held after the next succeeding Annual Meeting.

7.1.2 The President shall preside at all meetings of the Board and the Members, shall assure that all policies and directives of the Board are carried out, sign notes, leases, mortgages, deeds and other written instruments for the Association and perform all of the duties incident to his office which may be delegated to him from time to time by the Board. The President shall be an ex-officio member of all committees established under the provisions hereof, except the Nominating Committee and the Executive Committee.

7.1.3 The Vice President shall perform all the duties of the President in his/her absence, and any other duties as may be assigned from time to time by the Board.

7.1.4 The Secretary shall be the Secretary of the Association. An assistant secretary, under the direction of the Secretary, may record the votes and keep the minutes of the proceedings of all meetings and assure that the following records are kept and maintained:

- A. A book of minutes of all actions taken (i) at all Annual or Special Meetings of Members and (ii) at all regular, special, and emergency meetings of the Board.
- B. Book(s) of Motions and Resolutions of the Board.
- C. A Policy Manual.
- D. The membership list provided for in Section 3.3.A.

7.1.5 The Treasurer shall be the primary financial officer of the Association and shall be responsible for the oversight of cash and risk management in accordance with the policies established and approved by the Board. In addition, the Treasurer shall:

- A. Assure that adequate financial reporting and control systems are in place;
- B. Chair the Finance Committee;

C. Report the overall financial status to the Board and thereafter to the Members at the Annual Meeting with the Association's Annual Report;

D. Convey Board advice and policies on financial matters to the General Manager; and

E. Provide the Board with input regarding selection or evaluation of an independent accountant.

F. Deposit or cause to be deposited all operating funds of the Association in an account or accounts in the Association's name in a bank or banks or one or more money market funds, as designated by the Board of Directors. The Treasurer has the authority but not the obligation to invest funds reserved for the purchase, replacement or repair of assets. The Treasurer will follow the Investment Policy approved by the Board and will ensure such funds are invested in cash and cash equivalents, US-based ETFs (both equity and fixed income), US-based mutual funds, dollar-denominated fixed income securities or a combination of the named investment options. Individual equities will not be permitted. The Treasurer will not make specific investment decisions but will provide investment periods and amounts to an investment firm hired by the Board. The firm hired will be approved by the Board and will be qualified to make investment decisions based on the needs and risk tolerance of the Dataw Island Owners Association.

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

ARTICLE VIII - COMMITTEES OF THE BOARD

Section 8.1 Committees

The Committees shall be of three (3) types: Board Committees, Advisory Committees, and Operating Committees.

8.1.1 The Board Committees, designated below and such other Board Committees as may from time to time be established by the Board, shall consist of such number of Members as shall be determined by these Bylaws or the Board, shall meet as required and, as appropriate, report their actions and related matters to the Board. Current Board committees are:

A. The Executive Committee shall consist of the President, the Vice President and one or more other Directors, and shall have the power to decide on matters requiring action between regular meetings of the Board. The Executive Committee may not exceed the authority of the Board. Any action taken shall be subject to ratification by the Board at its next regular meeting. Further, the Executive Committee will conduct, at least once a year, a performance review of the General Manager, discuss such findings with the Board, discuss the review with the General Manager, and report the results of such discussion to the Board.

B. The Finance Committee shall consist of the Treasurer, as chairperson, and as many other members that the Board determines are needed. All members of the Finance Committee shall be Members of the Association, provided however that no member of the Finance Committee may be the spouse or domestic partner of, or one of the multiple owners of a lot or dwelling

unit owned by, any Director or officer of the Association. It shall oversee all financial matters of the Association, including budgeting, financial reporting, taxes, cash and risk management and independent audits.

C. The Nominating Committee shall be responsible for the selection of the candidates for election as Directors and shall, pursuant to Article V, supervise the actual election process. In the selection of other members of the Nominating Committee the chairperson should seek to secure as broad a representation of the varying ownership interests on Dataw Island as possible.

The Nominating Committee shall solicit Members as candidates for election to the Board and shall make special efforts to find potential candidates who represent interests or ownership that may not now be represented on the Board. The Nominating Committee shall interview potential candidates, make them aware of the commitment should they be elected and gather background and experience qualifications. Any business relationships between the candidates and the DIOA or the DIC must be fully disclosed to the Nominating Committee and to the membership.

The Nominating Committee shall examine the current makeup of the Board, including the projected makeup after the election with respect to Member interests and representation, with the view of selecting candidates who will further the efforts to achieve a good cross sectional representation of Members on the Board after the election.

8.1.2 Advisory Committees of the Board are appointed from time to time by the Board, which shall establish the terms and functions of each such Committee at the time of its appointment. The members of each advisory committee shall be Members and shall consist of a chairperson, appointed by the President and approved by the Board, and such other members as may be proposed to, or by, the President or other Directors but approved by the full Board. Advisory committees shall report directly to the Board for administrative purposes.

8.1.3 Operating Committees of the Board are concerned with the specific operations of the Association. The appointment of members, the determination of functions and the term of an operating committee shall be the same as for an advisory committee, except that each operating committee shall report administratively to the General Manager.

Section 8.2 Additional Committees

Additional Committees of the Board may be, from time to time, appointed by the Board as it shall deem appropriate to enable it to carry out the administration of the Association. The President shall appoint the members of such committees, subject to the approval of the Board. Directors shall be involved in the work of such committees, either as chairpersons, Board contacts or ex-officio members. The Board may, in its sole discretion, replace any one or more committee members and terminate the work of any committee at any time.

ARTICLE IX - INDEMNIFICATION

Section 9.1 Indemnification

The Association shall indemnify and hold harmless any and all persons, who may serve, or may have served at any time, as a Director, as a member of any committee established by the Board or these Bylaws, as an officer, as the General Manager or any other manager appointed by the Board, or as an agent of the Association and their respective heirs, executors, administrators, successors or assigns, against any and all expenses, including amounts paid upon judgments,

counsel fees, and amounts paid in settlement (before or after suit was commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them are made parties, or a party, or which may be asserted against them, or any of them, by reason of having served as a Director, as a member of any committee established by the Board or these Bylaws, as an officer, as the General Manager or any other manager appointed by the Board, or as an agent of the Association, except in such cases wherein such person is adjudged in a court of competent jurisdiction to be guilty of willful misfeasance or malfeasance in the performance of his or her duties. Such indemnification shall be in addition to any rights to which those so indemnified may be entitled under any law, bylaw, agreement, vote of the Members or otherwise.

ARTICLE X - SURVIVAL OF LIABILITY

Section 10.1 On Termination

Any termination of membership in the Association shall not relieve or release any former Member from any liability or obligation incurred under or in any way connected with the Association during the period when such person shall have been a Member or impair any rights or remedies which the Association may have against such former Member arising out of or in any way connected with such Membership or the ownership of any lot or dwelling unit by such Member and all the duties and obligations incident thereto.

ARTICLE XI - PARLIAMENTARY RULES

Section 11.1 Parliamentary Rules

The latest edition of Roberts Rules of Order shall govern the conduct of all Annual and Special Meetings of Members and all regular, special and emergency meetings of the Board, when not in conflict with the Covenants, the Certificate of Incorporation of the Association or these Bylaws.

ARTICLE XII - RULES AND REGULATIONS

Section 12.1 Adoption and Amendment

The Board may adopt and, from time to time thereafter, amend previously adopted administrative rules and regulations governing the operation of the Association, including the operation, use, maintenance, management and control of the Common Areas and any facilities or services made available to the Members. A copy of the rules and regulations as in effect from time to time shall be posted in such places as the Board shall deem appropriate. A copy thereof shall be furnished to any Member on request; a fee may be charged for each such copy.

Section 12.2 Conflict

In the event of any conflict between the rules and regulations adopted, or from time to time amended, by the Board and the terms of the Covenants, the Covenants shall prevail. In the event of any conflict between such rules and regulations and the Bylaws, the Bylaws shall prevail. In the event of any conflict between the Bylaws and the Covenants, the Covenants shall prevail.

Section 12.3 Fines

In the event that the Board determines that any Member or Owner, who is not a Member, is in violation of any provisions of the Covenants, the Bylaws or any rules and regulations, the Board, or an agent of the Board designated for that purpose, shall notify such Member or Owner, in

writing, of the nature of the violation. If said violation is not cured within ten (10) days of such notice or if said violation consists of acts or conduct by such Member or Owner and such acts or conduct by such Member or Owner, are repeated, the Board may at its discretion, levy a fine as set forth in the Schedule of Property Owner Fines and Penalties set forth in Annex A of the Rules and Regulations, as amended from time to time, or \$100.00 per offense against such Member or Owner and each day during which the violation continues may be considered a separate offense. Such fines shall be assessed as a special assessment against such Member or Owner shall constitute a lien upon the lot or dwelling unit occupied by such Member or Owner and may be foreclosed by the Association in the same manner as any other lien, provided that such Member or Owner shall be entitled to a hearing before the Board, upon reasonable written notice specifying the violations charged, and may be represented by counsel, as set forth in Article XII, 12.3 of the Covenants.

ARTICLE XIII - COMPLIANCE AND DEFAULT

Section 13.1 Violations

In the event of a violation, other than the non-payment of an assessment, by a Member or Owner, who is not an Member, of any of the provisions of the Covenants or these Bylaws, the Association, by direction of its Board, shall notify such Member or Owner by written notice of said breach, transmitted by mail and, if such violation shall continue for a period of seven (7) days from date of notice, the Association, through its Board, shall have the right to treat such violation as an intentional, inexcusable and material breach of the Covenants and these Bylaws. The Association may then at its option have the following elections:

- A. An action at law to recover for its damages, on behalf of the Association or on behalf of the other Members or Owners, who are not Members;
- B. An action in equity to enforce performance on the part of the Member or Owner, who is not a Member;
- C. An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief; or
- D. Levy fines as defined in Section 12.3 hereof.

Any violations, which are deemed by the Board to be a hazard to public health, may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the Member or Owner, who is not a Member, as a specific, assessment which shall be a lien against the lot or dwelling unit of such Member or Owner with the same force and effect as if the charge were a part of the common expenses.

Section 13.2 Costs and Attorneys' Fees

In any proceeding arising because of an alleged default by a Member or Owner, who is not a Member, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the court.

Section 13.3 No Waiver of Rights

The failure of the Association or of a Member or Owner, who is not a Member, to enforce any right, provision, covenant or condition which may be granted by the Covenants, Certificate of Incorporation of the Association or these Bylaws shall not constitute a waiver of the right of the

Association or such Member or Owner to enforce such right, provision, covenant or condition in the future.

Section 13.4 Election of Remedies

All rights, remedies, and privileges granted to the Association or any Member or Owner, who is not a Member, pursuant to any terms, provisions, covenants or conditions of the Covenants, Certificate of Incorporation of the Association or these Bylaws shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such other party by the Covenants, Certificate of Incorporation of the Association or these Bylaws either at law or in equity.

Section 13.5 Statement of Assessments, Charges and Fines

The Board shall for a reasonable fee, to be set from time to time, promptly provide to any purchaser of any lot or dwelling unit from any Member or Owner, who is not a Member, or to an institutional mortgagee so requesting the same in writing, a written statement of all unpaid assessments, charges, accounts due and fines due from any such Member or Owner and the purchaser's liability therefore shall be limited to the amount as set forth in the statement. Any institutional mortgagee may pay the unpaid assessments, charges, accounts due and fines payable with respect to any lot or dwelling unit in which it owns an interest and upon such payment such institutional mortgagee shall be entitled to have a lien on such lot or dwelling unit for the amounts paid of the same rank as the lien of its encumbrance.

ARTICLE XIV - AMENDMENT OF BYLAWS

Section 14.1 Amendment by Members

Except as provided in Section 14.2 hereof, these Bylaws may only be amended, altered, modified, repealed or restated, in whole or in part, by the affirmative vote of not less than fifty percent (50%) of all Members entitled to vote, who are present in person or by proxy at any duly noticed Annual or Special Meeting of the Members. Any such amendment, alteration, modification, repeal or restatement shall become effective upon such approval unless such approval vote shall provide otherwise.

Section 14.2 Amendment by Board

Notwithstanding the provisions of Section 14.1, any amendment, alteration, modification, repeal or restatement of these Bylaws, which the Board, in its sole discretion, shall determine to be of a technical or corrective nature or to be one which does not materially or adversely affect the existing rights and privileges of the Members, shall become effective upon the affirmative vote of the full Board.

Section 14.3 No Amendment

Notwithstanding the provisions of Sections 14.1 and 14.2 hereof, no provision of these Bylaws specifically governed by the provisions of the Covenants, the Certificate of Incorporation of the Association or the laws of the State of South Carolina or any political subdivision thereof, may be amended, altered, modified, repealed or restated.