Bylaws of the Palmetto Dunes Property Owners Association, Inc.
(As Amended October 11, 2014)

Palmetto Dunes Property Owners Association, Inc. herein referred to as the Association, being a corporation organized under the South Carolina Non-Profit Corporation Act of 1994 applicable to corporations for no profit or gain to Members, shall at all times be operated in conformity with the laws of the State of South Carolina applicable to such corporations.

Article I
Purpose and Powers

The basic purpose of the Association is to promote the common good and general welfare of property owners in Palmetto Dunes (which term shall include only the Mariners, Inverness and Queen’s Folly Road corridor portions of Palmetto Dunes Resort, excluding Leamington and Shelter Cove). In the accomplishment thereof the Association has the following purposes and powers:

1. Represent all residential property owners of Palmetto Dunes in conduct of their common affairs with other persons and entities and with public entities including but not limited to the Town of Hilton Head Island, Public Service District(s), the County of Beaufort, and the State of South Carolina.

2. To exercise legal and managerial responsibility for Palmetto Dunes pursuant to the Consolidated Limited Residential Covenants of February 1, 1982 recorded in the office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 341, page 657, and the Consolidated Multi-Family Residential Covenants dated January 1, 1981, and recorded in such office in Deed Book 314 at Page 505, as the same have been or may be amended or restated, both of which Covenants have been assigned to the Association.

3. To coordinate with the owners of commercial properties within Palmetto Dunes and with the property owners associations for Leamington and Shelter Cove (Palmetto Dunes, Leamington and Shelter Cove comprise Palmetto Dunes Resort).

4. Enforce any and all covenants, restrictions and agreements applicable to the properties in Palmetto Dunes for which responsibility has been or may be assigned to the Association.
Article II
Membership

1. Eligibility for Membership
Subject to the following provisions, each owner of a residential property (whether an undeveloped lot, house, condominium, villa or time share) in Palmetto Dunes shall be a Member of the Association.

   a. Single Property Ownership
      If the property is owned by one person, that person shall be the member and be entitled to one vote.

   b. Multiple Property Ownership
      If a person owns more than one property, such person shall be a member and entitled to one vote for each property owned.

   c. Multiple Owners
      If a property is owned by more than one person or is a legal time share, then all such owners shall constitute collectively, but not severally, one member and shall be entitled jointly to one vote. Such owners may give written notice to the Association designating one of such owners to receive notices and to cast the one vote. Until such written notice is received by the Association, the Association shall have the right to designate on its books one of such owners to receive notices and to cast the vote.

2. Determination of Members
The Association shall maintain a register of all persons eligible for Membership and their addresses. The Association shall use reasonable efforts to revise such register to reflect changes in ownership and addresses. Until such time as the Association receives actual written notice of a name or address change, the register maintained by the Association shall be deemed complete, conclusive and binding for all purposes. The Membership register as of thirty (30) days prior to the date of the mailing of any notice to Members shall be conclusive as to the parties entitled to receive such notice and entitled to vote at any meeting called by such notice.

3. Associate Members
Property owners in Leamington and Shelter Cove, property management companies and rental management companies doing business within Palmetto Dunes, and others approved by the Board may elect to become Associate Members of the Association.
Such Associate Members shall receive communications, may attend meetings and may serve on committees. The Board from time to time shall determine the annual dues to be paid by an Associate Member.

4. Notice of Annual Membership Meeting
   The Annual Meeting of the Membership shall be held on a weekend in October at a time, place and date determined by the Board. The Association shall use its reasonable efforts to give Members sixty (60) days advance notice of the date of the Annual Meeting. At least thirty (30) days before the date set for the Annual Meeting of the Membership the Secretary of the Association shall mail to each member: (1) A report of the significant business conducted by the Association during the preceding year; (2) A balance sheet for the Association as of the end of the preceding fiscal year and a cash receipts and disbursements statement for the previous fiscal year; (3) Notice with respect to the time, place and purposes of such meeting; (4) the names of the persons nominated for the Board vacancies.

5. Annual Membership Meeting
   At the Annual Meeting, the election of the new Directors shall be held. There shall also be held such votes on other matters which were specified in the notice of the meeting, and such other business conducted as may be appropriate.

6. Special Meetings
   Special meetings of the Membership may be called by the Board of Directors for consideration of specified items. A special meeting may be requested by the petition of one hundred (100) Members of the Association stating the items of business which such Members desire to submit for the consideration of the Membership. Upon receipt of the petition, the Board shall decide whether to call a special meeting or to place the requested items on the agenda of the next Annual Meeting which is at least ninety (90) days after receipt of the petition. The Secretary shall mail written notice to the Membership of a Special meeting at least thirty (30) days in advance of such meeting. Notice of a meeting shall contain the time and place of the meeting and an agenda of the business to be submitted to the Membership.

7. Notices
   All notices provided for in these Bylaws, except as otherwise expressly provided, shall be sent by mail, postage prepaid, to the address shown on the register of Members.
8. Quorum
The presence in person or by written proxy at a meeting of fifteen percent (15%) of the Members shall constitute a Quorum, but a lesser number may continue a meeting previously constituted.

9. Proxy
Any member may give a proxy to vote to any person for a specific meeting. Such proxy may be general or limited to a specific purpose. The Board may solicit proxies with respect to any Membership meeting. Any member giving a proxy shall be deemed present at such meeting for all purposes. All proxies must be received by the Secretary of the Association at the address of the Association at least fifteen (15) business days before the date of the annual meeting.

Article III
Board of Directors

1. Number, Good Standing
The Association shall be managed by a Board of Directors composed of nine Members of the Association plus a tenth director to the extent provided in Article X, Section 2. The nine Directors, who are Members of the Association, are tasked with representing the interests of all property owners in Palmetto Dunes. A Director must be in good standing financially with the Association, having no outstanding assessments, fees, fines, arrearages, or other similar obligations, owing to the Association. Failure to maintain good standing shall be cause for removal from the Board of Directors. Further, as deemed appropriate by the Board of Directors, other individuals representing interests related to Palmetto Dunes, may be appointed as ex-officio Members. Ex-officio Members may attend meetings but not vote.

2. Election and Term
Any Member seeking election to the Board of Directors must first be nominated pursuant to Article VI of these Bylaws. Directors shall be elected at each Annual Meeting of the Membership and shall take office at the next Board meeting. Directors shall serve for three years or such lesser term for which they may have been elected, and, in any case, until their successors shall have been elected and take office. At least three Directors shall be elected at each annual meeting in order to provide for staggered terms. In the event that there shall be more persons nominated than positions available, then there shall be a vote by the Members. The candidates receiving the most votes
represented at the meeting, whether in person or by proxy, shall be elected to fill the positions.

3. Meetings
The Board shall hold meetings on call by the Chairperson or by the Secretary at the request of four Members of the Board. Notice of such meetings shall be given to each member of the Board in advance of the meeting and by such means of communication as time, under the circumstances, permits. Directors may participate in a Board meeting through use of telephone, video, Internet conference or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting. There shall be no meeting(s) by telephone, video or Internet conference with respect to the election of Officers or amendment of Bylaws. No meeting of the Members shall be conducted by telephone, video or Internet conference.

4. Quorum
The presence of a majority of the directors shall be necessary to constitute a quorum for conducting the business of the Board, but a lesser number may adjourn a meeting from time to time for periods not in excess of two weeks.

5. Vacancy
Should any vacancy occur on the Board, for any reason other than the normal expiration of the director's term, the remaining directors shall elect a qualified Association member to fill the vacancy until the next annual meeting of the Membership. The remaining unexpired term in excess of one year shall be filled by vote of the Membership at the next annual meeting.

6. Records
The Secretary shall keep a written record of all meetings of the Board showing: (1) the names of the directors; (2) resolutions passed; and (3) where appropriate, other matters considered. Such records shall be open for inspection by the Members of the Association upon fifteen (15) days notice to the Secretary. Members may obtain minutes of a Board meeting (excluding Executive Sessions) upon written request with a self-addressed stamped envelope and a fee covering the reproduction costs. The Minutes will be sent within a reasonable time following the meeting.

7. Attendance
All Members of the Board of Directors must attend at least two-thirds (2/3) of the
meetings of the Board, or vacate their office upon an affirmative vote of the majority of the full Board.

8. Removal of Director
A director may be removed at any time by an affirmative vote of two-thirds (2/3) of all of the other directors.

9. Members Right to Attend Meetings
Members shall have the right to attend any meeting of the Board of Directors except for an Executive Session declared by the Board. An Executive Session may be declared for the purpose of discussing personnel, contractual, legal and other appropriate matters. The Board may invite any person to participate in an Executive Session. The Board shall re-open its regular session for a final vote or decision on any matter discussed in Executive Session.

10. Role of the Board of Directors
The business and affairs of the Association shall be managed by the Board of Directors (the “Board”). The Board of Directors may exercise all the powers of the Association, except such as are, by the laws of South Carolina, the Articles of Incorporation, the Covenants or these Bylaws, conferred upon or reserved solely to the Members. The Board shall set policy and act as group making decisions to further the common good and general welfare of property owners in Palmetto Dunes. The Board shall oversee the functions of the organization and ensure that it continues to operate in the best interest of the Members.

11. Role of the Chairperson of the Board
The Chairperson of the Board (the “Chairperson”), who shall be a Director, shall call all meetings of the Board, except those meeting called by the Secretary pursuant to paragraph 3 hereof; shall preside at meetings of the Board and of the Members; and shall exercise and perform such other powers and duties as may from time to time be assigned to him/her by the Board or prescribed by these Bylaws. The Chairperson manages the Board. He/she provides the leadership that the Board requires to be successful. The Chairperson is the only Board member authorized to speak for the Board as a group, and manages the Board to maintain the integrity of the structure, which the Board has determined is in the best interests of the Association. The Chairperson provides oversight and guidance to the Chief Executive Officer. The Chairperson is authorized to execute such contracts, notes, mortgages, security interests, and similar instruments binding the Association, under the seal of the Association, as may be
approved by the Board, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association. The Chairperson shall have the power to act on behalf of the Board, within any limits prescribed by the laws of South Carolina, the Articles of Incorporation, the Covenants or these Bylaws, between meetings of the Board to take care of the normal and customary business of the Board or anything of an emergency nature.

**Article IV**

**Officers**

1. **Number and Title**
   There shall be a minimum of four officers of the Association: a Chairperson, a Vice Chairperson, a Secretary, and a Treasurer. Additional officers may be elected by the Board of Directors as the work of the Association warrants. No person may simultaneously hold more than one office.

2. **Chairperson Elect, Election and Term**
   In May of each year a Chairperson Elect shall be elected by the Board of Directors from among them. A Director may nominate himself/herself or be nominated by another Director. The election shall be by written ballot in executive session. The successful candidate shall be Chairperson Elect until he/she takes office as Chairperson at the first Board meeting following the Annual Meeting. The Chairperson Elect shall attend all Executive Committee meetings and shall be a member of the Nominating Committee.

3. **Vice Chairperson, Treasurer, and Secretary, Election and Term**
   The Vice Chairperson, Treasurer, and Secretary shall be elected by the Board of Directors from among them at the first Board meeting following the Annual Meeting. The Chairperson shall recommend to the Board his/her nominees for these offices. Upon their election by the Board, the officers shall serve for one year or until their successors are elected and take office.

4. **Vacancies and Removal**
   Should any vacancy occur in any office for any reason other than the normal expiration of the officer’s term, the Board shall elect any qualified member of the Board to fill such office. Any officer elected by the Board of Directors may be removed at any time with good cause by an affirmative vote of two-thirds (2/3) majority of the full Board.
5. Authorities
The Chairperson shall have the duties and authorities provided hereinabove. In the absence of the Chairperson or in the event of his inability or refusal to act, the Vice Chairperson, the Secretary or the Treasurer, in that order, shall exercise the authorities of such office. The Treasurer shall chair the Finance Committee. The Secretary shall provide for minutes to be taken of all Board meetings and provide copies of the minutes to the Directors before the next Board meeting. All officers shall have such authorities as are normally associated with their office and such further authorities as may be vested in them by the Board.

6. Chairperson, Ex-Officio Member of All Committees
   a. Single Ownership
      The Chairperson shall be an ex-officio member of the Finance Committee and shall have all the same rights and privileges, including the right to vote, as other committee Members. However, the Chairperson shall not be counted in determining the number for a quorum or in determining whether a quorum is present.

   b. The Chairperson shall be an ex-officio member of all other committees and shall have all the same rights and privileges, except the right to vote, as other committee Members.

Article V
Committees

1. The Board shall provide for the following standing committees:
   a. Executive Committee
      Shall be composed of the Chairperson, Vice Chairperson and one (1) Director appointed by the Chairperson, with the concurrence of the Board. It shall deal with such matters that arise between the Board meetings as the Chairperson deems necessary, and shall be the liaison between the Board and the Chief Executive Officer.

   b. Finance Committee
      The Committee will review financial statements of the Association, arrange for an annual audit, review and make recommendations on compensation and
benefits, supervise the investments of Association funds, make periodic recommendations on bonding limits, and otherwise coordinate financial matters.

c. Nominating Committee
The Chairperson of the Board shall select one of the Board Members to serve as Chairperson of the committee. The Committee shall consist of five (5) Members of the Association, three (3) of whom shall not be serving as a Director.

d. Architectural Review Board
Shall exercise the duties set forth in the Limited Residential and Multifamily Covenants and make reports of its activities to the Board.

2. Ad Hoc Advisory Groups
From time to time the Board may establish ad hoc advisory groups only and without power to exercise the authority of the Board. The composition, assignment(s), and conduct of the affairs of any such ad hoc advisory group shall be established by the Board.

3. Powers of the Committees
Except as otherwise above provided, each committee shall have such powers, functions, term and Members as determined by the Board as set forth in their respective charters if any, and/or Board resolution establishing such committee. Any committee (other than standing committees) may be terminated by the Board at any time. The Members of any committee may be removed and/or additional Members appointed by the Board at any time.

4. Members, Good Standing
All committee Members must be in good standing financially with the Association, having no outstanding assessments, fees, fines, arrearages, or other similar obligations, owing to the Association. Failure to maintain good standing shall be cause for termination.
Article VI
Nominating Procedures

1. Committee Nominations
   The Nominating Committee shall nominate one (1) candidate for each directorship to be filled.

2. Petition Nominations
   Any member may be nominated by petition signed by no less than ten (10) Members of the Association; provided such petition be delivered to the Secretary not less than ninety (90) days before prior to the Annual Meeting of the Membership during the year in which the election is to be held. For the purposes of this section, the definition of “member” or “Members” shall have the meaning described in Article II, Section 1.A through C.

3. Notice of Nominees
   The names of all candidates nominated shall be distributed, in writing, to the Membership.

Article VII
Finances

1. Bank Accounts
   Funds of the Association, including any reserve or special accounts, shall be deposited or invested in accordance with the Palmetto Dunes Financial Policies and Procedures manual (as the same may from time to time be revised by the Board) or as otherwise approved by the Board.

   a. The Board shall approve those officers, directors and/or employees who will be authorized signatories on Association bank accounts.

   b. The Board shall determine the need for two signatures on certain accounts or on checks over a certain amount.

2. Bonding
   The Board shall obtain and maintain bonds on employees in such amount as are from time to time approved.
Article VIII
Liability and Indemnification of Directors and Officers

No Officer or Director shall be held individually liable for any action taken or decision made within the scope of his or her authority. The Association and Membership shall indemnify and hold harmless any Director or Officer, his or her heirs, executors, administrators or assigns, against all damages, losses, costs and expenses reasonably incurred by him or her in connection with any legal action, suit or proceeding as a reason for his or her being, or having been, a Director or Officer of the Association. Such indemnification shall not be available if it should be determined in such legal action, suit or proceeding that such Director of Officer was not within the scope of his or her authority, or was guilty of gross negligence or willful misconduct. The foregoing indemnification shall be in addition to and exclusive of all other rights to which such Director or Officer shall be entitled.

Article IX
Chief Executive Officer

1. The Board shall employ a salaried staff executive who shall have the title of Chief Executive Officer (CEO) on such terms and conditions as the Board shall determine. The Chief Executive Officer shall be the chief executive officer and operating officer of the Association with the responsibility to perform the duties as required by the Board. The Chief Executive Officer shall be an ex officio member of the Board, shall attend Board meetings, shall make periodic reports to the Board concerning Palmetto Dunes, and may participate in Board discussions, but shall have no vote.

2. Role of the Chief Executive Officer

The Chief Executive Officer shall have the responsibility for the day-to-day administration and operations of the Palmetto Dunes Property Owners Association, Inc. He/she directs and administers all aspects of the operations: the common areas, infrastructure, staff, and all activities and owner relations. In addition, he/she will assist the Board in setting strategies for the future. The Chief Executive Officer shall have such other powers and duties as may be prescribed by the Board.

The Chief Executive Officer shall be authorized to execute such contracts, notes, mortgages, security interests, and similar instruments binding the Association, under
the seal of the Association, as may be approved by the Board, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association.

**Article X**

**Special Provisions for Greenwood Communities and Resorts, Inc.**

1. **Membership**

Greenwood Communities and Resorts, Inc. (herein "Greenwood") is designated as a Special Member of the Association. Each year Greenwood will have the number of votes determined by dividing the total amount of assessments due by Greenwood for such year by the amount of the greatest single lot regular assessment due for such year. For example, if the single lots were assessed a regular assessment of $1035 and if Greenwood were assessed $133,289 in assessments for that year, then Greenwood would have 129 votes ($133,289 divided by 1035 equals 128.78, or 129). However, if Greenwood sells any of its property subject to assessments, its vote will not transfer to any successor in title unless otherwise approved by the Association in accordance with paragraph 3 below.

2. **Additional Director**

There shall be an additional tenth director on the Board, who shall be appointed annually by Greenwood. This additional director would not be required to carry the same committee duties as other directors but would otherwise be subject to the same bylaw provisions applicable to all directors. A majority of the other directors may exclude this appointed director from any discussion of matters relating to or concerning agreements, contracts or relationships with Greenwood, any affiliate of Greenwood or any employee of Greenwood. This Section 2 shall terminate as of the date that Greenwood sells both golf courses (being the Jones and Fazio courses) and its tennis facility in Palmetto Dunes to an unrelated entity, unless the Association in its sole discretion agrees to maintain it in effect.

3. **Non-assignability**

The above provisions are personal to Greenwood and may not be assigned or transferred nor pass to any successor or successor in title without the consent of the Association, which consent may be given or withheld in the Association's sole discretion.
Article XI
Amendment of the Covenants and Bylaws

1. Amendment of the Covenants
The Limited Residential and/or the Multifamily Covenants may be amended by one of the following procedures:

   a. The Board of Directors may propose an amendment by approval of a majority of the Directors present at a regular or special meeting where notice was given that the amendment would be considered. The proposed amendment shall then be presented to the Membership at a regular or special meeting.

   b. The Members may propose an amendment by a written proposal signed by one hundred (100) or more Members, which proposal shall set forth in full the Covenant provision to be changed, the proposed amendment and the reason for such amendment. Such proposal shall be filed with the Secretary. The amendment shall then be presented to the Membership at the next regular Annual Meeting which is at least ninety (90) days after receipt of the proposal.

   c. Under either procedure, the notice of meeting to the Membership shall set forth the Covenant proposed to be amended, the proposed amendment and the reason for the proposed amendment. The amendment will become effective upon a majority vote of Members present in person or by proxy at such meeting, except that the quorum for such meeting shall be twenty-five percent (25%) rather than the usual fifteen percent (15%).

2. The Bylaws may be amended by one of the following procedures:

   a. The Board of Directors may propose an amendment by approval of a majority of the Directors present at a regular or special meeting where notice was given that the amendment would be considered. The proposed amendment shall then be presented to the Membership at a regular or special meeting.
b. The Members may propose an amendment to the bylaws by a written proposal signed by one hundred (100) or more Members, which proposal shall set forth in full the Bylaw provision to be changed, the proposed amendment and the reason for such amendment. Such proposal shall be filed with the Secretary. The amendment shall then be presented to the Membership at the next regular Annual Meeting which is at least ninety (90) days after receipt of the proposal.

c. Under either procedure, the notice of meeting to the Membership shall set forth the Bylaw proposed to be amended, the proposed amendment and the reason for the proposed amendment. The amendment will become effective upon a majority vote of Members present in person or by proxy at such meeting.

**Article XII**
**General**

All meetings of the Membership and the Board of Directors shall be conducted in accordance with Robert’s Rules of Order Newly Revised, provided that where there is a conflict with these Bylaws, the Bylaws shall prevail.