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STATE OF SOUTH CAROLINA)
) AMENDMENT TO WINDMILL HARBOUR
) ASSOCIATION COVENANTS AND BYLAWS
COUNTY OF BEAUFORT)

THIS AMENDMENT TO WINDMILL HARBOUR ASSOCIATION COVENANTS AND BYLAWS (the “**Amendment**”) is made effective December 14, 2018, by the Windmill Harbour Association, a South Carolina nonprofit corporation (the “**Association**”).

WHEREAS, on April 18, 2018, the Association recorded that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions Running with Certain Land in Windmill Harbour in Beaufort County, South Carolina and Provisions for Membership in the Windmill Harbour Association (the “**Covenants**”) together with the Bylaws of the Windmill Harbour Association (the “**Bylaws**”) in the Office of the Register of Deeds for Beaufort County, South Carolina (the “**ROD**”) in Book 3600 at Page 1482;

WHEREAS, pursuant to Articles IX and XV of the Covenants and Article VII of the Bylaws, the Covenants and Bylaws may be amended by referendum of the Association’s members upon the affirmative vote of seventy-five percent (75%) or more of the members responding to such referendum;

WHEREAS, on October 10, 2018, the Association initiated a referendum to approve certain amendments to the Covenants and Bylaws by mailing referendum ballots to all Association members; and

WHEREAS, on December 10, 2018, the sixty (60) day period for the referendum voting expired as specified by Article IX, Section 9-4(c) of the Covenants; and

WHEREAS, a total of three hundred and seventy-nine (379) referendum votes were received by the Association and those Covenant and Bylaw amendments set forth at **Exhibit “A”** hereto were adopted by the corresponding percentages of members voting in favor of the referendum as set forth in the exhibit.

NOW THEREFORE, pursuant to Article IX, Section 9-4(c) of the Covenants and Article III, Section 5 of the Bylaws, the undersigned President of the Association executes this Amendment and adopts the amendments to the Association’s Covenants and Bylaws as attached hereto at Exhibit “A”.

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 1

A total of 379 votes were received, with 313.5 votes or 82.72% voting in favor, the following amendment is approved and adopted:

Section 11-6 and Section 9-4(a)(i) of the Covenants are amended to provide as follows:

Section 11-6: Special Assessments.

- (a) Special Assessments for Improvements and Additions. In addition to the Annual Assessments authorized herein, the Association may levy Special Assessments, for the purpose of construction, reconstruction, repair or replacement of capital improvements upon the Open Space or the Common Properties, including, without limitation, all necessary fixtures, equipment and personal property related thereto, for additions to the Open Space or Common Properties, to provide for all necessary facilities and equipment to offer the services and carry out the Functions authorized herein and to repay any loan made to the Association to enable it to perform the duties and Functions authorized herein or to meet a necessary expenditure for which budgeted funds or reserve funds are not otherwise available, provided that such Special Assessment must receive the approval of fifty- one percent (51%) of the votes of the Members either at an Annual Meeting or Special Meeting called for the purpose of approving such Special Assessment, or by participation in a Referendum. Any such Referendum conducted by mail shall include a statement prepared by the members of the Board of Directors favoring such assessments stating the reasons therefor, together with a statement prepared by the Directors dissenting from such assessment stating their reasons therefor; provided, however, that neither of such statements may exceed a maximum length of five (5) pages on each proposed assessment. If such vote is taken at an Annual Meeting or a Special Meeting the positions of the Directors in favor or against the Special Assessment may be presented at such Meeting. This subsection shall be interpreted to mean that the Association may make, in any one (1) year, an Annual Assessment, plus an additional Special Assessment for Improvements and Additions. A Special Assessment under this subsection shall generally be only for one year. However, if the Board of Directors by a three-fourths vote recommends a multiple-year Special Assessment not in excess of three (3) years, and if that assessment is approved by a sixty-six and two-thirds percent (66 2/3%) vote (i) of the Members present at an Annual or Special meeting, or (ii) of the votes actually returned in a Referendum, such Special Assessment may be implemented for the number of years so approved.

EXHIBIT "A"
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- (b) Special Assessments for Disaster Recovery. In addition to the Annual Assessments and Special Assessments for Improvements and Additions, the Board of Directors, without the approval of the Members, may levy Special Assessments, not exceeding one-hundred (100%) of the current annual assessment, for the purpose of recovery from major disasters including without limitation hurricanes, flooding, earthquake, or fire. A Special Assessment under this subsection shall generally be only for one year. However, if the Board of Directors by a three-fourths vote recommends a multiple-year Special Assessment not in excess of three (3) years, such Special Assessment may be implemented for the number of years so approved.
- (c) The proportion of each special assessment to be paid by the owners of the various classifications of assessable property shall be calculated in the same manner as specified in Section 11-5.
- (d) As stated in Section 11-2 hereinabove, the Club Property shall not be subject to special assessments.

Section 9-4(a)(i) is amended to provide as follows:

- (i) Levy by the Association of Any Special Assessment as provided in Section 11-6(a);

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 2

A total of 375 votes were received, with 320.5 votes or 85.47% voting in favor, the following amendment is approved and adopted:

Article III, Section 5(a) of the Bylaws is amended to provide as follows:

- (a) Any special assessment recommended by the Directors as provided in Section 11-6(a) of the Covenants;

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 3

A total of 378.5 votes were received, with 292.5 votes or 77.28% voting in favor, the following amendment is approved and adopted:

Section 11-7 of the Covenants is amended to provide as follows:

Section 11-7: Reserve Fund. Beginning with the annual budget for 2019 the Association shall establish an annual reserve fund assessment equal to no less than ten percent (10%) and no greater than thirty percent (30%) of the receipts from Annual Assessments, to be held in reserve in an interest-bearing, federally insured account, or investments approved by the Board and complying with South Carolina statutes governing fiduciary duties of corporate officers of not-for-profit corporations, as a reserve (the "Association Reserve Account") for:

- (a) (i) major rehabilitation or major repairs, and (ii) emergency and other repairs required as a result of storm, fire, natural disaster or uninsured casualty loss: and
- (b) (i) Construction of new capital improvements upon the Open Space or the Common Properties, including, without limitation, all necessary fixtures, equipment and personal property related thereto, (ii) for additions to the Open Space or Common Properties, (iii) to provide for all necessary facilities and equipment to offer the services, and (iv) to carry out the Functions authorized herein and to repay any loan made to the Association to enable it to perform the duties and Functions authorized herein or to meet a necessary expenditure for which budgeted funds are not otherwise available; provided however, that such expenditures in any given calendar year do not exceed 20% of the beginning balance of the Reserve Fund in that year, and that such expenditures are approved by a minimum 2/3 vote of the full Board of Directors.

Such Association Reserve Account shall be in the name of the Association and shall be established and maintained under the control and management of the Board of Directors. When the amount on deposit in the Association Reserve Account equals one hundred percent (100%) of the amount of the Association's annual budget, the Association shall collect only so much to be added to the Association Reserve Account as shall be needed to keep said account equal to one hundred percent (100%) of such budget total unless the Board of Directors by unanimous vote determines that a higher amount should be collected, subject, however, to the thirty percent (30%) maximum limitation.

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 4

A total of 378.5 votes were received, with 359 votes or 94.85% voting in favor, the following amendment is approved and adopted:

Section 7-7, Repurchases by Declarant, is deleted in its entirety, without renumbering the remaining sections.

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 5

A total of 376.5 votes were received, with 354.5 votes or 94.16% voting in favor, the following amendment is approved and adopted:

The second paragraph of Section 8-2 of the Covenants is amended to provide as follows:

"THE ASSOCIATION AND ITS DIRECTORS AND OFFICERS SHALL NOT BE LIABLE TO ANY PROPERTY OWNER, THEIR LESSEES AND GUESTS FOR ANY DAMAGE OR INJURY WHICH RESULTS FROM ANY PERMIT, RULE OR REGULATION PROMULGATED PURSUANT TO THESE COVENANTS IN GOOD FAITH AND WITH REASONABLE CARE, AND FOR ANY DAMAGE OR INJURY TO PROPERTY OR PERSON WHICH OCCURS ON COMMON OR PRIVATE PROPERTIES AS A RESULT OF ACTIONS OVER WHICH THE ASSOCIATION DOES NOT HAVE ANY DIRECT OR INDIRECT CONTROL. SEE ALSO SECTION 14-6. "

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 6

A total of 379 votes were received, with 356 votes or 93.93% voting in favor, the following amendment is approved and adopted.

The First Paragraph of Section 5-1 (c) of the Covenants is amended to provide as follows:

(c) "Residential" (used in contradiction from "business," "commerce" or "mercantile") shall mean and refer to a use and occupancy of a building as a long-term abode, dwelling or residence which is prohibited from being rented or leased for a period of less than six (6) consecutive months. The restriction to use for "Residential" purposes is subject to the following qualifications: “

The remaining subsections (1) through (5) of Section 5-1 (c) remain unchanged and unamended.

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 7

A total of 376.5 votes were received, with 316.5 votes or 84.06% voting in favor, the following amendment is approved and adopted:

Section 3-23 of the Covenants is Amended to provide as follows:

Section 3-23: Prohibition of Motorcycles. Motorcycles and "mopeds" (or other motor-powered bicycles or motor scooters with less than or equal to one (1) brake horsepower) may be permitted within the Property subject to rules and regulations promulgated by the Board of Directors. Motorcycles and other motor-powered bicycles with greater than one (1) brake horsepower may be operated by property owners and/or their guests, but only for ingress and egress to their property, and subject to rules and regulations promulgated by the Board of Directors.

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 8

A total of 378.5 votes were received, with 359.5 votes or 94.98% voting in favor, the following amendment is approved and adopted:

Article V, Section 2 of the Bylaws is amended to provide as follows:

Section 2. Removal of Directors. Any one or more of the directors may be removed, with or without cause, by the affirmative vote of at least sixty-six and two thirds (66 2/3%) percent of the members in the Association entitled to vote, and a successor may then and there be elected to fill the vacancy thus created. Should the Association fail to elect said successor, the Board of Directors may fill the vacancy in the manner provided in Article V, Section 3 below. Any director missing any three (3) of six consecutive regular Board meetings shall automatically be disqualified to serve as a Board member. To be considered in attendance, a director must be present for all discussions of proposed resolutions and votes taken during the meeting.

The Board of Directors may, but shall not be required to, adopt and implement a method and/or policy for attendance of directors at Regular Meetings or Special Meetings by video and/or audio teleconference or other electronic means of remote attendance. A director's attendance pursuant to such method and/or policy shall be deemed the same as attendance in-person.

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 9

A total of 378.5 votes were received, with 376.5 votes or 99.47% voting in favor, the following amendment is approved and adopted:

Article IV, Section 3 of the Bylaws is amended to provide as follows:

Section 3. Annual Meeting. The Annual Meeting shall be held in November of each year at a date and time established by the Board of Directors for authorized business to be transacted by the members. Such meeting shall not be held on a legal holiday. At the annual meeting, the Property Owners shall ratify the next fiscal year budget and transact such other business as may properly be brought before the meeting.

EXHIBIT "A"
Amendments to the Windmill Harbour Covenants and Bylaws

Amendment Number 10

A total of 375.5 votes were received, with 308 votes or 82.02% voting in favor, the following amendment is approved and adopted:

Section 8-8 of the Covenants is amended to provide as follows:

Section 8-8: Property Maintenance and Promotion Function. The Association shall provide for the care, operation, management, repair and replacement of all Common Properties. The Association may, but shall not be obligated to, also provide for reasonable promotional and marketing functions that enhance the value and appeal of Windmill Harbour to potential residents and to the Real Estate Community.