

## EXHIBIT "J"

BYLAWS  
OF  
SOMERSET OWNERS ASSOCIATION, INC.

## A SOUTH CAROLINA NON-PROFIT CORPORATION

ARTICLE I  
IDENTITY

The following Bylaws shall govern the operation of the Somerset Owners Association, Inc.

The Association whose name appears at the end of this instrument is a South Carolina non-profit corporation organized and existing under the laws of the State of South Carolina for the purpose of administering (but not exclusively unless so provided in the Association's Articles of Incorporation) the property described in the "Master Deed for Somerset Horizontal Property Regime" (the "Master Deed") to which these Bylaws are attached.

**Section 1. Registered Office.** The registered office of the Association will be at such place as the Board of Directors may determine from time to time.

**Section 2. Seal.** The Seal of the Corporation shall bear the name of the Corporation, the words "South Carolina," the words "Non-profit Corporation" and the year of incorporation.

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

ARTICLE II  
MEMBERSHIP AND VOTING PROVISIONS

**Section 1. Membership:** Membership in the Association shall be limited to the Owners of the Units as described in the Master Deed. The Association has been designated to operate and administer the Property by virtue of the Master Deed. Transfer of a Unit, either voluntary or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee. If a Unit is vested in more than one person, then all of the persons so owning said Unit shall be members eligible to hold office, attend meetings, and exercise the other rights of a member. A person who holds a mortgage on a Unit as security for payment of a debt shall not be a member entitled to exercise the rights of a Unit Owner unless such person holds a proxy conferring such rights.

**Section 2. Voting:**

(a) Voting by the Owner(s) of each Unit at the Association meetings shall be performed on a proportional basis with each Owner's vote equal to the percentage of his right to share in the Common Elements as computed in the Master Deed.

(b) A majority of the total votes in the Association shall decide any question, unless the Master Deed, Bylaws or Articles of Incorporation of the Association provide otherwise. As used in these Bylaws, the term "Majority of Unit Owners" shall mean those Unit Owners holding fifty-one (51%) percent or more of the total value of the Common Elements, in accordance with the percentages assigned in the Master Deed.

**Section 3. Quorum:** Unless otherwise provided in these Bylaws, the presence in person or by proxy of a Majority of the Unit Owners' total votes shall constitute a quorum.

**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). Proxies shall be valid only for the meetings thereon and only if they are filed with the Secretary-Treasurer of the Association prior to such meeting(s).

**Section 5. Designation of Voting Member:** When any Unit is owned Of Record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, partners and partnership or in any manner of joint or common ownership, one person or entity shall be designated the voting member (the "Voting member") to bind all others. Written notice of such designation shall be delivered to the Secretary of the Association prior to the exercise of a vote by joint owners. All votes appurtenant to a single unit must be cast together and may not be split.

**Section 6. Consents.** Any action which may be taken by a vote of the Unit Owners may also be taken by written consent to such action signed by all Unit Owners entitled to vote, or, in the case of Units owned by two or more Unit Owners, by the designated Voting member.

ARTICLE III  
MEETING OF THE MEMBERSHIP

**Section 1. Place:** All meetings of the Association membership shall be held at the 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 Meeting, and shall be open to all members.

**Section 2. Notices:** It shall be the duty of the Secretary-Treasurer to mail or deliver a notice of each annual or special meeting, stating the time and place thereof, to each member of

record but not more than fifty (50) days prior to such meeting. Notices of any special meeting shall state the purpose thereof. All notices shall be mailed to or served at the address of the member as it appears on the books of the Association.

**Section 3. Annual Meeting:** The annual meeting shall be held once a year during the month of March or at such other time as the Majority of Owners may agree, for the purpose of electing Directors and transacting any other business authorized to be transacted by the members. At the annual meeting, the members shall elect by plurality vote (cumulative voting prohibited), 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-Treasurer at the request, in writing, of Voting members representing a majority 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 subjects 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 Bylaws 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 the Association cannot be organized because a quorum has not attended, the Unit Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. Any business which could be properly transacted at the original session of a meeting may be transacted at an adjourned meeting and no additional notice of adjourned sessions shall be required.

**Section 7. Order of Business:** The order of business at all annual meetings of the Association shall be as follows:

- (a) Roll call and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of Minutes of preceding meeting;
- (d) Report of officers;
- (e) Reports of committees;

- (f) Report of manager;
- (g) Appointment by chairman of inspector's of election;
- (h) Election of directors (when required);
- (i) Unfinished business;
- (j) New business;
- (k) Adjournment.

**Section 8. Minutes of Meeting:** The Secretary of the Association shall prepare and keep or cause to be prepared and kept accurate Minutes of every meeting of the Association. Such Minutes shall be made available for examination and copying by any Unit Owner at any reasonable time.

**ARTICLE IV  
BOARD OF DIRECTORS OF THE ASSOCIATION**

**Section 1. Number and Qualification:** The affairs of the Regime and of the Association shall be governed by a Board of Directors (hereinafter sometimes referred to as the "Board"). Initially the number of directors shall be three (3) and in subsequent years the number shall be set by the Board of Directors at three (3), five (5) or seven (7) members as the Board of Directors deems appropriate. All directors (except those designated by the Declarant) shall be members of the Association. Notwithstanding the provisions contained herein, the Declarant reserves the right to appoint the members of the Board of Directors of the Association until such time as ninety (90%) percent of the Units to be constructed in all phases of the Regime are sold or until January 1, 2014, whichever occurs first.

**Section 2. Power and Duties:** The Board of Directors shall have powers and duties necessary for the administration of the affairs of the Association and may perform all such acts and things except by law or by the Master Deed or by these Bylaws may not be delegated to the Board of Directors by the Unit Owners. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and other documents and enforcement of the same;
- (b) The contracting with a management agent to provide for the surveillance and security of the Regime Property, the maintenance, repair and replacement of the Common Elements, and the designation and dismissal of the personnel necessary to accomplish the same;

- (c) Determination of the Common Expenses required for the affairs of the Regime, including without limitation, the operation and maintenance of the Regime Property;
- (d) The collection of Assessments from the Unit Owners;
- (e) The enactment of reasonable rules and regulations governing the operation and use of Common Elements;
- (f) The opening of bank accounts on behalf of the Association and designating the signatories therefor;
- (g) Obtaining insurance for the Regime Property, including the Units pursuant to the provisions of these Bylaws and the Master Deed;
- (h) The making of repairs, additions and improvements to alterations of the Regime Property and making of repairs to and restoration of the Regime Property in accordance with the other provisions of these Bylaws and the Master Deed after damage or destruction by fire, flood or other casualty, or as a result of condemnation or eminent domain proceedings;
- (i) The enforcement of the terms of the Master Deed, these Bylaws, and any regulations promulgated pursuant hereto;
- (j) The general administration of the Association and the Regime on behalf of and for the benefit of all Unit Owners.

**Section 3. Election and Term:** Until the sale by the Declarant of ninety (90%) percent of the Units authorized by the Master Deed to be constructed in all phases of the Regime Property and Additional Property or January 1, 2014, whichever shall first occur, the Declarant shall be entitled to exercise, without the consent of the Unit Owners, all rights granted to the Unit Owners to elect the members of the Board by the Act, the Master Deed or these Bylaws.

The initial Board of Directors shall be appointed by the Declarant and will hold office and serve until their successors have been elected and qualified as provided herein. At the first annual meeting of the Association, the initial term of office of two (2) members of the Board shall be fixed at two (2) years, the term of office of one (1) member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each respective member of the Board of Directors, his successor shall be elected to serve for a term of two (2) years. The members of the Board shall hold office until their respective successors have been elected and hold their first meeting.

**Section 4. Vacancies:** Vacancies in the Board of Directors caused by any reason other than the removal of a member of the

Board by a vote of the Association shall be filled by a vote of the majority of the remaining directors held for that purpose promptly after the occurrence of any such vacancy, even though the directors present may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the predecessor director.

**Section 5. Removal:** At any time after the second 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 Unit Owners holding two-thirds (2/3rds) of the total interest in the Common Elements, provided, however, no Director shall be removed without the written consent of the Declarant until the expiration of the Declarant's right to elect the Directors set forth in Section 3 above. The unexpired portion of the term of any Director so removed shall be filled by a new Director elected by the affirmative vote of the Unit Owners holding a majority of the Percentage Interest in the Common Elements.

**Section 6. Organizational Meetings:** Within ten (10) days of election, a newly elected Board shall meet at such time and place as shall be designated by a majority of the members of the Board of Directors at the meeting at which such Board members were elected by the Association. No notice to the newly elected members of the Board of Directors shall be necessary in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

**Section 7. Regular Meetings:** The Board may hold regular meetings at such time and place as shall be determined from time to time by a majority of the Board, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary, or other designated person to each member of the Board, either personally or by mail, telephone or facsimile, at least five (5) days prior to the day named for such meeting.

**Section 8. Special Meetings:** Special meetings of the Board of Directors may be called by the President on three (3) days notice to each member of the Board of Directors, given personally or by mail, addressed to his residence, or by telephone or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice upon the written request of at least two (2) members of the Board of Directors.

**Section 9. Waiver of Notice:** Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all of the members of the Board of

Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

**Section 10. Quorum:** At all meetings of the Board of Directors, a majority of the members shall constitute a quorum for the transaction of business, and the acts of the majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there is less than a quorum present, a majority of those present may adjourn the meeting. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

**Section 11. Compensation:** Director's fees, if any, shall be determined by the members of the Association.

**Section 12. Fidelity Bonds:** The Board of Directors may require that adequate fidelity bonds be furnished by all officers and employees of the Association and of the managing agent handling or responsible for association funds. The premiums on such bonds shall constitute a common expense to be paid by the Association.

**Section 13. Liability of the Board of Directors:** The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual wilful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of the contracts made by the Board of Directors on behalf of the Regime, unless any such contracts shall have been made in bad faith or contrary to the provisions of the Master Deed or of these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements. Every agreement, on behalf of the Association, made by the Board of Directors, or by the managing agent, or by the manager, shall provide that the members of the Board of Directors, or the managing agent, or the manager, as the case may be, or acting only as the agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder is in the same proportion as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

#### ARTICLE V OFFICERS

**Section 1. Designation:** The principal officers of the

Association shall be a President, a Vice-President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors. One person may hold more than one of the aforementioned offices. The President and Vice-President must be members of the Board of Directors.

**Section 2. Election:** The officers of the Association shall be elected at each annual meeting of the Board of Directors and at other times as may be required to fill vacancies in any office.

**Section 3. Removal:** Any officer may be removed from office at any time with or without cause by the Board of Directors.

**Section 4. President:** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of President of a horizontal property regime or non-profit corporation organized under the South Carolina Business Corporations Act of 1976, including, but not limited to, the power to appoint committees from among the Unit Owners from time to time as he may in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

**Section 5. Vice-President:** The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in place of the President on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

**Section 6. Secretary:** The Secretary shall keep the Minutes of all meetings of the Board of Directors and of the Association of Unit Owners; he shall have charge of such books and papers as the Board may direct and perform all duties incident to the office of Secretary of a non-profit corporation organized under the South Carolina Business Corporations Act of 1976.

**Section 7. Treasurer:** The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association, the Board of Directors, or the managing agent, in such depositories as may from time to time be designated by the Board of Directors; and he shall, in general, perform all the duties incident to the Treasurer of a non-profit corporation organized under the South Carolina Business Corporations Act of 1976. The Treasurer, or any person performing his duties may, at the discretion of a majority vote of the Board of Directors, be required to give bond in such sum and with such securities as may be specified by the Board for



the faithful discharge of his duty.

**Section 8. Compensation of Officers:** No officer shall receive any compensation from the Association for acting as such.

**ARTICLE VI  
FINANCE 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 Manager relative to the subject matter in this Section shall supersede the provisions hereof.

**Section 2. 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 3. Determination of Common Expenses and Assessments:**  
The Board of Directors shall, from to time and at least annually, prepare an operating budget for the Association, determine the amount of the Assessments payable by the Unit Owners to meet the Common Expenses of the Association, and allocate and assess assessments and expenses among the Unit Owners according to their respective Percentage Interest. Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of these Bylaws and the Master Deed, and the fees and disbursements of the insurance trustee. The Common Expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the Regime Property, including without limitation, an amount for working capital of the Regime, for general operating reserve, for a reserve fund for replacement, and to make up any deficit in the Common Expenses for any prior year. The Board shall advise all Unit Owners promptly and in writing of the amount of the assessments payable by each of them respectively, as determined by the Board as aforesaid and shall furnish copies of such budget on which such assessments are based to all Unit Owners.

**Section 4. Assessments:** The Board of Directors shall make such assessment against the Unit Owners in accordance with the provisions of Article X of the Master Deed.

ARTICLE VII  
ADDITIONS OR ALTERATIONS

There shall be no additions or alterations to the Common Elements or Limited Common Elements of the Regime which this Association operates and maintains except as specifically provided for in the Master Deed.

ARTICLE VIII  
AMENDMENTS

Subject to the Master Deed, and specifically to the rights of the Declarant as set forth in Article XVII thereof, these Bylaws may be amended from time to time by resolution adopted by the affirmative vote of the Unit Owners holding two-thirds (2/3rds) of the Percentage Interest in the Common Elements.

ARTICLE IX  
PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Master Deed or these Bylaws.

ARTICLE X  
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, bad faith or wilful 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 XI  
RULES AND REGULATIONS

Section 1. Regulations: The Board of Directors may, from time to time, adopt or amend previously adopted Rules and Regulations governing the details of the operation, use, maintenance, management and control of the Regime Property and any facilities or services made available to the Unit 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 the same shall be furnished each Unit Owner.

Section 2. Conflict: In the event of any conflict between the Rules and Regulations adopted, or from time to time amended, and the Master Deed, the latter shall prevail.

ARTICLE XII  
BOOKS AND RECORDS

Section 1. Inspection by members and Mortgagees: The Master Deed and Bylaws, membership register, books of account and Minutes of meetings of the members, the Board and committees shall be made available for inspection and copying by any Unit Owner, mortgagee or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Unit Owner at the office of the Association or such other place as the Board of Directors shall prescribe.

Section 2. Rules for Inspection: The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the costs of reproducing copies of documents requested.

Section 3. Inspection by Directors: Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the fiscal properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

ARTICLE XIII  
MISCELLANEOUS

Section 1. Record of Ownership: Any person who acquires title to a Unit shall promptly inform the Board of Directors of his identity and the date upon and manner in which title was acquired. The Board of Directors shall maintain a record of the names of all Unit Owners and of the dates upon which they acquired title to their Units.

Section 2. Notices: Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

- (a) If to a Unit Owner - at the address which the Unit Owner or Voting member has designated in writing and filed with the Secretary or if no such address has been designated, at the address of the Unit of such Unit Owner or Voting member; or
- (b) If to the Association, the Board of Directors or the Managing Agent, at the principal office of the

Association or the Managing Agent, if any, or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this section.

**Section 3. Waiver:** No provision of these Bylaws or of the regulations promulgated pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

**Section 4. Conflicts:** In the event of any conflict between these Bylaws and the Act or the Master Deed, the Act or the Master Deed shall control as appropriate. In the event of a conflict between these Bylaws and any regulations, these Bylaws shall control.

**Section 5. Severability:** The provisions of these Bylaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder hereof.

**Section 6. Captions:** The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these Bylaws or the intent of any provision hereof.

**Section 7. Gender and Number:** All pronouns used herein shall be deemed to include the masculine, the feminine and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

The foregoing was adopted as the Bylaws of Somerset Owner's Association, Inc. at the first meeting of the Board of Directors held on May 26, 1994.

SOMERSET OWNERS ASSOCIATION, INC.

By: 

President

Attest: 

Secretary-Treasurer