

### Declaration 1.10 before amendment

1.10. "Class "B" Control Period": The period during which the Class "B" Member is entitled to appoint a majority of the Board members as provided in Section 3.3 of the By-Laws.

### Declaration 1.10 after amendment

1.10. "Class "B" Control Period": The period ending on the date that the Class "B" Membership shall cease, as set forth in Section 3.3(b).

### Declaration 3.3 before amendment

3.3. Voting. The Association shall have two classes of membership, Class "A" and Class "B."

(a) Class "A." Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one equal vote for each Lot in which they hold the interest required for membership under Section 3.2; there shall be only one vote per Lot.

(b) Class "B." The sole Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to disapprove actions of the Board and committees, are specified in the relevant sections of this Declaration, the By-Laws and the Articles. The Class "B" membership shall cease and be converted to Class "A" membership upon the earlier of the following:

- (i) two years after the expiration of the Class "B" Control Period; or
- (ii) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs first, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one vote for each Lot it owns.

(c) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the By-Laws or as required by law, the vote for each Lot owned by a Class "A" Member shall be exercised by the Owner. In any situation in which there is more than one Owner of a particular Lot, the vote for such Lot shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting. Absent such notice to the Association, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

The Neighborhood Representative or alternate elected from each Neighborhood shall exercise the voting rights set forth in Sections 2.3, 4.10, 6.4 Article VIII, Sections 9.2, 10.3, 12.2.

### Declaration 3.3 (b) after amendment

(b) Class "B." The sole Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to disapprove actions of the Board and committees, shall cease and be converted to Class "A" membership upon the earlier of the following:

- (i) After 100% of the total number of Lots proposed by the Master Plan have certificates of occupancy issued thereon and such Lots have been conveyed to Home Owners;
- (ii) December 31, 2020; provided that, in the event the Declarant annexes additional property pursuant to section 9.1(b) of the Declaration at any time after December 31, 2015, this date shall automatically be extended for additional three (3) year periods for every 500 acres of property annexed, or any fraction thereof; or

(iii) When the Declarant so determines; provided, however, that such determination shall be evidenced by a written statement signed by the Declarant, evidencing the intent of the Declarant to permanently terminate the Class "B" Membership effective as of the date set forth in such statement, and such statement is recorded, by Declarant or with Declarant's express written consent, in the Register of Deeds for Beaufort County.

From and after the date the Class "B" membership ceases, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one vote for each Lot it owns.

#### Bylaws 2.4 before amendment

2.4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by at least 10% of the Class "A" Members of the Association.

#### Bylaws 2.4 after amendment

2.4. Special Meetings of the Association. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board, or by written request of the Declarant, or upon a petition signed by at least ten percent (10%) of the Class "A" Members of the Association.

#### Bylaws 3.3 before amendment

3.3. Directors During Class "B" Control Period. Subject to the provisions of Section 3.5, the directors shall be appointed by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

- (a) when 90% of the total number of Lots proposed by the Master Plan have certificates of occupancy issued thereon and have been conveyed to Home Owners;
- (b) December 31, 2020; provided that, in the event the Declarant annexes additional property pursuant to Section 9.1(b) of the Declaration at any time after December 31, 2015, this date shall be extended for additional three year periods for every 500 acres of property annexed, or any fraction thereof; or
- (c) when, in its discretion, the Class "B" Member so determines.

#### Bylaws 3.3 after amendment

3.3. Termination of Right of Class "B" Member to Appoint Any Directors. Subject to the provisions of Section 3.5, below, the directors shall be appointed by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

- (a) Whenever the Class "B" Control Period ends, as set forth in Section 3.3(b) of the Declaration; or
- (b) Whenever the Class "B" Member so determines; provided, however, that such determination shall be evidenced by a written statement signed by the Declarant, evidencing the intent of the Class "B" Member to permanently terminate its right to appoint some or all directors, effective as of the date set forth in such statement, and such statement is recorded, by Declarant or with Declarant's express written consent, in the Register of Deeds for Beaufort County

## Bylaws 3.5 before amendment

3.5. Election and Term of Office. Notwithstanding any other provision of these By-Laws:

(a) Within 30 days after the time that Home Owners own 25% of the Lots proposed by the Master Plan, as it may be amended, or whenever the Class "B" Member earlier determines, the Association shall hold an election at which the Class "A" Members, other than the Declarant, shall elect one of the three directors who shall be an at-large director and shall serve a term of two years or until such later time as his or her successor is elected. The remaining two directors shall be appointees of the Class "B" Member.

(b) Within 30 days after the time that Home Owners own 50% of the Lots proposed by the Master Plan, as it may be amended, or whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. Class "A" Member-elected directors shall continue to serve as proscribed in Section 3.5(a) above. The Association shall hold an election at which Voting Delegates representing the Class "A" Members, other than the Declarant, shall be entitled to elect one additional director, who also shall serve as an at-large director. Thereafter, the Class "A" Member-elected directors shall serve terms of two years or until the happening of the event described in subsection (d) below, whichever is shorter. If the directors' terms expire prior to the happening of the event described in subsection (d) below, successors shall be elected for a like term. The remaining three directors shall be appointees of the Class "B" Member.

(c) Thereafter, as determined by the Association, the Board of Directors shall be increased to consist of seven (7) directors. The Association shall hold an election at which Owners representing a majority of the Class "A" Owners shall elect three (3) directors. The candidates receiving the most votes shall be elected. The remaining four (4) directors shall be appointees of the Class "B" Members.

(d) Within 120 days after the termination of the Class "B" Control Period, the Association shall hold an election at which all directors shall be elected as follows: the directors shall be elected by both Class "A" and Class "B" Members. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. For the first election held pursuant to this subsection (d), the majority of the directors shall be elected for a term of two years and the remaining directors shall be elected for a term of one year, with each term to expire after the two-year or one-year period, as applicable. Those elected candidates receiving the most votes shall serve the two-year terms. Successor directors shall be elected to serve for two-year terms. The directors elected by the Owners shall hold office until their respective successors have been elected. Directors may be elected to serve any number of consecutive terms.

## Bylaws 3.5 after amendment

3.5. Election and Term of Office. Notwithstanding any other provision of these By-Laws:

(a) Within one hundred twenty (120) days after the earlier of the date that (i) Home Owners own 25% of the Lots proposed by the Master Plan, as it may be amended, or (ii) the Class "B" Member so determines (as evidenced by a written statement signed by the Class "B" Member), the Association shall hold an election at which the Class "A" Members, other than the Declarant, shall elect one (1) of the three (3) directors, who shall be an at-large director. The candidate receiving the most votes shall be elected and shall serve a term of two (2) years commencing on the first day of the month following the election, or until the first day of the month following the election of his or her successor, whichever is later. The remaining two (2) directors shall be appointees of the Class "B" Member.

(b) Within one hundred twenty (120) days after the earlier of the date that (i) Home Owners own 25% of the Lots proposed by the Master Plan, as it may be amended, or (ii) the Class "B" Member so determines (as evidenced by a written statement signed by the Class "B" Member), the Board shall be increased to five (5) directors. Prior to the effective date of the increase in the number of directors, the Association shall hold an election at which the Class "A" Members, other than the Declarant, shall elect one (1) additional director, who shall serve as a second at-large director. The candidate receiving the most votes shall be elected and shall serve a term of two (2) years commencing on the first day of the month following the election, or until the first day of the month following the election of his or her successor, whichever is later. The existing Class "A" Member-elected director shall continue

## In Context of the Amended and Restated CC&amp;Rs As Amended Through Amendment 4

to serve as set forth in Section 3.5(a) above. When the terms of the two (2) Class "A" Member-elected directors expire, successors shall be elected for like terms. The remaining three (3) directors shall be appointees of the Class "B" Member.

(c) Thereafter, at such time as the Class "B" Member determines, in its sole discretion, as evidenced by a written statement signed by the Class "B" Member, the Board of Directors shall be increased to seven (7) directors effective as of a date set forth in such written statement. Prior to the effective date of the increase in the number of directors, the Association shall hold an election at which the Class "A" Members, other than the Declarant, shall be entitled to elect one (1) additional director, who shall serve as a third at-large director. The candidate receiving the most votes shall be elected and shall serve a term of two (2) years commencing on the first day of the month following the election, or until the first day of the month following the election of his or her successor, whichever is later. The existing two (2) Class "A" Member-elected directors shall continue to serve as set forth in Section 3.5(b) above. When the terms of the three (3) Class "A" Member-elected directors expire, successors shall be elected for like terms. The remaining four (4) directors shall be appointees of the Class "B" Member.

(d) At any time, the Class "B" Member may, in its sole discretion, allow Class "A" Owners, other than the Declarant, to elect any director or directors who otherwise would be an appointee of the Class "B" Member. Such decision of the Class "B" Member shall be in writing setting forth the date such decision shall be effective, which writing shall be delivered to the Board of Directors. Prior to the effective date, the Association shall hold an election at which Class "A" Owners, other than the Declarant, shall be entitled to elect such additional director(s). Notwithstanding, such director(s) shall serve at the discretion of the Class "B" Member and may be removed at any time by the Class "B" Member by written notice delivered to the Board of Directors. The right of the Class "B" Member to remove and replace such director(s) may only be waived by a written document signed by the Class "B" Member and setting forth the date such decision shall be effective, which document is recorded, by Declarant or with Declarant's express written consent, in the Register of Deeds for Beaufort County.

(e) Within one hundred twenty (120) days after the termination of the right of the Class "B" Member to appoint all directors (whether as a result of (i) the filing by the Class "B" Member of the waiver referenced in the last sentence of paragraph (d), above, or (ii) the termination of the Class "B" Control Period, as set forth in Section 3.3, above), the Association shall hold an election at which all directors shall be elected as follows (provided, however, during such intervening period the directors shall continue to serve, be removed and be replaced in the same manner as previously existing):

The directors shall be elected by both Class "A" and Class "B" Members. In such election, pursuant to Section 3.3 of the Declaration, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one (1) vote for each Lot it owns. There shall be no cumulative voting. For the first election held pursuant to this subsection (e), four (4) of the directors shall be elected for a term of two (2) years and the remaining three (3) directors shall be elected for a term of one (1) year, with each term to expire after the two (2) year or one (1) year period, as applicable. The four (4) candidates receiving the most votes shall serve the two (2) year terms and the three (3) candidates receiving the next highest number of votes shall serve one (1) year terms. Successor directors shall be elected to serve for two (2) year terms. The term of each director elected shall commence on the first day of the month following the election.

### Bylaws 3.6 before amendment

3.6. Removal of Directors and Vacancies. Any director may be removed, with or without cause, by the vote of Owners holding a majority of the votes entitled to be cast for the election of such director, but shall not be subject to removal solely by the Class "B" Member. Any director whose removal is sought shall be given notice prior to any meeting called and noticed for that purpose. Upon removal of a director, a successor shall be elected by the Owners entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected solely by the Owners who has three consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting of the Board at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Owners shall elect a director to serve the remainder of the director's term of office.

### Bylaws 3.6 after amendment

#### 3.6. Removal of Directors and Vacancies.

(a) Except as set forth in Section 3.5(d), any director elected by Class "A" Members may be removed, with or without cause, by the vote of Class "A" Members holding a majority of the votes entitled to be cast for the election of such director, but shall not be subject to removal solely by the Class "B" Member. Any director whose removal is sought shall be given notice prior to any meeting of the Class "A" Members called and noticed for that purpose. Upon removal of a director, a successor shall be elected by the Class "A" Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director. Notwithstanding, if the term of the removed director will expire within one (1) year of the date that such director is removed by the Class "A" Members, then, in the sole discretion of the Board, a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

(b) Any director elected solely by the Class "A" Members may be removed for cause by a majority of the other directors present at a regular or special meeting of the Board at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. Conditions constituting grounds for removal for cause shall include (without limitation): (i) having three (3) consecutive unexcused absences from Board meetings, (ii) being more than thirty (30) days delinquent in the payment of any assessment or other charge due the Association, (iii) failing to perform the duties of a director as set forth in the By-Laws or applicable law, (iv) violating any code of conduct for a Board member reasonably adopted by the Board or imposed by applicable law, (v) disclosing confidential information of the Association or the Board that is not authorized by the Board or required by the Declaration, the By-Laws or applicable law; (vi) engaging in inappropriate, illegal or improper conduct or behavior that negatively reflects on the Association or adversely affects the Association's orderly conduct of business; or (vii) having an unresolvable or unreported conflict of interest. Notwithstanding, if the removed Class "A" director occupies a position that otherwise would be appointed by the Class "B" Member, as set forth in Section 3.15(d) of the By-Laws, and the Class "B" Member has not filed a written waiver of its right to remove and replace a director as referenced in the last sentence of Section 3.5(d), then the Class "B" Member successor shall have right to approve such successor.

(c) In the event of the death, disability, or resignation of a director elected by Class "A" Members, the Board, including directors appointed by the Class "B" Member, may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Class "A" Members shall elect a director to serve the remainder of the director's term of office. This shall not affect the right of the Class "B" Member set forth in Section 3.5(d) to elect to declare a vacancy and appoint a successor for any director elected by Class "A" Members who otherwise would be an appointee of the Class "B" Member.

### Bylaws 6.7 (b) before amendment

(b) By Board. Except as provided above, these By-Laws may be amended only by resolution duly adopted by the Board and the consent of the Declarant, so long as the Declarant owns any Private Amenity or any portion of the Properties or has the right to annex property pursuant to Section 9.1 of the Declaration.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

### Bylaws 6.7 (b) after amendment

(b) Amendment By Board. Except as provided by subsection 6.7(a) above, until the

In Context of the Amended and Restated CC&Rs As Amended Through Amendment 4

termination of the Class "B" Control Period, as set forth in Section 3.3, above, these By-Laws may be amended only by resolution duly adopted by the Board and with the written consent of the Declarant,

This document was prepared by Steve Koehl. The source materials were a Word Perfect document that states the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sun City Hilton Head, filed May 17, 2002 in the Register of Deeds for Beaufort County, the fifth amendment thereto, filed July 14, 2008, and the first four amendments thereto filed as stated in the fifth amendment.