

BY-LAWS

OF

COVENANT TOWERS HOMEOWNERS ASSOCIATION, INC.

A SOUTH CAROLINA NON-PROFIT CORPORATION

ARTICLE I. IDENTITY

The following By-Laws shall govern the operation of the Condominium created by the Master Deed to which these By-Laws are attached.

The Association whose name appears at the end of this instrument is a South Carolina Corporation not for profit, organized and existing under the laws of the State of South Carolina for the purpose of administering the Condominium created by the Master Deed to which these By-Laws are attached.

Section 1. The office of the Association shall be at the Condominium property, or at such other place as may be subsequently designated by the Board of Directors of the Association.

Section 2. The Seal of the Corporation shall bear the name of the Corporation, the words "South Carolina, the words, "Corporation not for profit", and the year of incorporation.

Section 3. As used herein, the word, "Corporation", shall be the equivalent of "Association"; as defined in the Master Deed to which these By-Laws are attached. All other words, as used herein, shall have the same definitions as attributed to them in the Master Deed to which these By-Laws are attached.

Section 4. All provisions of these By-Laws shall apply to Phase I from the date hereof and shall apply to Phase II if and when it is submitted as set forth in the Master Deed. All provisions hereof shall be subject to the right to submit Phase II and nothing herein contained shall operate to preclude such submission.

ARTICLE II. MEMBERSHIP AND VOTING PROVISIONS

Section 1. Membership in the Association shall be limited to Owners of the Condominium Dwellings in Condominiums wherein this Corporation has been designated the Association to operate and administer said Condominium by virtue of the Master Deed of said Condominium. Transfer of Dwelling Ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee. If Dwelling Ownership is vested in more than one person, then all of the persons so owning said Dwelling shall be members eligible to hold office, attend meetings, etc., but, as hereinafter indicated, the vote of a Dwelling shall be cast by the "voting member". If Dwelling Ownership is vested in a Corporation, said Corporation may designate an individual officer or employee of the Corporation as its "voting member".

Section 2. Voting:

(a) The Owner(s) of each Condominium Dwelling shall be entitled to a vote equal to the percentage of ownership of common elements and limited common elements as reflected in Exhibit "B" of the Master Deed. If a Condominium Dwelling Owner owns more than one (1) Dwelling, he shall be entitled to vote for each Dwelling owned. The vote of a Condominium Dwelling shall not be divisible.

(b) A majority of the Dwelling Owners' total votes shall decide any question, unless the Master Deed, By-Laws or Articles of Incorporation of the Association provide otherwise.

Section 3. Quorum: Unless otherwise provided in these By-Laws, the presence in person or by proxy of a majority of the Dwelling Owners' total votes shall constitute a quorum. Provided, further, the consent of the Owners of Dwellings to which at least sixty-seven (67%) percent of the votes in the Homeowners Association are allocated and the approval of eligible holders holding mortgages on Dwellings which have at least fifty-one (51%) percent of the votes of Dwellings subject to eligible holder mortgages, shall be required to add or amend any material provisions of the constituent documents of the project, which establish, provide for, govern or regulate any of the following:

- (a) Voting;
- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the common elements (or Dwellings if applicable);
- (d) Insurance or Fidelity Bonds;
- (e) Rights to use of the common elements;
- (f) Responsibility for maintenance and repair of the several portions of the project;
- (g) Expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;
- (h) Boundaries of any Dwelling;
- (i) The interests in the general or limited common elements;
- (j) Convertibility of Dwellings into common elements or of common elements into Dwellings;
- (k) Leasing of Dwellings;
- (l) Imposition of any right of first refusal or similar restriction on the right of a Dwelling Owner to sell, transfer, or otherwise convey his or her Dwelling;
- (m) Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on Dwellings.

Section 4. Proxies: Votes may be cast in person or by proxy. All proxies shall be in writing and signed by the person entitled to vote (as set forth below in Section 5).

Section 5. Designation of Voting Member: If a Condominium Dwelling is owned by one person, his right to vote shall be established by the recorded title to the Dwelling. If a Condominium Dwelling is owned by more than one (1) person, the person entitled to cast the vote for the Dwelling shall be designated in a Certificate, signed by all of the recorded Owners of the Dwelling and filed with the Secretary of the Association. If a Condominium Dwelling is owned by a Corporation, the officer or employee thereof entitled to cast the vote of the Dwelling for the Corporation shall be designated in a Certificate for this purpose, signed by the President or Vice-President of the Corporation.

by the Secretary of Assistant Secretary of the Corporation, and filed with the Secretary of the Association. The person designated in such Certificate who is entitled to cast the vote for a Dwelling shall be known as the "voting member". If such a Certificate is not on file with the Secretary of the Association for a Dwelling owned by more than one person or by a Corporation, the vote of the Dwelling concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the Dwelling. Such Certificates shall be valid until revoked or until superseded by a subsequent Certificate, or until a change in the Ownership of the Dwelling concerned.

ARTICLE III. MEETING OF THE MEMBERSHIP

Section 1. Place: All meetings of the Association membership shall be held at the Condominium(s) property, or at such other place and at such time as shall be designated by the Board of Directors of the Association and stated in the Notice of the meeting, and shall be open to all Dwelling Owners.

Section 2. Notices: It shall be the duty of the Secretary to mail or deliver a Notice of each annual or special meeting, stating the time and place thereof, to each Dwelling Owner of record at least ten (10) but not more than thirty (30) days prior to such meeting. Notice of any special meeting shall state the purpose thereof. All Notices shall be mailed to or served at the address of the Dwelling Owner as it appears on the books of the Association.

Section 3. Annual Meeting: The annual meeting shall be held in October of each year at a date, time and place to be determined by the Board for the purpose of electing Directors and transacting any other business authorized to be transacted by the members, provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next secular day following. At the annual meeting, the members shall elect by plurality vote a Board of Directors, and shall transact such other business as may properly be brought before the meeting.

Section 4. Special Meeting: Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President, and shall be called by the President or Secretary at the request, in writing, of a majority of the Board of Directors, or at the request, in writing, of voting members representing twenty-five percent (25%) of the members' total votes, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the objects stated in the Notice thereof.

Section 5. Waiver and Consent: Whenever the vote of members at a meeting is required or permitted by any provision of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of members may be dispensed with if not less than a majority of the members who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken; however, Notice of such action shall be given to all members, unless all members approve such action.

Section 6. Adjourned Meeting: If any meeting of members cannot be organized because a quorum of voting members is not present, either in person or by proxy, the meeting may be adjourned from time to time until a quorum is present.

Section 7. Approval or Disapproval: Approval or disapproval of a Dwelling Owner upon any matter, whether or not the subject of an Association meeting, shall be by the voting members.

Section 8. The Management Firm: The Management Firm, as long as any Management Agreement remains in effect, shall be entitled to Notice of all Association meetings, and shall be entitled to attend the Association's meetings, and it may designate such person(s) as it desires to attend such meetings on its behalf.

ARTICLE IV. DIRECTORS

Section 1. Number, Term and Qualifications: The affairs of the Association shall be governed by a Board of Directors composed of not less than three (3) nor more than seven (7) persons, as is determined from time to time by the members. Directors need not be members of the Association. All officers of a Corporate Dwelling Owner shall be deemed to be members of the Association so as to qualify as a Director herein. The term of each Director's service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified, or until he is removed in the manner provided in Section 3 below.

Section 2. First Board of Directors:

(a) There shall be five (5) members of the Board of Directors. The term of office of a director shall be three (3) years except that initially two (2) directors shall be elected for a three (3) year term, two (2) directors shall be elected for a two (2) year term and one director shall be elected for a one (1) year term. The first Board of Directors of the Association who shall hold office and serve until their successors have been elected and qualified, shall consist of the following:

(b) The organizational meeting of a newly elected Board of Directors of the Association 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, provided a quorum shall be present.

Section 3. Removal of Directors: At any time after the first annual meeting of the membership at any duly convened regular or special meeting, any one or more of the Directors may be removed, with or without cause, by the affirmative vote of the voting members casting not less than a majority of the total votes present at said meeting, and a successor may then and there be elected to fill the vacancy thus created. Should the membership fail to elect said successor, the Board of Directors may fill the vacancy in the manner provided in Section 4 below.

Section 4. Vacancies on Directorate: If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, shall choose a successor or successors, who shall hold office for the balance of the unexpired term in respect to which such vacancy occurred. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Directors.

Section 5. Disqualification and Resignation of Directors: Any Director may resign at any time by sending a written Notice of such resignation to the office of the Corporation, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. Commencing with the Directors elected at such first annual meeting

of the membership, the transfer of title of his Dwelling by a Director shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors. No member shall continue to serve on the Board should he be more than thirty (30) days delinquent in the payment of any assessment or maintenance fee and said delinquency shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors.

Section 6. Regular Meetings: The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate. Notice of such regular meetings shall nevertheless, be given to each Director personally or by mail, telephone or telegram at least five (5) days prior to the day named for such meeting. All meetings of the Board of Directors, including special meetings in accordance with Section 7 below, shall be open to all Dwelling Owners.

Section 7. Special Meetings: Special meetings of the Board of Directors may be called by the President, and in his absence, by the Vice-President, or by a majority of the members of the Board of Directors, by giving five (5) days Notice, in writing, to all of the members of the Board of Directors of the time and place of said meeting. All Notices of special meetings shall state the purpose of the meeting.

Section 8. Directors' Waiver of Notice: Before or at any meeting of the Board of Directors, any Director may waive Notice of such meeting and such waiver shall be deemed equivalent to the giving 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 any meeting of the Board, no Notice shall be required and any business may be transacted at such meeting.

Section 9. Quorum: At all meetings of the Board of Directors, 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 of Directors. If, at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the Minutes thereof, shall constitute the presence of such Director for the purpose of determining a quorum.

Section 10. Compensation: The Directors' fees, if any, shall be determined by the voting members.

Section 11. Developer's Selection of Directors: Further, until one hundred twenty (120) days after seventy-five (75%) percent of the Dwellings in the Horizontal Property Regime (including Phases I through VI) have been conveyed to Dwelling purchasers; or five (5) years following the conveyance of the first Dwelling whichever occurs first, then Grantor shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Directors of the Association, and said Directors may not be removed by members of the Association, as elsewhere provided herein; and where a vacancy occurs for any reason whatsoever, the vacancy shall be filled by the person designated by the Developer.

Section 12. The Management Firm: The Management Firm, as long as any Management Agreement remains in effect, shall be entitled to Notice of all Directors' meetings and shall

be entitled to attend the Directors' meetings and to may, may, such person(s) as it desires to attend such meetings on its behalf.

Section 13. Powers and Duties: The Board of Directors of the Association shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Master Deed, this Association's Articles of Incorporation, or these By-Laws, directed to be exercised and done by Dwelling Owners. These powers shall specifically include, but shall not be limited to the following:

(a) To exercise all powers specifically set forth in the Master Deed, this Association's Articles of Incorporation, in these By-Laws, and in the Condominium Act, and all powers incidental thereto.

(b) To make and determine assessments and maintenance fees, collect said assessments and maintenance fees, and use and expend the assessments and maintenance fees, to carry out the purposes and powers of the Association.

(c) To employ, dismiss and control the personnel necessary for the maintenance and operation of the Condominium, and of the common areas and facilities including the right and power to employ attorneys, accountants, contractors, and other professionals as the need arises.

(d) To make and amend regulations respecting the operation and use of the common elements and Condominium property, and the use and maintenance of the Condominium Dwellings therein.

(e) To contract for the management of the Condominium with a company which specializes in retirement communities or life styles. To contract for the management or operation of portions of the common elements susceptible to the separate management or operation thereof, and to lease or concession such portions.

(f) The further improvement of the Condominium property, both real and personal, and the right to purchase realty and items of furniture, furnishings, fixtures and equipment for the foregoing, and the right to acquire and enter into Agreements, subject to the provisions of the applicable Master Deed, this Association's Articles of Incorporation and these By-Laws.

(g) Designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management and affairs and business of the Association. Such committee shall consist of at least three (3) members of the Association. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee(s) shall keep regular Minutes of their proceedings and report the same to the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its contractor or employees, subject only to approval by Dwelling Owners when such is specifically required.

(h) To enter into management agreements with third parties in order to facilitate efficient operation of the condominium and the Service Center Facility, as described in the Declaration and as shown in the Condominium Plans. It shall be the primary purpose of such management agreements to provide for the administration of the condominium, the maintenance, repair, replacement and operation of the common elements and the Service Center Facility, and the receipt and disbursement of funds as may be authorized by the Board of Directors. The terms of said management agreements shall be as determined by the Board of Directors to be in the best interest of the Association and shall be subject in all respects to the By-Laws and the Declaration.

Section 1. Elective Officers: The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors.

One person may not hold more than one of the aforementioned offices, except one person may be both Secretary and Treasurer. The President and Vice-President shall be members of the Board of Directors. Notwithstanding the foregoing, the restriction as to one person holding only one of the aforementioned offices or the President and Vice-President being members of the Board of Directors shall not apply while the Association is under the control of the Developer, the control being the right of the Developer to select a majority of the Board of Directors.

Section 2. Election: The officers of the Association designated in Section 1 above shall be elected annually by the Board of Directors at the organizational meeting of each new Board following the meeting of the members.

Section 3. Appointive Officers: The Board may appoint Assistant Secretaries and Assistant Treasurers, and such other officers as the Board of Directors deems necessary.

Section 4. Term: The officers of the Association shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors, provided, however, that no officer shall be removed except by the affirmative vote for removal by a majority of the whole Board of Directors (e.g. if the Board of Directors is composed of five persons, then three of said Directors must vote for removal). If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President: He shall be the chief executive officer of the Association; he shall preside at all meetings of the Dwelling Owners and of the Board of Directors. He shall have executive powers and general supervision over the affairs of the Association and other officers. He shall sign all written contracts to perform all of the duties incident to his office and which may be delegated to him from time to time by the Board of Directors.

Section 6. The Vice-President: He shall perform all of the duties of the President in his absence, and such other duties as may be required of him from time to time by the Board of Directors of the Association.

Section 7. The Secretary: He shall issue Notices of all Board of Directors' meetings and all meetings of the Dwelling Owners; he shall attend and keep the Minutes of same; he shall have charge of all of the Association's books, records and papers, except those kept by the Treasurer. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 8. The Treasurer:

(a) He shall have custody of the Association's funds and securities, except the funds payable to any Management Firm, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association, in such depositories as may be designated from time to time to by the Board of Directors. The books shall reflect an account for each month.

(b) He shall disburse the funds of the Association as may be ordered by the Board of Directors in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of his transactions as the Treasurer and of the financial condition of the Association.

(c) He shall collect the assessments and maintenance fees and shall promptly report the status of collections and of all delinquencies to the Board of Directors.

(d) He shall give status reports to potential transferees on which reports the transferees may rely.

(e) The Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent.

(f) The duties of the Treasurer may be fulfilled by a Management Firm employed by the Association, and said Management Firm shall fulfill the duties of the Treasurer, and shall have custody of such books of the Association as the Board of Directors determines in their sole discretion and the foregoing may include any books required to be kept by the Secretary of the Association.

ARTICLE VI. FINANCES AND ASSESSMENTS

Section 1. Depositories: The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board of Directors from time to time upon resolutions approved by the Board of Directors, and shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Association as may be designated by the Board of Directors. Obligations of the Association shall be signed by at least two officers of the Association; provided, however, that the provisions of any Management Agreement between the Association and a Management Firm relative to the subject matter in this Section shall supercede the provisions hereof.

Section 2. Fidelity Bonds: The Treasurer and all officers who are authorized to sign checks, and all officers and employees of the Association, and any contractor handling or responsible for Association Funds shall be bonded in such amount as may be determined by the Board of Directors. The premiums on such Bonds shall be paid by the Association. The Bond shall be in an amount sufficient to equal the monies an individual handles or has control of via a signatory or a bank account or other depository account, but shall not be less than specified in the Master Deed.

Section 3. Fiscal Year: The fiscal year for the Association shall begin on the first day of January of each year provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

Section 4. Determination of Assessments:

(a) The Board of Directors of the Association shall fix and determine from time to time, the sum of sums necessary and adequate for the common expenses of the Condominium and Service Center Facility. Common expenses shall include expenses for the operation, maintenance, repair or replacement of the common elements and the limited common elements, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance and extended coverage, and any other expenses designated as

common expenses from time to time by the Board of Directors of the Association, or under the provisions of the Master Deed to which these By-Laws are attached. The Board of Directors is specifically empowered, on behalf of the Association to make and collect assessments and to lease, maintain, repair and replace the common elements and limited common elements of the Condominium. Funds for the payment of common expenses shall be assessed against the Dwelling Owners in the proportions or percentages of sharing common expenses, as provided in the Master Deed. Regular assessments shall be due and payable monthly on the first day of each month. Special assessments, should such be required by the Board of Directors, shall be levied in the same manner as hereinbefore provided for regular assessments, and shall be payable in the manner determined by the Board of Directors.

(b) A copy of the proposed annual budget of common expenses shall be mailed to the Dwelling Owners not less than thirty (30) days prior to the meeting at which the budget will be considered, together with a Notice of that meeting. The Dwelling Owners shall be given written notice of the time and place at which the meeting of the Board of Directors shall be held to consider the proposed annual budget of common expenses, and such meeting shall be open to the Dwelling Owners. If a budget is adopted by the Board of Directors which requires assessment against the Dwelling Owners in any fiscal or calendar year exceeding 115% of such assessments for the preceding year, upon written application of 10% of the Dwelling Owners, a special meeting of the Dwelling Owners shall be held upon no less than ten (10) days written notice to each Dwelling Owner, but within thirty (30) days of the delivery of such application to the Board of Directors or any member thereof, at which special meeting Dwelling Owners may consider and enact a revision of the budget, or recall any and all members of the Board of Directors and elect their successors. In either case, unless these By-Laws shall require a larger vote, the revision of the budget or the recall of any and all members of the Board of Directors shall require a vote of not less than a majority of the whole number of votes of all Dwelling Owners. The Board of Directors may in any event propose a budget to the Dwelling Owners at a meeting of members or by writing, and if such budget or proposed budget be approved by the Dwelling Owners at the meeting, or by a majority of their whole number by a writing, such budget shall not thereafter be re-examined by the Dwelling Owners in the manner hereinabove set forth. In determining whether assessments exceed 115% of similar assessments in prior years, there shall be excluded in the computation, any provision for reasonable reserves made by the Board of Directors in respect of repair or replacement of the Condominium property or in respect of anticipated expenses by the Condominium Association which are not anticipated to be incurred on a regular or annual basis and there shall be excluded from such computation, assessment for betterments to the Condominium property if these By-Laws so provide or allow the establishment of reserves, or assessments for betterments to be imposed by the Board of Directors, provided, however, that so long as the Developer is in control of the Board of Directors, the Board shall not impose an assessment for a year greater than 115% of the prior fiscal or calendar year's assessment without approval of a majority of the Dwelling Owners. When the Board of Directors has determined the amount of any assessment, the Treasurer of the Association shall mail or present to each Dwelling Owner a statement of said Dwelling Owner's assessment. All assessments shall be payable to the Treasurer of the Association and, upon request, said Treasurer shall give a receipt for each payment made to him.

The assessment shall include the costs of providing, among other things, the following services:

One meal in central dining room
Special diets prescribed by physician
Round-the-clock security
Services of full-time activities director
Use of recreational facilities
Maintenance of condominium and all common areas of complex
Lighted off-street parking
Scheduled local transportation
Laundry of bed and bath linens
Condominium housekeeping service
All utilities (excluding private telephone and cable TV)
Insurance protection of the building
Administrative services
Ad valorem taxes on all DWELLINGS

Section 6. Application of Payments and Co-Mingling of Funds: All sums collected by the Association from assessments may be co-mingled in a single fund or divided into more than one fund, as determined by the Board of Directors of the Association. All assessment payments shall be applied as to interest, delinquencies, costs and attorney's fees, other charges, expenses and advances as provided herein and in the Master Deed and general or special assessments, in such manner and amounts as the Board of Directors determines in its sole discretion.

Section 7. Acceleration of Assessment Installments Upon Default: If a Dwelling Owner shall be in default in the payment of an installment upon any assessment or maintenance fee, the Board of Directors may accelerate the remaining monthly installments for the fiscal year upon Notice thereof to the Dwelling Owner and, thereupon, the unpaid balance of the assessment or maintenance fee, shall become due upon the date stated in the Notice, but not less than fifteen (15) days after delivery of or the mailing of such Notice to the Dwelling Owner.

Section 8. Audits: An audit of the accounts of the Association shall be made annually. Said audit shall be prepared by such accountant as the Board of Directors determines, and a copy of said report shall be available to the members of the Association in the office of said Association and with the Treasurer of the Association. Such report shall be available not later than three (3) months after the end of the year for which the report is made.

Section 9. Application of Surplus: Any payments or receipts to the Association, whether from Dwelling Owners or otherwise, paid during the year in excess of the operating expenses and other common expenses of the Association shall be kept by the Association and applied against the Association's expenses for the following year.

ARTICLE VII. ADDITIONS OR ALTERATIONS

There shall be no additions or alterations to the common elements or limited common elements of the Condominium(s) which this Association operates and maintains except as specifically provided for in said Condominium's Master Deed.

ARTICLE VIII. COMPLIANCE AND DEFAULT

Section 1. Violations: In the event of a violation (other than the nonpayment of an assessment or maintenance fee) by the Dwelling Owner in any of the provisions of the Master Deed, of these By-Laws, or of the applicable portions of the Condominium Act, the Association, by direction of its Board of Directors, may notify the Dwelling Owner by written notice of said breach, transmitted by mail, and if such violation shall

continue for a period of seven (7) days from the date of Notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional and inexcusable and material breach of the Master Deed, of the By-Laws, or of the pertinent provisions of the Condominium Act, and the Association may then, at its option, have the following elections:

(a) An action at law to recover for its damage, on behalf of The Association or on behalf of the other Dwelling Owners.

(b) An action in equity to enforce performance on the part of the Dwelling Owner; or

(c) An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief.

Any violations which are deemed by the Board of Directors 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 Dwelling Owner as a specific item, which shall be a lien against said Owner's Dwelling with the same force and effect as if the charge were a part of the common expenses.

Section 2. Negligence or Carelessness of Dwelling Owner, Etc.: All Dwelling Owners shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment or any Dwelling or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by any insurance company of its rights of subrogation. The expense for any maintenance, repair or replacement required, as provided in this Section, shall be charged to said Dwelling Owner as a specific item which shall be a lien against said Owner's Dwelling with the same force and effect as if the charge were a part of the common expenses.

Section 3. Costs and Attorneys' fees: In any proceeding arising because of an alleged default by a Dwelling Owner, 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 4. No Waiver of Rights: The failure of the Association or of a Dwelling Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium documents shall not constitute a waiver of the right of the Association or Dwelling Owner to enforce such right, provision, covenant or condition in the future.

Section 5. Election of Remedies: All rights, remedies and privileges granted to the Association or Dwelling Owner, pursuant to any terms, provisions, covenants or conditions of the Condominium documents, 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 Condominium documents, or at law or in equity.

ARTICLE IX. ACQUISITION OF DWELLINGS ON FORECLOSURE:

Section 1. Acquisition of Dwellings on Foreclosure:
At any foreclosure sale of a Dwelling the Board of Directors may, with the authorization and approval by the affirmative vote of voting members casting not less than fifty-one percent (51%) of the total votes of the members present at any regular or special meeting of the members wherein said matter is voted upon, acquire in the name of the Association, or its designee, a Condominium parcel being foreclosed. The term "foreclosure", as used in this Section, shall mean and include any foreclosure of any lien, excluding the Association's lien for assessments.

The power of the Board of Directors to acquire a Condominium parcel at any foreclosure sale shall never be interpreted as any requirement or obligation on the part of the said Board of Directors or of the Association to do so at any foreclosure sale, the provisions hereof being permissive in nature and for the purpose of setting forth the power in the Board of Directors to do so should the requisite approval of the voting members be obtained. The Board of Directors shall not be required to obtain the approval of Dwelling Owners at the foreclosure sale of a Dwelling due to the foreclosure of the Association's lien for assessments or maintenance fees under the provisions of the Master Deed to which these By-Laws are attached notwithstanding the sum the Board of Directors determines to bid at such foreclosure sale.

Section 2. Transfer of Dwellings: All Owners of Dwellings shall notify the Association, of any transfer, by sale or otherwise, of said Dwelling within ten (10) days of the date of same. Said Notice shall include such information and be in the form that the Association shall prescribe from time to time. The Association may send all necessary Notices to the person shown as Owner of said Dwelling in its records, and said Notice shall be binding as to any other Owner of said Dwelling where the Association has not been notified as provided herein.

ARTICLE X. AMENDMENTS TO THE BY-LAWS:

The By-Laws may be altered, amended or added to at any duly called meeting of the Dwelling Owners, provided:

- (1) Notice of the meeting shall contain a statement of the proposed Amendment.
- (2) The Amendment shall be approved by the affirmative vote of the voting members casting not less than sixty-seven (67%) percent of the total votes of the members of the Association; and,
- (4) Said Amendment shall be recorded and certified as required by the Condominium Act.
- (5) Notwithstanding the foregoing, these By-Laws may only be amended with the written approval when required of the parties specified in the Master Deed to which these By-Laws are attached.

ARTICLE XI. NOTICES

Whatever Notices are required to be sent hereunder shall be delivered or sent in accordance with the applicable provisions for Notices as set forth in the Master Deed to which these By-Laws are attached.

ARTICLE XII. INDEMNIFICATIONS

The Association shall indemnify every Director and every Officer, his heirs, executors, and administrators, against all loss, cost and expense reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or Officer of the Association, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

ARTICLE XIII. LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of membership in the Condominium shall not relieve or release any such former Owner or member from any liability or obligations incurred under or in any way connected with the Condominium during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Owner and member arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto.

ARTICLE XIV. LIMITATION OF LIABILITY

Notwithstanding the duty of the Association to maintain and repair parts of the Condominium property, the Association shall not be liable for injury or damage caused by a latent condition in the property, nor for injury or damage caused by the elements or by other Owners or persons.

ARTICLE XV. PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Condominium Act, the Master Deed, or these By-Laws.

ARTICLE XVI. LIENS

Section 1. Protection of Property: All liens against a Condominium Dwelling, other than for mortgages, taxes or special assessments, shall be satisfied or otherwise removed within thirty (30) days of the date the lien is attached. All taxes and special assessments upon a Condominium Dwelling or Dwelling Week shall be paid before becoming delinquent, as provided in these Condominium documents or by law, whichever is sooner.

Section 2. Notice of Lien. A Dwelling Owner shall give Notice to the Association of every lien upon his Dwelling, other than for mortgages, taxes and special assessments within five (5) days after the attaching of the lien.

Section 3. Notice of Suit: Dwelling Owners shall give Notice to the Association of every suit or other proceeding which will or may affect title to his Dwelling or any part of the property, such Notice to be given within five (5) days after the Dwelling Owner receives Notice thereof.

Section 4. Failure to Comply: Failure to comply with this Article concerning liens will not affect the validity of any judicial sale.

ARTICLE XVII. RULES AND REGULATIONS

Section 1. The Board of Directors may, from time to time, adopt or amend previously adopted administrative Rules and Regulations governing the details of the operation, use, maintenance, management and control of the common elements and limited common

elements of the Condominium and any facilities or services made available to the Dwelling Owners. A copy of the Rules and Regulations adopted from time to time as herein provided shall from time to time be posted in a conspicuous place and/or copies of same shall be furnished each Dwelling Owner.

Section 2. As to Condominium Dwellings: The Board of Directors, may from time to time adopt or amend previously adopted Rules and Regulations governing and restricting the use and maintenance of the Condominium Dwellings provided, however, that copies of such Rules and Regulations, prior to the time the same become effective, shall be posted in a conspicuous place and/or copies of same shall be furnished to each Dwelling Owner.

Section 3. Conflict: In the event of any conflict between the Rules and Regulations adopted, or from time to time amended, and the Condominium documents, or the Condominium Act, the latter shall prevail. If any unreconciled conflict should exist or hereafter arise with respect to the interpretation of these By-Laws and the Master Deed, the provisions of said Master Deed shall prevail.

The foregoing was adopted as the By-Laws of the Covenant Towers Homeowners Association, Inc., at the first meeting of the Board of Directors.

Approved:

President

Secretary

The State of South Carolina

CERTIFICATE OF INCORPORATION
BY THE SECRETARY OF STATE

EXECUTIVE DEPARTMENT

WHEREAS, Robert H. Grissom, 715 Jasmine Ave., Myrtle Beach, SC
Rev. James K. Lawton, Sr., 816 48th Ave., North Myrtle Beach, SC

two or more of the officers or agents appointed to supervise or manage the affairs of

COVENANT TOWERS HOMEOWNERS ASSOCIATION, INC.

which has been duly and regularly organized, did on the 5th day of
August, A. D. 1985, file with Secretary of State a written declaration setting forth:

That, at a meeting of the aforesaid organization held pursuant to the by-laws or regulations of the said organization, they were authorized and directed to apply for incorporation.

That, the said organization holds, or desires to hold property in common for Religious, Educational, Social, Fraternal, Charitable or other eleemosynary purpose, or any two or more of said purposes, and is not organized for the purpose of profit or gain to the members, otherwise than is above stated, nor for the insurance of life, health, accident or property; and that three days' notice in the Sun News, a newspaper published in the County of Horry, has been given that the aforesaid Declaration would be filed.

AND WHEREAS, Said Declarants and Petitioners further declared and affirmed:

FIRST: Their names and residences are as above given.

SECOND: The name of the proposed Corporation is COVENANT TOWERS HOMEOWNERS ASSOCIATION, INC.

THIRD: The place at which it proposes to have its headquarters or be located is 5001 Old River Rd., Myrtle Beach, SC

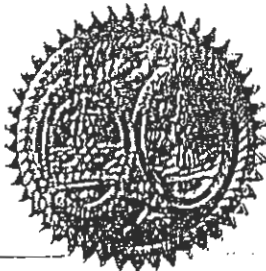
FOURTH: The purpose of the said proposed Corporation is to administer the operation and management of Covenant Towers Horizontal Property Regime.

FIFTH: The names and residences of all Managers, Trustees, Directors or other officers are as follows:

Robert H. Grissom	715 Jasmine Ave., Myrtle Beach, S.C.	Director
Rev. James K. Lawton, Sr.	816 48th Avenue, North Myrtle Beach, S.C.	Director
Willie Mae Graham	5711 Spring St., Myrtle Beach, S.C.	Director
Dorothy G. Tyson	314 Beach Dr., Briarcliffe Acres, Myrtle Beach, SC	Director
Dr. Robert M. DuBose	Litchfield Country Club, Litchfield Beach, S.C.	Director
Larry E. Rupe	No. 206, South Building, 180 Allen Rd., N.E., Atlanta, GA	Director
W. L. Williams	No. 206, S. Building, 180 Allen Rd., N.E., Atlanta, GA	Director

SIXTH: That they desire to be incorporated: In perpetuity

Now, THEREFORE, I, JOHN T. CAMPBELL, Secretary of State, by virtue of the authority in me vested, by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto, do hereby declare the said organization to be a body politic and corporate, with all the rights, powers, privileges and immunities, and subject to all the limitations and liabilities, conferred by said Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto.



GIVEN under my hand and the seal of the State, at Columbia,
this 5th day of August
In the year of our Lord one thousand nine hundred and 85
and in the two hundred and tenth
year of the Independence of the
United States of America.

John T. Campbell
JOHN T. CAMPBELL
Secretary of State.