

EXHIBIT C: INITIAL BYLAWS

**BYLAWS
OF
FOUR SEASONS AT HILTON HEAD LAKES ASSOCIATION**

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**BYLAWS OF
FOUR SEASONS AT HILTON HEAD LAKES ASSOCIATION
A SOUTH CAROLINA NONPROFIT CORPORATION**

Pursuant to the provisions of the South Carolina Nonprofit Corporation Act and the recorded Declaration of Covenants, Conditions and Restrictions for K. Hovnanian's® Four Seasons at Hilton Head Lakes, as it may be amended from time to time (the "Declaration"), the Board of Directors (the "Board") of Four Seasons at Hilton Head Lakes Association, a South Carolina non-profit mutual benefit corporation, hereby adopts the following Bylaws for such corporation.

1. NAME AND PRINCIPAL OFFICE

1.1. Name. The name of the nonprofit corporation is "Four Seasons at Hilton Head Laks Association", hereinafter referred to as the "Association".

1.2. Offices. The principal offices of the Association shall be in South Carolina at such location as the Board of Directors may determine from time to time.

2. DEFINITIONS; REFERENCE TO DECLARATION

2.1. Definitions. Except as otherwise provided herein or required by the context hereof, all terms defined in the Declaration shall have such defined meanings when used in these Bylaws.

2.2. Reference to Declaration. Where applicable, provisions of the Declaration shall be deemed incorporated in these Bylaws.

3. MEMBERS; VOTING; MEETINGS OF MEMBERS

3.1. Membership. As set forth in Section 3.2 of the Declaration, the following shall be applicable:

3.1.1. Every Owner shall be a "Member" of the Association and shall hold one (1) membership for each Dwelling Unit owned. If a Dwelling Unit is owned by more than one (1) Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation, such reasonable fees and Charges as may be authorized by the Declaration, and the restrictions on voting set forth in Section 3.2 below and in these Bylaws. All such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners.

3.1.2. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner, member, manager or trustee, or by any other individual having apparent authority or designated from time to time by the Owner in a written instrument provided to the Secretary of the Association. The Board of Directors may, in its sole discretion, require the individual purporting to have authority to act on behalf of an Owner to provide reasonable evidence of such authority.

3.1.3. The Declarant shall be a member of the Association during the Development Period.

3.2. Voting Rights. As set forth in Section 3.3 of the Declaration, the following shall be applicable:

3.2.1. During the Declarant Control Period, all of the voting rights of the Owners at any meeting of the Members of the Association or otherwise exercised or cast as by law allowed shall be vested exclusively in the Declarant, and Owners other than the Declarant shall have no voting rights.

3.2.2. After the end of the Declarant Control Period, all of the voting rights at any meeting of the Members of the Association or otherwise exercised or cast as by law allowed shall be vested in the Voting Members and each Voting Member shall have one (1) vote for each Dwelling Unit which the Voting Member represents. One (1) individual shall be designated by each Owner to be the "Voting Member" with respect to each Dwelling Unit owned by the Owner. If no designation is made and more than one (1) person seeks to be the Voting Member for a Dwelling Unit, the Board may either recognize one (1) individual as the Voting Member or suspend the vote for the Dwelling Unit (which shall still be counted for purposes of determining whether a quorum is present) until the issue has been resolved. Any action may be taken by the Voting Members at any meeting at which a quorum is present (as provided in these Bylaws) upon an affirmative vote of a majority of the votes represented at the meeting by the Voting Members present at such meeting, except as otherwise provided herein or in these Bylaws. Votes may be conducted by written ballot in lieu of a meeting in the manner provided herein or in these Bylaws. Voting Members may vote directly or by proxy as provided in these Bylaws. The Board shall determine from time to time whether votes shall be cast in person, by mail, or by other means permitted by law.

3.2.3. Only Voting Members whose right to vote has not been suspended by the Board shall be entitled to vote on a matter before the Association.

3.3. Quorum for Votes of Owners. Ten percent (10%) of the Voting Members whose right to vote has not been suspended by the Board, in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the Members.

3.4. Votes of Members. At the discretion of the Board of Directors, any matter requiring a vote of the Members shall be held either (i) by written ballot distributed to the Voting Members without a meeting; (ii) by written ballot at a meeting of the Voting Members; or by electronic voting. If a vote is by written ballot distributed to the Voting Members without a meeting or by electronic voting, the ballot or accompanying materials shall state a date by which the ballot or vote must be returned to the Association in order to be counted.

3.5. Annual Meetings of Members. The first meeting of Members shall be held within one (1) year after the date that the first Dwelling Unit is conveyed to an Owner other than Declarant, an affiliate of Declarant, or a mortgagee of Declarant. Subsequent annual or regular meetings shall be on a date determined by the Board from time to time.

3.6. *Special Meetings of Members.* Special meetings of Members shall be held upon call of the Board of Directors or as otherwise required by law.

3.7. *Special Declarant Rights.* As set forth in Section 3.4 of the Declaration, certain Declarant rights, including the right to approve, or withhold approval of, certain actions proposed under the Declaration, these Bylaws and the Articles of Incorporation during the Development Period and the right and power during the Declarant Control Period to appoint all members of the Board, are specified in the relevant sections of the Declaration, these Bylaws and the Articles. To the extent those Declarant rights conflict or are inconsistent with any provision of these Bylaws, those Declarant rights shall control.

3.8. *Notice of Conveyance of Dwelling Unit by Owners.* In order to monitor who is entitled to be a Member, upon conveyance of a Dwelling Unit, the new Owner of the Dwelling Unit shall promptly furnish to the Association a legible copy of the recorded instrument by which ownership of such Dwelling Unit has been vested in the Owner.

4. BOARD OF DIRECTORS

4.1. *Authority of Board.* The Board of Directors shall have the authority to make all decisions and undertake all actions on behalf of the Association that are authorized by applicable law, the Declaration or these Bylaws. The Board of Directors shall constitute the final administrative authority of the Association, and all decisions of the Board of Directors shall be binding upon the Association and the Owners to the extent that the Board of Directors functions in accordance with the Declaration and these Bylaws. Owners and tenants of the Properties, and their respective employees, agent, invitees and licensees shall be bound by the Declaration, these Bylaws, the Articles of Incorporation, and Rules and Regulations issued in accordance with the Declaration.

4.2. *Number, Term of Office, and Qualifications.*

4.2.1. During the Declarant Control Period, the Board of Directors shall consist of not less than three (3) or more than five (5) individuals, as designated by Declarant from time-to-time. Such Directors need not be Owners of Dwelling Units.

4.2.2. During the first January after Declarant ceases to own at least 25% of the Dwelling Units within the Properties, the Owners other than Declarant shall have the right to elect two (2) individuals to the Board of Directors, each of whom shall serve for a two (2) year term (provided that the initial term shall end at the end of the next calendar year after the calendar year in which the initial election occurs). After such election and while the Declarant Control Period continues, the Owners other than Declarant shall continue to have the right to elect individuals to the Board of Directors for two (2) year terms upon the expiration of any term of any Director elected by the Owners other than Declarant or to fill any vacancy upon the resignation or removal of any Director elected by the Owners other than Declarant.

4.2.3. After the end of the Declarant Control Period, or such earlier time as the Declarant records a Supplemental Declaration waiving its authority to designate the Board, the

successor Board shall be selected, within one hundred twenty (120) days thereafter, as follows:

A. The terms of office for directors shall be staggered to promote continuity. The successor Board shall consist of five (5) Persons, three (3) of whom shall serve for a two (2) year term (provided that the initial term shall end at the end of the next calendar year after the calendar year in which the initial election occurs) and two (2) of whom shall serve for a one (1) year term (provided that the initial term shall end at the end of the calendar year in which the initial election occurs). Thereafter each director shall serve a two (2) year term.

B. After the end of the Declarant Control Period, a Director shall be an Owner. If an Owner is not a natural person, an owner, director, trustee, partner, member, officer or other duly authorized representative designated in writing to the Secretary of the Association of such Owner may serve as a Director. No individual and a spouse shall serve on the Board of Directors at the same time.

C. After the end of the Declarant Control Period, a Director shall not serve more than three (3) consecutive two (2)-year terms.

D. The current Board of the Association shall constitute a Nominating Committee to nominate competent and responsible individuals to serve as Directors of the Association; provided, however, that Voting Members representing not less than ten percent (10%) of the Voting Members in Good Standing may, by signed written petition delivered to the Association not less than 14 days prior to an election, nominate one or more candidates for Directors (not to exceed the number of Director vacancies that shall exist at the time of election). Such nominations shall be accompanied by a written summary of the relevant qualifications of the nominee(s).

E. At the discretion of the Board of Directors, elections of Directors shall be held either (i) by written ballot distributed to the Owners of Dwelling Units without a meeting or (ii) by written ballot at a meeting of the Owners. In all cases, the Board of Directors shall determine the form of the written ballot.

F. If election is by written ballot distributed to the Owners of Dwelling Units without a meeting, the ballot or accompanying materials shall state a date by which the ballot must be returned to the Association in order to be counted. If election of Directors is at a meeting of the Owners, the Association shall cause notice to be given to all Owners that a meeting shall be held at a designated time and place in Jasper County not earlier than ten (10) days after the date such notice is given for election of Directors. The notice shall contain the names of those persons recommended by the Nominating Committee or Voting Members representing not less than ten percent (10%) of the Voting Members in Good Standing, but shall note that Voting Members may make other nominations at the meeting.

G. At each election of Directors, each Voting Member in Good Standing shall be authorized to cast as many votes as the number of Directors to be elected (i.e. if three Directors are being elected, then the Voting Member may vote for three nominees).

H. If election of Directors is at a meeting of the Voting Members, then, after giving the Voting Members (or written proxy holders) attending such meeting the opportunity to nominate other Persons, with a second by another Voting Member or proxy holder, the Directors shall be elected by written secret ballot.

4.3. Annual and Regular Meetings. The first annual meeting of the Board of Directors shall be held in January within one (1) year after the date that the first Dwelling Unit is conveyed to an Owner other than Declarant, an affiliate of Declarant, or a mortgagee of Declarant. Subsequent annual meetings shall be held in January on a date selected by the Board or at such other time as the Board of Directors determines. Regular meetings of the Board of Directors shall be held on such dates as the Board of Directors may determine.

4.4. Special Meetings. Special meetings of the Board may be called by or at the request of two Directors, or if there are only two Directors, then any Director. The Director(s) calling a special meeting of the Board may fix any place within Jasper County, South Carolina (or such other place as is approved by all Directors) as the place for holding such a meeting. Except as otherwise required or permitted by the South Carolina Nonprofit Corporation Act, notice of any special meetings shall be given at least two (2) days prior thereto. Notice shall be in accordance with the procedure set forth in Section 11.1 below, provided that notice may also be given by facsimile, internet or other electronic transmission if the Director given such notice acknowledges receipt in writing, including facsimile, internet or other electronic transmission acknowledgment. Any Director may waive notice of a meeting.

4.5. Agenda for Meetings. Unless otherwise established by resolution of the Board, *Robert's Rules of Order* (current edition) shall govern the conduct of Association meetings, and unless otherwise provided by the Board, the agenda for meetings of the Association shall be:

- 1) Sign In by Members
- 2) Call to Order and Welcome by President
- 3) Proof of Notice or Waiver of Notice
- 4) Establishment of Quorum
- 5) Review and Approval of Minutes
- 6) Property Manager/Association/Officer Reports
- 7) Committee Reports
- 8) Elections (if applicable)
 - a) Introduction of Candidates Nominated by Board
 - b) Nominations from Floor
 - c) Motion to Close Nominations
 - d) Distribution of Ballots
 - e) Vote and Collection of Ballots
 - f) Tabulation of Votes
 - g) Question and Answer Period during Tabulation
 - h) Announcement of Election Results
- 9) Other Agenda Items
- 10) Old Business
- 11) New Business
- 12) Motion and Second for Adjournment

13) Adjournment

4.6. Quorum, Telephonic Meetings and Manner of Acting. A majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. Upon approval of a majority of the Board, a meeting may be conducted by any electronic means which permits all participating Directors to communicate simultaneously (such as a telephone or video conference call). The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board. The Directors shall act only as a Board and individual Directors shall have no powers as such. A majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board. The Directors shall act only as a Board and individual Directors shall have no powers as such.

4.7. Compensation. No Director shall receive compensation for any services that he may render to the Association as a Director; provided, however, that Directors may be reimbursed for expenses incurred in performance of their duties as Directors and, except as otherwise provided in these Bylaws, may be compensated for services rendered to the Association other than in their capacities as Directors.

4.8. Resignation and Removal. A Director may resign at any time by delivering a written resignation to either the President or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director may be removed at any time for or without cause, by proper action of the Person(s) having the right to designate or elect Directors at the time of removal (see Sections 4.2.1 and 4.2.2, above).

4.9. Vacancies. During the Declarant Control Period, any vacancy in the Board shall be filled by the Declarant. Thereafter, if a vacancy shall occur in the Board by reason of the death or resignation of a Director, then such vacancy shall be filled by vote of the remaining Directors. If a vacancy shall occur in the Board by reason of removal, then such vacancy shall be filled solely by vote of the Person(s) then having the right to designate or elect Directors (i.e. by the Declarant or the Owners of the Total Assessed Dwelling Units, as set forth in Sections 4.2.1 and 4.2.2, above). Any Director designated or appointed to fill a vacancy shall serve for the unexpired term of his predecessor.

4.10. Informal Action by Directors. Any action that is required or permitted to be taken at a meeting of the Board may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

5. OFFICERS

5.1. Primary Officers. The officers of the Association shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as may from time to time be appointed by the Board. Any one individual may hold two or more of such offices, except that the President may not also be the Secretary or the Treasurer. It is not necessary that an officer be a Director or an Owner.

5.2. Election, Term of Office, and Qualifications. During the Declarant Control Period, officers shall be appointed from the Board of Directors by the Declarant. Thereafter, the officers of the Association shall be chosen by the Board at the regular annual meeting of the Board. In the event of failure to choose officers at such regular annual meeting of the Board, officers may be chosen at any regular or special meeting of the Board. Each officer (whether chosen at a regular annual meeting of the Board or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board and until his successor shall have been chosen and qualified, or until his death, or until his resignation or removal in the manner provided in these Bylaws, whichever first occurs.

5.3. Subordinate Officers and Agents. The Board may from time to time appoint such other officers or agents as it deems advisable, each of whom shall have such title, hold office for such periods, have such authority, and perform such duties as the Board may from time to time determine. The Board may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities, and duties. It is not necessary that a subordinate officer or agent be a Director or an Owner.

5.4. Resignation and Removal. Any officer may resign at any time by delivering a written resignation to the President of the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Board at any time, for or without cause.

5.5. Vacancies and Newly Created Offices. During the Declarant Control Period, any vacancy in an office shall be filled by the Declarant. Thereafter, if any vacancies shall occur in any office by reason of death, resignation, removal, disqualification, or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board at any regular or special meeting.

5.6. The President. The President shall preside at meetings of the Board and at meetings of Owners called by the Association. He shall sign on behalf of the Association all conveyances, mortgages, documents, and contracts, and shall do and perform all other acts and things that the Board may require of him; provided that the Board may authorize other officers or Persons to act on specific matters by proper resolution of the Board.

5.7. The Vice President. The Vice President shall preside in the absence of the President and shall do and perform all other acts and things that the Board may require of him.

5.8. The Secretary. The Secretary shall keep the minutes of the Association and shall maintain such books and records as these Bylaws, the Declaration, or any resolution of the Board may require him to keep. He shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Board may require of him.

5.9. The Treasurer. The Treasurer shall have custody and control of the funds of the Association, subject to the action of the Board, and shall, when requested by the President or the

Board to do so, report the state of the finances of the Association. He shall perform such other duties as the Board may require of him.

5.10. Officer Compensation. No officer shall receive compensation for any services that he may render to the Association as an officer; provided further, however, that officers may be reimbursed for expenses incurred in performance of their duties as officers and, except as otherwise provided in these Bylaws, may be additionally compensated for services rendered to the Association other than in their capacities as officers.

6. COMMITTEES

6.1. Designation of Committees. The Board may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. The membership of each such committee designated hereunder shall consist of such number as the Board shall determine. No committee member shall receive compensation for services that he may render to the Association as a committee member; provided, however, that committee members may be reimbursed for expenses incurred in performance of their duties as committee members and (except as otherwise provided by these Bylaws) may be compensated for services rendered to the Association other than in their capacities as committee members. It is not necessary that a committee member be a Director, an officer or an Owner.

6.2. Proceedings of Committees. Each committee designated hereunder by the Board may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board. Unless expressly delegated to the committee by the Board, the power and authority of each committee shall only be to make recommendations to the Board, which shall have the final decision whether to take any action or not.

6.3. Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board, the presence of members constituting at least a majority of the authorized membership of such committee shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board hereunder shall act only as a committee, and the individual members thereof shall have no powers as such.

6.4. Resignation and Removal. Any member of any committee designated hereunder by the Board may resign at any time by delivering a written resignation either to the President, the Board, or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board may at any time, for or without cause, remove any member of any committee designated by it hereunder.

6.5. Vacancies. If any vacancy shall occur in any committee designated by the Board hereunder, due to disqualification, death, resignation, removal, or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board.

7. INDEMNIFICATION

7.1. *Indemnification.* Pursuant to Section 4.6 of the Declaration:

7.1.1. The Association shall indemnify every officer, director, and committee member and the Association's managing agent and its employees and agents against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which it, he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Section and/or South Carolina law.

7.1.2. The officers, directors, committee members and managing agent shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, criminal act, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association. The Association shall indemnify and hold each such officer, director, committee member and managing agent harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, committee member and managing agent may be entitled.

7.1.3. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is available at a reasonable cost. Decisions whether to institute litigation are no different from other decisions directors make. There is no independent legal obligation to bring a civil action against another party, and no provision of the Governing Documents shall be construed to impose a duty upon the Board to sue under any circumstances.

7.2. *Determination for Indemnification.* To the extent that a Director, officer, employee, or agent of the Association had been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 7.1 above, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Section 7.1 hereof shall be made by the Association only upon a determination that indemnification of the Director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Section 7.1 hereof. Such determination shall be made by the Board by a majority vote of a quorum consisting of Directors excluding the Person whose indemnification is being considered.

7.3. *Advances.* Expenses incurred in defending a civil or criminal action, suit, or proceeding as contemplated in this Section may be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon a majority vote of a quorum of the Board (excluding the Person whose indemnification is being considered) and upon receipt of an undertaking by or on behalf of the Director, officer, employee, or agent to repay such amount or

amounts unless it ultimately be determined that he is entitled to be indemnified by the Association as authorized by this Section.

7.4. *Scope of Indemnification.* The indemnification provided for by this Section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Declaration, Articles of Incorporation, Bylaws, agreements, vote of disinterested members of Directors, or applicable law. The indemnification authorized by this Section shall apply to all present and future Directors, officers, employees, and agents of the Association and shall continue as to such Persons who cease to be Directors, officers, employees, or agents of the Association and shall inure to the benefit of the heirs and legal representatives of all such Persons.

8. FISCAL YEAR AND SEAL

8.1. *Fiscal Year.* The fiscal year of the Association shall begin on the 1st day of January each year and shall end on the 31st day of December next following, except that the first fiscal year shall begin on the date of incorporation.

8.2. *Seal.* The Board may by resolution provide a corporate seal which shall have inscribed thereon the name of the Association, the state of incorporation, and the words "Corporate Seal."

9. RULES AND REGULATIONS

9.1. *Rules and Regulations.* Pursuant to Section 4.3 of the Declaration, the Board may from time to time adopt, amend, repeal, and enforce reasonable rules and regulations governing the use and operation of the Properties, to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration, or these Bylaws. Without limitation, such rules and regulations may include establishment of reasonable fees or fines for failure to observe the terms of the Declaration, these Bylaws, or the rules and regulations; or for any reproduction, mailing or administrative costs involved in providing copies of the Declaration, these Bylaws, the rules and regulations, or other documents relating to the affairs of the Association. It shall not be necessary to record rules and regulations.

10. NOTICES

10.1. *Form of Notice.* Unless otherwise specifically provided by law or the Declaration, whenever notice is required or permitted under these Bylaws, it shall be in writing and (a) personally delivered or (b) sent postage or delivery charges prepaid either (i) by United States mail, certified, return receipt requested, in which case notice shall be deemed to occur on the certified date of delivery or rejection of delivery or (ii) if within the United States, by First Class or Priority United States mail, in which case notice shall be deemed to occur four (4) calendar days after date of postmark, (iii) by any dependable delivery service that provides evidence of delivery, in which case notice shall be deemed to occur on the certified date of delivery, or (iv) any other procedure that would constitute a valid notice for service of process. Notices by other methods, such as facsimile or e-mail transmission, shall be valid if the recipient thereof acknowledges receipt in writing.

10.2. Notices to Owners. All notices to Owners shall be delivered or sent to such addresses as has been designated in writing to the Association, or if no address had been so designated, at the address shown on the property tax records of Jasper County.

10.3. Notices to Association. All notices to the Association shall be delivered or sent to:

Four Seasons at Hilton Head Lakes Association
Attn: Manager
132 Bluffton Road, Suite 202

Bluffton, SC 29910

With a copy to:

K. Hovnanian's® Four Seasons at Hilton Head Lakes, LLC
K. Hovnanian Companies
4090-A Lafayette Center Drive
Chantilly, VA 20151

or to such other address as the Association may from time to time notify the Owners and the Declarant.

10.4. Notices to Declarant. All notices to Declarant shall be delivered or sent to:

K. Hovnanian's® Four Seasons at Hilton Head Lakes, LLC
K. Hovnanian Companies
4090-A Lafayette Center Drive
Chantilly, VA 20151

With a copy to:

K. Hovnanian's® Four Seasons at Hilton Head Lakes, LLC
Attn: Community Manager
132 Bluffton Road, Suite 202
Bluffton, SC 29910

or to such other address as Declarant may from time to time notify the Association.

10.5. Notices to Mortgagees. Any notices to Mortgagees shall be delivered or sent to such addresses as such Mortgagees specify in writing in accordance with Section 12.1 of the Declaration.

11. AMENDMENT OF BYLAWS

11.1. Amendment by Association. During the Declarant Control Period, these Bylaws may be amended by approval of the proposed amendment by vote of a majority of the then existing Board of Directors. Thereafter, these Bylaws may be amended by approval of the proposed amendment by vote of two thirds of the then existing Board of Directors. Notice of the proposed

amendment shall be given to the Board in writing by a Director proposing the amendment and the notice shall contain a general description of the proposed amendment and the purpose of the proposed amendment. No amendment to these Bylaws which imposes or reasonably could be construed to impose a greater economic or legal burden on Declarant than exists under the then current provisions of the Declaration shall be valid unless it is approved, in writing, by Declarant, and no amendment of these Bylaws which is contrary to this statement shall be valid.

11.2. Amendment by Declarant. Notwithstanding any other provision herein, Declarant may amend these Bylaws without the consent of the Association, any Owner, any easement grantee, any lessee, or any mortgagee if, in Declarant's opinion, such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Dwelling Units; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Fannie Mae or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Dwelling Units; (iv) to enable any reputable private insurance company to insure mortgage loans on the Dwelling Units; (v) to satisfy the requirements of any local, state or federal governmental agency for the development, marketing, and sale of Dwelling Units or (vi) to correct any typographical or scrivener's error, or resolve inconsistencies or ambiguities in these Bylaws or the Declaration.