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NOTICE: DISPUTES BETWEEN OWNERS AND BETWEEN OWNERS AND THE ASSOCIATION ARE SUBJECT TO MEDIATION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 17 HEREOF.

STATE OF SOUTH CAROLINA) AMENDED AND RESTATED MASTER DEED
COUNTY OF BEAUFORT) AND BY-LAWS FOR LIGHTHOUSE ONE
HORIZONTAL PROPERTY REGIME XLIII

THIS AMENDED AND RESTATED MASTER DEED AND BY-LAWS FOR LIGHTHOUSE ONE HORIZONTAL PROPERTY REGIME XLIII (the "Amended and Restated Master Deed") is made this 1st day of May, 2014, by **LIGHTHOUSE ONE OWNERS ASSOCIATION, INC.**, a South Carolina non-profit corporation (the "Association") to amend and restate the Master Deed for Lighthouse One Horizontal Property Regime XLIII (the "Regime"), which is dated September 14, 1978, and is recorded in Book 269 at Page 1617 (the "Master Deed") in the Office of the Register of Deeds for Beaufort County, South Carolina; and

WHEREAS, the Master Deed and By-Laws of the Regime were amended by three amendments to prohibit timesharing (Book 359 at Page 220), to amend certain of the provisions regarding regular and special assessments (Book 524 at Page 2418), and to amend the Association's By-Laws regarding removal of members of the Board and regarding late charges in connection with past due assessments (Book 653 at Page 1879); and

WHEREAS, the Master Deed, By-Laws, and prior amendments thereof are herein collectively referred to as the Master Deed; and

WHEREAS, the Master Deed provides in Article XII thereof and the By-Laws provide in Article VII thereof that each may be amended from time to time at a duly held meeting of the members of the Association (therein referred to as the "Council") by the

affirmative vote of the Owners holding two-thirds (2/3) or more of the total interest in the Common Elements; and

WHEREAS, a duly called and held meeting of the Association took place on April 25, 2014, at which the membership in the Association voted to amend and restate the Master Deed and By-Laws of the Association as contained herein, by a vote of the Villa Owners owning one hundred percent (100%) of the interests in the Common Elements.

NOW, THEREFORE, the Association, by its undersigned authorized officers, does hereby declare that effective on April 25, 2014, the Master Deed and By-Laws are hereby amended and restated as follows:

ARTICLE 1

ESTABLISHMENT OF HORIZONTAL PROPERTY REGIME

Section 1. Creation of Regime and Formation of the Association The Lighthouse One Horizontal Property Regime XLIII, which contains eight (8) Villas in one (1) building and certain General Common Elements and Limited Common Elements (collectively the "Property"), has been established by the filing of the original Master Deed described above, and all easements, rights and appurtenances belonging thereto, have been and are hereby submitted to the provisions of the Horizontal Property Act of South Carolina, as amended from time to time (the "Act") and to Condominium Ownership. The name of the Regime is the "**Lighthouse One Horizontal Property Regime XLIII**". The Association is incorporated under the laws of the State of South Carolina, and shall, pursuant to the provisions of Section 27-31-90 of the Horizontal Property Act, serve as the incorporated Council of Co-Owners of the Regime and shall be governed by this Amended and Restated Master Deed and the amended By-Laws attached hereto. Each Owner automatically becomes and remains a member of the Association as long as such Owner owns a Villa in the Regime. Upon transfer or other termination of his interest in the Villa, the Owner's membership in the Association terminates and is automatically transferred to the new Owner.

Section 2. As-Built Survey, Floor Plans, and Architect's Certificate. The As-Built Survey showing the Property which has heretofore been submitted to this Master Deed as Villas, the General Common Elements and the Limited Common Elements was prepared by Coastal Surveying Company, Inc., dated August 31, 1978, and is recorded in Plat Book 27 at Page 50 in the Office of the Register of Deeds for Beaufort County. Specific numbers on the As-Built Survey and Certified Plans (floor plans) identify each Villa, and no Villa bears the same designation as any other Villa. The Certified Plans for the Villas and the Architect's Certificate related thereto are recorded as part of Exhibit "C" to the original Master Deed in Record Book 269 at Page 1617 and are incorporated herein by reference.

ARTICLE 2

DEFINITIONS

As used in this Amended and Restated Master Deed, and in the By-Laws and Exhibits attached hereto or referred to herein, and all amendments thereof, unless the context otherwise requires, the following definitions shall apply:

Section 1. "Amended and Restated Master Deed" means and refers to this instrument and any amendments hereof.

Section 2. "Assessment" or "Regime Fee" means the assessments for which all Owners are obligated to the Association and include "Additional Assessments", "Individual Assessments" and "Special Assessments" (as such terms are defined in Article V hereof) and any and all other assessments which are levied by the Association in accordance with the Regime Documents.

Section 3. "Association" means the Council of Co-Owners as defined by the Act, and also means Lighthouse One Owners Association, Inc., a South Carolina non-profit corporation, the corporate form by which the Council of Co-Owners shall operate the Regime.

Section 4. "Board of Directors" or "Board" means and refers to the representative body responsible for administration of the Association, which has the

responsibilities and duties set forth in the By-Laws, this Amended and Restated Master Deed and in the Act.

Section 5. "**By-Laws**" means and refers to the Amended and Restated By-Laws of the Lighthouse One Owners Association, Inc., which is attached hereto as **EXHIBIT "A,"** as amended from time to time in accordance with the provisions for amendment therein.

Section 6. "**Common Elements**" means the general and limited common elements, as defined herein in Article 3 hereof and in the Act. The Common Elements constitute all portions of the Property other than the Villas and include any personal property owned by the Association.

Section 7. "**Common Expenses**" means the expenses for which the Owners are liable to the Association and include: (a) expenses of administration, expenses of maintenance, insurance, operation, repair or replacement of the Common Elements, and of any portion of Villas which are the responsibility of the Association (if any); and (b) expenses declared to be common expenses by provisions of this Amended and Restated Master Deed or by the Act.

Section 8. "**Common Surplus**" means and refers to the excess of all receipts of the Association including, but not limited to, Assessments, rents, profits, and revenues on account of the Common Elements, over and above the amount of Common Expenses.

Section 9. "**Condominium Ownership**" means that form of ownership of the Property established hereunder wherein each Villa is owned as a separate estate in real property and appurtenant to each Villa is an undivided interest in the Common Elements and an interest in certain designated Limited Common Elements.

Section 10. "**Council of Co-Owners**" means and refers to the Association and has the definition contained in the Act.

Section 11. "**Covenants**" means those certain covenants, conditions and restrictions recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Record Book 150 at Page 41; Record Book 195 at Page 103; Record Book 224 at Page 1036;

Record Book 254 at Page 32; and Record Book 254 at Page 619, which were made applicable to the Property by provisions of the original Master Deed.

Section 12. **"General Common Elements"** means and refers to all portions of the Property not contained within the Villas and not designated herein as a Limited Common Element and all other elements of the Property rationally of common use or necessary to their existence, upkeep and safety, and all other devices, installations or improvements existing for common use. Such term is more fully described in Article 3, Section 2 below.

Section 13. **"Horizontal Property Act" or "Act"** means and refers to the Horizontal Property Act of the State of South Carolina, Title 27, Chapter 31, Code of Laws of South Carolina (1976), as amended.

Section 14. **"Limited Common Elements"** means and refers to certain components which are reserved for use in connection with and by the Owners of the Villa to which they are attached or connected, to the exclusion of all other Villa Owners, and any other improvements which are reasonably restricted and related to the use and enjoyment of a specific Villa. The Limited Common Elements are more particularly described in Article 3, Section 3 below. **THE OWNER IS RESPONSIBLE FOR THE COSTS TO MAINTAIN, REPAIR AND REPLACE THE LIMITED COMMON ELEMENTS APPURTENANT TO HIS VILLA, AS PROVIDED IN ARTICLE 3, SECTION 3 BELOW.**

Section 15. **"Majority of the Owners"** shall mean the Owners owning sixty and 70/100 percent (60.70%) or more of the Common Elements assigned to the Villas, as stated in the "Percentage of Ownership" attached hereto as **EXHIBIT "B"**, which is also attached to the original Master Deed as Exhibit "B" thereto.

Section 16. **"Management Agreement"** means and refers to the agreement or agreements between the Association and a management company hired to manage the Common Elements in the Regime.

Section 17. **"Management Agent" or "Manager"** (which may be used interchangeably herein) means and refers to the entity or entities identified as the Management

Agent in the Management Agreement, its successors and assigns. The Management Agent is responsible for the management of the Regime as provided herein and to the extent such management is delegated in the Management Agreement.

Section 18. **"Master Deed"** means and refers to the instrument recorded in Book 269 at Page 1617, as supplemented and amended, which is more fully described above.

Section 19. **"Mortgagee"** means and refers to any person or entity, which holds a valid, bona fide mortgage covering a Villa.

Section 20. **"Occupant"** means and refers to the person or persons, other than the Owner, in possession of a Villa.

Section 21. **"Owner" or "Villa Owner"** means and refers to the record owner(s) of fee simple title to a Villa. Persons having the right to utilize a Villa pursuant to the provisions of an installment sales contract entered into with the Owner shall also be considered an "Owner" under the provisions of this Amended and Restated Master Deed.

Section 22. **"Person"** means and refers to one or more individuals, trustees, corporations, limited liability companies, partnerships, joint ventures or other business entities.

Section 23. **"Property"** means the land described in **EXHIBIT "C"** attached hereto and the Villas and other improvements described thereon.

Section 24. **"Regime"** means or refers to the Lighthouse One Horizontal Property Regime, which was created by the Master Deed, as amended and restated in this Amended and Restated Master Deed.

Section 25. **"Regime Documents"** means and includes this Amended and Restated Master Deed and the By-Laws, as the same may be amended or supplemented and recorded from time to time.

Section 26. **"Villa" or "Apartment"** (which latter term is defined in the Act) means and refers to each of the separate and identified dwelling Villas made subject to Condominium Ownership in accordance with the provisions of this Amended and Restated Master Deed, which have the boundaries described below and are more fully shown on the Floor

Plans, and includes the percentage interest in the Common Elements assigned thereto, and the Limited Common Elements allocated thereto as described herein.

ARTICLE 3

DESCRIPTION OF VILLAS AND COMMON ELEMENTS

Section 1. Villa Boundaries. The lower boundary of each Villa is the horizontal plane (or planes), the elevation of which coincides with the upper surface of the unfinished sub-floor thereof, extended to intersect with the lateral or parametrical boundaries thereof. The upper boundary of each Villa in the Regime is the inner surface of the roof sheathing over the Villa. The lateral or parametrical boundaries of each Villa are the vertical planes which coincide with the unfinished surface of the sheetrock of the perimeter walls thereof, extended to intersect the upper and lower boundaries thereof and to intersect with the other lateral or parametrical boundaries of the Villa. Each Villa is deemed to contain the following within such boundaries: (a) windows and doors (including the frames and casings thereof), vents, and other enclosures of space; (b) all interior dividing walls and partitions (including the space occupied by such interior walls and partitions), except load-bearing interior walls and partitions; (c) the decorated inner surfaces of the perimeter walls and floors consisting of wallpaper, paint, carpeting, tiles and all other finishing materials affixed or installed as part of the physical structure of the Villa and including electrical switches, cable television and telephone outlets/jacks, HVAC thermostats, toilets and other bathroom fixtures, and any and all other similar mechanical fixtures which are within the boundaries created by the floor, roof, and perimeter walls. Not included as part of a Villa, and which are deemed to be General Common Elements, are: (a) load bearing walls or columns; any pipes, wires, conduits, flues, chutes, or installations constituting a part of the overall systems and not designed to serve only one particular Villa; and (b) structural members which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the Villa. In addition, there shall pass with each Villa as appurtenances thereto: (a) an undivided share of the Common Elements; (b) an undivided share in the Common Surplus; (c) membership of the Owner in the Association with

the full voting rights appertaining thereto; and (d) the exclusive use of any Limited Common Elements designated as being appurtenant to the Villa. Each Owner is solely responsible for maintenance and repair of his Villa and the contents thereof.

Section 2. General Common Elements. The General Common Elements in the Regime shall include the following:

- A. All portions of the Property not contained within the Villas and not designated herein as a Limited Common Element; the concrete foundation (and the pipes, wires or conduits located within such foundation); roofs (including shingles, felt, sheathing, and flashing); unfinished perimeter walls; dividing walls between Villas; exterior siding, fascia, and insulation; load bearing walls; trash enclosure fence(s); wires, conduits, air ducts, and public utility lines not exclusively serving a particular Villa or which serve any of the Common Elements, including the space actually occupied thereby; and all items of personal property owned by the Association, whether or not located within the Property;
- B. All other elements of the Property rationally of common use or necessary to their existence, upkeep and safety, and all other devices, installations or improvements existing for common use, including but not limited to the tennis courts, swimming pool, shower and related restroom facilities, and any other recreational facilities.
- C. Easements through the Villas for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility services to the Villas, General Common Elements and Limited Common Elements, and easements for access, support, maintenance, repair, reconstruction or replacement of structural members, equipment, installations and appurtenances, and for all other services necessary or convenient to the existence, maintenance, safety and use of the Property, whether or not such easements are erected during construction of the condominium property or

during reconstruction of all or any part thereof, except such easements as may hereinafter be specifically designated as Limited Common Elements.

D. All: (a) mailboxes; (b) driveways, parking areas, walkways, paths, signs, storm drains, and retaining walls; (c) lighting and light fixtures located outside of Villas; and (c) all trees, shrubs, gardens, and landscaped areas.

Section 3. Limited Common Elements. The Limited Common Elements appurtenant to each Villa include the following, and the use and enjoyment thereof shall be reserved exclusively to the Owners of the Villa (and their family members, guests, invitees, etc.):

A. decks/porches adjacent or attached to each Villa and the railings thereof;

B. the skylights, windows, screens, and exterior doors of each Villa to the extent not included within the Villa as defined in Section 1 above;

C. The heating and air conditioning compressors and air handlers serving the Villa, regardless of whether such equipment is located inside or outside of the Villa; and

D. wires, conduits, air ducts, and public utility lines exclusively serving a particular Villa, including the space actually occupied thereby.

EACH OWNER IS RESPONSIBLE FOR AND SHALL PAY THE COSTS TO MAINTAIN, REPAIR AND REPLACE THE LIMITED COMMON ELEMENTS APPURTENANT TO THE OWNER'S VILLA.

The Association has the right to have such maintenance, repairs and replacements made at the expense of the Owner if the Owner fails or refuses to do so when reasonably required by the Association as the result of the deteriorated or dangerous condition of the Limited Common Elements, as reasonably determined by the Association or its Manager. If the Association has such work performed on behalf of an Owner who fails or refuses to do so, it shall be entitled to collect such expenses from the Owner, plus a charge equal to fifteen percent (15%) of the cost of the work for administration thereof. Any such expenses incurred by the Association on behalf of an Owner who fails or refuses to maintain, repair or replace Limited Common Elements when reasonably required to do so by the

Association may be added to the Assessments payable by such Owner and collected in the same manner as an Assessment.

Section 4. No Partition of Common Elements. The fee simple title to each Villa shall include the above respective undivided interest in the General Common Elements and the Limited Common Elements described above, and said undivided interest is to be deemed to be conveyed or encumbered with the Villa. The Common Elements shall remain undivided, and Owners may not bring any actions for partition and/or division of their respective percentage interests in the Common Elements. Unless specifically permitted herein, any attempt to separate the fee simple title to a Villa from the undivided interest in the Common Elements appurtenant to each such Villa shall be null and void. The undivided interest in the Common Elements as described above shall not be separated from the Villa to which it appertains and shall be deemed conveyed or encumbered with the Villa even though such interest is not expressly mentioned or described in the conveyance or other instrument transferring the ownership of a Villa.

Section 5. Interest in Common Elements of Permanent Character. The percentage interest in the Common Elements appurtenant to each Villa shall have a permanent character, shall be inseparable from each Villa, and shall not be altered or changed except by an amendment to this Master Deed duly executed by all of the Villa Owners affected thereby and recorded.

Section 6. No Interference With Use of Common Elements. Each Villa Owner shall have a perpetual non-exclusive right, privilege and easement of use and enjoyment in and to the Common Elements appurtenant to and running with the title to a Villa. Each Villa Owner, tenant and occupant of a Villa: (a) shall use the Common Elements in common with the other Villa Owners and their tenants and occupants in compliance with the terms of this Amended and Restated Master Deed and the Rules and Regulations adopted by the Association, as amended from time to time, and (b) shall not interfere with the non-exclusive rights of use and enjoyment of the Common Elements by others having the right to do so.

Section 7. Easement for Ingress and Egress; Use of Common Elements.

Each Owner has the right to use the General Common Elements for their intended purposes in common with the other Owners. Each Owner also has as an appurtenance to ownership of such Owner's Villa a permanent easement for ingress and egress to and from such Villa over the walkways, driveways, hallways and other appropriate Common Elements within the Regime as may be reasonably necessary or appropriate to provide ingress and egress to and from such Villa, and such easement shall extend to the family, tenants, guests and invitees of said Owners. All rights to use and enjoy the Common Elements are subject to the provisions of the Act, this Amended and Restated Master Deed, the By-Laws, the Covenants, and the Rules and Regulations adopted by the Association in effect from time to time.

Section 8. Easements for Access to Common Elements. The Association and the Association's Manager, agents and employees shall have the irrevocable right and easement to have access to each Villa from time to time during reasonable hours, and upon not less than twenty-four (24) hours notice, for the inspection, maintenance, repair or replacement of any of the Common Elements therein or accessible therefrom (and to the Villa itself when the responsibility therefor is upon the Association), and for making emergency repairs necessary to prevent damage to the Common Elements or to any other Villa or Villas, or to make repairs to Villas if such repairs are: reasonably necessary for health, safety or welfare reasons; to prevent damage to any other Villa or Villas or the Common Elements; or to abate any violation of law, orders, or rules and regulations of any governmental or quasi-governmental authorities having jurisdiction thereof.

Section 9. Rules and Regulations. The Association, through its Board of Directors and in accordance with the provisions of the By-Laws attached hereto, has the right to adopt, implement and amend rules and regulations governing: (a) the use of the Common Elements and (b) the conduct of Owners and their tenants, family members, guests, and other invitees while using the Common Elements and while they are within the Property in order to avoid disturbing or interfering with the rights of other Owners. The current Rules and

Regulations applicable to the Regime are attached hereto as **EXHIBIT “D,”** which includes rules of conduct, including pet regulations.

Section 10. Maintenance of General Common Elements by Association. The maintenance, repair, replacement, cleaning, sanitation, management, and operation of the General Common Elements, the costs incurred in doing so, and the making of any additions or improvements thereto shall be the responsibility of the Association and shall be carried out as provided herein and in the By-Laws, but nothing herein contained shall be construed to preclude the Association from delegating such duties to a Manager.

Section 11. Alteration of Villas and Common Elements. Owners shall not do or cause to be done any act which would affect or alter the windows or doors of the Villas or any portion of the General or Limited Common Elements, or jeopardize the soundness or safety of the Property, or impair any easement therein, except with the advance written approval of the Board of Directors of the Association, which may impose any reasonable conditions it deems appropriate upon its approval of such alterations. The Board has adopted a Rule and Regulation regarding such work, which provides, among other things, that written notice of any proposed modification shall be given to the Board, which notice shall set forth the details of the work to be performed (including professionally prepared drawings, if requested by the Board) and requesting approval thereof. The Board shall consider the request and decide whether approval shall be granted. The Board shall inform the Owner of its decision in writing within one hundred twenty (120) days from its receipt of the request. Nothing in this Section shall relieve the Owner from obtaining approval from any other entities, which have approval rights under the applicable Covenants, including but not limited to the Sea Pines/Community Services Associates Architectural Review Board.

Section 12. Mold Prevention. In addition to the foregoing, each Owner is required to maintain appropriate climate control, keep his or her Villa clean, and take necessary measures to limit and prevent mold from accumulating in the Villa and within the Limited Common Elements appurtenant to such Villa, particularly the ducts and vents thereof. Each

Owner is required to clean and dust the Villa on a regular basis and to remove visible moisture accumulation on windows, window sills, walls, floors, ceilings and other surfaces as soon as reasonably possible, and Owners must not block or cover any heating, ventilation or air-conditioning ducts. In order to prevent the accumulation of mold and similar health hazards, Owners are required to immediately report in writing to the Association: (i) any evidence of water leaks or water infiltration or excessive moisture in the Villa and any of the Common Elements; (ii) any evidence of mold that cannot be removed with a common household cleaner; (iii) and any failure or malfunction in heating, ventilation or air conditioning equipment. Each Owner is responsible for any damage to the Villa and personal property, as well as any injury to the Owner and/or occupants of the Villa and other Villas in the Regime, which result from an Owner's failure to comply with these requirements. Each Owner is also responsible and liable for all cleaning expenses and remediation costs incurred by the Association to remove mold from the Villa if the Owner fails to properly remediate same, and each Owner shall be responsible for the repair and remediation of all damages to a Villa caused by mold, mildew or similar causes.

ARTICLE 4

ADMINISTRATION OF THE REGIME

Section 1 By-Laws. The administration of the Property shall be governed by the By-Laws of the Association, as amended from time to time in accordance with the provisions thereof.

Section 2. Responsibilities of Association. The Association shall be responsible for the following duties:

- A. The maintenance, repair and replacement of the General Common Elements;
- B. The levy and collection of Assessments from Villa Owners, including regular, Special and Individual Assessments, and the payment of Common Expenses;
- C. The promulgation, distribution and enforcement of reasonable rules and regulations governing the details of the use and operation of the Property and the use of and

behavior within the Property; and

D. The other duties set forth in this Amended and Restated Master Deed, the By-Laws, and the Act.

Section 3. Authority of Association; Management Agent. Subject to the limitations and restrictions contained in the Act, this Amended and Restated Master Deed and the By-Laws, the Association shall on behalf of the Villa Owners:

A. Have power to manage the business, operation and affairs of the Regime and, for such purposes, to engage employees and appoint agents, and to define their duties and fix their compensation, and the administration of the Regime may be delegated by the Association to a professional Management Agent. By proper resolution of the Board of Directors, the Management Agent may be authorized to assume any of the functions, duties, and powers assigned to the Association in this Amended and Restated Master Deed and in the By-Laws, except to the extent prohibited by the Act or other laws or regulations.

B. Enter into contracts and other written instruments or documents necessary or appropriate for the administration of the Regime, and to authorize the execution thereof by officers elected by the Board of Directors;

C. Grant easements and relocate easements for the installation of utilities serving the Regime and for similar purposes benefiting an Owner or Owners that does not unreasonably affect other Owners in a detrimental manner. No easement hereafter granted or relocated shall affect or impair the rights of the holders of existing mortgages which have not consented to the same in writing; and

D. Perform all of the other duties and responsibilities of a condominium owners association set forth in this Amended and Restated Master Deed, the By-Laws, and the Act.

ARTICLE 5

VOTING RIGHTS OF OWNERS

Section 1. Basis of Voting Rights. The voting rights of Villa Owners shall be computed on the basis of each Villa Owner's percentage of ownership in the Common Elements.

The number of votes which each Villa Owner is entitled to cast is stated in **EXHIBIT "B"** attached hereto.

Section 2. Individual Ownership. If a Villa is owned by one individual, his right to vote shall be established by the record title of his or her Villa.

Section 3. Multiple Ownership. Except as hereinafter provided with regard to a Villa owned by a husband and wife, if a Villa is owned by more than one individual, the individual entitled to cast the vote for the Villa shall be designated in a certificate signed by all the record Villa Owners of the Villa and filed with the Secretary of the Association.

Section 4. Corporate or LLC Owner. If a corporation owns a Villa, the individual entitled to cast the vote for the Villa shall be designated in a certificate of appointment signed by the president or vice president of the corporation and filed with the Secretary of the Association. If a Villa is owned by a limited liability company, the individual entitled to cast the vote for the Villa shall be designated in a certificate of appointment signed by the managing member or manager, or, if no such managing member or manager has been named, then by a majority of the members of the limited liability company and filed with the Secretary of the Association.

Section 5. Partnership Owner. If a Villa is owned by a partnership or limited liability partnership, the individual entitled to cast the vote for the Villa shall be designated in a certificate signed by all partners and filed with the Secretary of the Association.

Section 6. Villa Owned by Husband and Wife. If a husband and wife own a Villa, then they may, but shall not be required to, execute a certificate designating an individual to cast the vote for their Villa. If such a certificate is not executed: (a) and if both of them are unable to agree as to the manner in which the vote applicable to their Villa shall be cast, then the vote applicable to such Villa shall not be counted; and (b) if only one of them shall be present at a meeting of the Villa Owners, the spouse present may cast the vote applicable to the Villa unless prior thereto the other spouse, by written notice to the Secretary, shall deny authorization of the spouse present to cast such vote.

Section 7. Voting Certificate. Each certificate designating the individual entitled to vote shall be valid until revoked by any Owner of the Villa concerned or until superseded by a subsequent certificate or until a change in the ownership of the Villa concerned.

ARTICLE 6

SHARING OF COMMON EXPENSES AND COMMON SURPLUS

Section 1. Sharing of Expenses and Surplus. The Villa Owners shall share, be liable and charged for, and be bound to contribute to the Common Expenses in the same proportion as their respective percentage interests in the Common Elements. The Villa Owners shall share, and be entitled to, Common Surplus in the same proportion as their respective percentage interests in the Common Elements, subject to the limitations contained in the By-Laws.

Section 2. Enumeration of Common Expenses. Each Villa Owner shall bear in proportion to his respective interest in the Common Elements the following expenses:

- A. Expenses incurred in operating, insuring, maintaining, improving, repairing and replacing the General Common Elements;
- B. Expenses incurred in administering the affairs of the Association, including but not limited to the management fees paid to the Management Agent;
- C. Expenses incurred in payment of public liability and hazard insurance premiums to provide coverage in the full replacement cost of the Property (exclusive of the Villas and the contents thereof, which must be insured by the Owners thereof under HO-6 or similar "condominium owner's" insurance policies);
- D. Expenses incurred in payment of insurance policy deductibles, except in the event an insurance claim is filed in connection with damage to the Property resulting from the gross negligence or intentional wrongdoing of an Owner or his family member, guest or invitee, in which event the deductible payment shall be the responsibility of the Owner and may be assessed against such

Owner's Villa in the event payment of the deductible is not received by the Association within thirty (30) days after it is billed to the Owner;

- E. Contributions to provide sufficient reserves for: (a) operating expenses; and (b) major, unanticipated or emergency repairs or replacements to the Common Elements which may be required from time to time; and
- F. Any other costs related to the operation of the Property, the Regime, or the Association, or which are declared by the Regime Documents to be paid by the Owners or as a charge against the Regime as a whole.

ARTICLE 7

ASSESSMENTS AND COLLECTION

Section 1. Assessments. The Association, through the Board of Directors, shall have the right, power and authority to fix and determine from time to time the regular Assessments necessary to provide for the payment of the Common Expenses of the Regime, and all such Assessments against any Villa for the share of Common Expenses chargeable to that Villa shall constitute the personal liability of the Villa Owner of the Villa so assessed. Until fully paid with interest thereon at the rate of fifteen (15%) percent per annum (or the maximum interest allowable under South Carolina law, whichever is less) from the thirtieth (30th) day following the due date thereof and with a late charge of Fifty Dollars (\$50.00) for administration and collection of each late payment, the Assessment shall constitute a lien and charge against such Villa, which shall be enforceable in accordance with the provisions hereof, of the By-Laws and of the Act.

Section 2. Special Assessments. "Special Assessments" include, in addition to other Assessments designated as Special Assessments in the Regime Documents and whether or not for a cost or expense which is included within the definition of "Operating Expenses," those Assessments which are levied for capital improvements or repairs which include the costs (whether in whole or in part) of constructing improvements to or repairs of the Common

Elements or the cost (whether in whole or in part) of reconstructing or replacing such improvements. It is recognized and declared that Special Assessments shall be in addition to, and are not part of, any regular Assessment. Any such Special Assessments assessed against Owners thereof shall be paid in addition to any other assessments. Special Assessments shall be assessed in the same manner as the regular Assessments. Special Assessments shall be paid in such installments or in a lump sum as the Board shall, from time to time, determine. Notwithstanding the foregoing, in any fiscal year of the Association, a Special Assessment may not be passed by the Board until it has received the written consent of a Majority of the Owners approving such Special Assessment; provided, however, that if there exists, in the opinion of the Board, an emergency situation which must be addressed within two (2) weeks of the discovery of same, then the Board may, by vote of not less than eighty percent (80%) of the members of the Board, establish such Special Assessment and assess same against the Owners and their Villas.

Section 3. Individual Assessments. Individual Assessments include any Assessment levied against any Owner occasioned by such Owner's or any such Owner's family members, guests, invitees or lessees and their family members, guests and invitees use, maintenance, or mistreatment of the Common Elements or such person's non-compliance with the Regime Documents, including but not limited to non-compliance with the Rules and Regulations of the Association, as amended from time to time by the Association, which causes the Association to incur additional costs and expenses which would not have been incurred if the Owner's or the Owner's family members, guests, invitees or lessees and their family members, guests and invitees had been in compliance with the foregoing ("Non-compliance"). The amount of the Individual Assessment(s) shall be equal to any such additional costs incurred by the Association, plus a reasonable administrative fee for the expense and inconvenience of addressing such Non-compliance. The Individual Assessment and any late charges relating thereto shall be assessed against the Owner(s) in Noncompliance and collected and enforced in the same manner as any other Assessments hereunder as provided herein. Notwithstanding anything to the contrary contained herein, it is recognized and declared that Individual

Assessments shall be in addition to and not part of any other Assessment, and any such Individual Assessment assessed against an Owner shall be paid by such Owner in addition to any other Assessment.

Section 4. Liability of Owners for Assessments and Common Expenses. By the acceptance of a deed or other instrument of conveyance of a Villa, each Owner acknowledges that each is jointly and severally liable for their own regular Assessment, any Special Assessments, and any Individual Assessments for which they are liable as provided for herein. Such Owners further recognize and covenant that they are jointly and severally liable with the other Owners for payment of the Common Expenses of the Association, subject to any specific limitations provided for herein such as, but not limited to, the limitation with respect to Special Assessments.

Section 5. Liability of Purchaser at Involuntary Sale. Notwithstanding any foreclosure, tax sale, judicial, or other forced sale of a Villa, all applicable provisions of this Amended and Restated Master Deed and the By-Laws shall be binding upon the purchaser at such sale to the same extent as they would bind a voluntary grantee, except that such purchaser shall not be liable for the share of Common Expenses or other Assessments pertaining to such Villa or chargeable to the former Owner which became due prior to such sale.

Section 6. Liability of Purchaser at Voluntary Sale. Upon the voluntary sale or conveyance of a Villa, the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments for Common Expenses which are a charge against the Villa as of the date of the sale or conveyance, but such joint and several liability shall be without prejudice to the grantee's rights to recover from the grantor the amount of any such unpaid Assessments which the grantee may pay, and until any such Assessments are paid, they shall continue to be a charge against the Villa which may be enforced in the manner set forth in the Act. Any Person who enters into a written agreement to purchase a Villa is entitled to obtain a written statement from the Association or its Management Agent setting forth the amount of unpaid Assessments charged against the Villa and the Villa Owner, and such statement shall be furnished within ten

(10) days after written request is made. The Association (or its Management Agent) may collect a reasonable charge for the issuance of such statements. If such statement does not reveal the full amount of the unpaid Assessments as of the date it is issued, the purchaser shall not be liable for the payment of an amount in excess of the unpaid Assessments shown thereon. Any such excess which cannot be promptly collected from the former Villa Owner may be reassessed by the Association as a Common Expense to be collected from all of the Villa Owners, excluding the purchaser, his heirs, successors and assigns, and the Association shall exercise reasonable efforts to collect the unpaid charges from the former Villa Owner.

Section 7. No Waiver of Liability. No Villa Owner may exempt himself from liability for Common Expenses by waiving the use or enjoyment of the Common Elements or his Villa or otherwise.

Section 8. Lien of Assessments; Priority. The Association shall have a lien on each Villa for unpaid Assessments, together with interest, late charges and penalties thereon as provided herein and in the By-Laws, as the same may be amended from time to time. The lien of the Association shall be superior to all other liens except: (i) liens for property taxes or assessments upon the Villa in favor of any taxing authority or other authority having priority by law; and (ii) bona fide mortgage liens properly recorded prior to such delinquency. Reasonable attorney's fees incurred by the Association incident to the collection of such assessments or the enforcement of such lien, together with all sums advanced and paid by the Association for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, shall be payable by the Villa Owner and secured by such lien. The Board of Directors may take such action as it deems necessary to collect assessments by personal action or by enforcing and foreclosing said lien, and may settle and compromise the same if deemed in the best interest of the Association.

Section 9. Foreclosure Sale; Receiver. The Association is entitled to bid at any sale held pursuant to an action brought to foreclose any assessment lien, and the Association may apply as a cash credit against its bid all sums due as provided herein. In case of such

foreclosure, the Villa Owner shall be required to pay a reasonable rental for the Villa for the period of time it is occupied by the Villa Owner or by anyone by, through, or under said Villa Owner, and the Association is entitled to the appointment of a receiver to collect same from the Villa Owner and/or occupant while any such assessment foreclosure action is pending.

Section 10. Acquisition by a Mortgagee. When a Mortgagee obtains title to a Villa as a result of a foreclosure of a mortgage, or when the Mortgagee accepts a deed of a Villa in lieu of foreclosure, such Mortgagee, its heirs, successors and assigns, shall not be liable for the share of Common Expenses or Assessments due to the Association pertaining to such Villa charged to the former Villa Owner accruing after the date of recording such Mortgage but prior to acquisition of title by the Mortgage holder. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all Villa Owners, including such acquirer, its heirs, successors or assigns, and the Association is obligated to exercise reasonable efforts to collect the unpaid Common Expenses or Assessments from the defaulting Owner.

ARTICLE 8

MAINTENANCE AND REPAIR OF VILLAS

Section 1. Responsibilities of the Association. It shall be the responsibility of the Association to maintain, repair or replace (as applicable):

- A. All General Common Elements; and
- B. All incidental damage to any improvements contained within a Villa (or the contents thereof) caused by work done at the direction of the Association

Section 2. Responsibilities of Villa Owners. It shall be the responsibility of each Villa Owner:

- A. To maintain, repair or replace all Limited Common Elements appurtenant to the Owner's Villa, including but not limited to all air conditioning and heating equipment, and any other equipment servicing his Villa, including any fixtures required to provide water, light, power, telephone, and sewage service thereto.

B. To maintain, repair or replace at his own expense all improvements within his Villa, including but not limited to those portions which if not maintained, repaired or replaced may cause injury or damage to another Villa or to the Common Elements, such as dishwashers, hot water heaters, shower pans, commodes and other plumbing fixtures, which if not monitored and inspected periodically at the Owner's expense can leak and cause damage to the General Common Elements or other Villas, and to refrain from placing anything within a Villa which may cause structural damage to the Common Elements due to excessive weight, such as water beds, grand pianos or large picture windows (installed as replacements of original windows), unless the Owner first obtains an opinion of a structural engineer or licensed general contractor that the placement of the item in question will not cause any structural damage to the floors, foundations or other structural components of or around the Villa.

C. To promptly report to the Association or its Management Agent all work that he intends to perform for repairs of any kind, if the responsibility for such repair is the responsibility of the Association. Any consent by the Association to the performance of such work by the Villa Owner shall not constitute an assumption by the Association of the obligation to pay therefor. Also, the failure of the Association to take action on the notice shall not be deemed a waiver by it of its rights and shall also not constitute consent by the Association or an assumption by it of the obligation to pay for any work performed by the Villa Owner. Any consent given by the Association may set forth the terms of such consent and the Villa Owner shall be required to comply with such terms.

D. To repair any damage to the Common Elements or to improvements contained within another Owner's Villa if such damage was directly or indirectly caused by the negligent act or failure to act of the Villa Owner.

In the event that the Association reasonably determines that an Owner has failed or refused to properly discharge his obligations with respect to the maintenance, cleaning, repair, or replacement of items for which he is responsible under this Master Deed, and which adversely affects other Villas or the Common Elements, including but not limited to: (a) failure

to properly maintain or repair utility lines (including but not limited to water, sewer, electric, cable television, or telephone lines), or (b) failure to maintain the Limited Common Elements appurtenant to the Owner's Villa which results in an unsightly, unsanitary, or dangerous condition, then the Association, except in the event of an emergency, shall give such Owner written notice of the Association's intent to provide such maintenance, cleaning, repair, or replacement at such Owner's sole cost and expense, and setting forth with reasonable particularity the maintenance, cleaning, repair, or replacement deemed necessary. Except in the event of emergency situations, such Owner shall have fifteen (15) days in which to complete said maintenance, cleaning, repair, or replacement in a good and workmanlike manner, or in the event that such maintenance, cleaning repair, or replacement is not capable of completion within said fifteen (15) day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete said maintenance, cleaning, repair, or replacement in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, the Association may provide any such maintenance, cleaning, repair, or replacement at such Owner's sole cost and expense, and said cost, plus interest thereon at the legal rate, and an administrative charge of twenty-five percent (25%) of the costs incurred by the Association shall be added to and become a part of the Assessment to which such Owner and his Villa are subject and shall become a lien against such Villa as provided herein for assessments.

Section 3. No Liability of Officers and Directors. Nothing contained in this Article shall be construed to impose any personal liability upon the members of the Board of Directors or officers of the Association for the maintenance, repair or replacement of any Villa or Common Elements or to give rise to a cause of action against them. The officers and directors of the Association, as such, shall not be liable for damages of any kind except for individual willful misconduct or gross negligence.

ARTICLE 9

RESTRICTIVE COVENANTS

Section 1. Residential Use Only. Each Villa is intended to be and shall be used only for residential purposes in compliance with the Covenants.

Section 2. Timesharing Prohibition. Owners may not subject the Villas, or any portions thereof, to any plan of timesharing ownership or leasehold or any form of ownership substantially the same as a timesharing arrangement whereby persons have the exclusive right to occupy a Villa for a specified period of time on a recurring or rotating basis.

Section 3. Binding Effect of Covenants and Regime Documents. By the acceptance of a deed of a Villa, the Owner thereof, and his, her, their and its heirs, successors and assigns, covenant and agree that they will faithfully observe all of the covenants, conditions, restrictions and easements contained or referred to in the Regime Documents.

Section 4. Additional Covenants. Each Villa Owner and his, her and its heirs, successors and assigns further agree and covenant that:

A. Villas or any part thereof may not be used for an offensive or unlawful purpose, nor will any activity which constitutes a nuisance be allowed within a Villa;

B. the rules and regulations adopted from time to time by the Board of Directors of the Association, including the Rules and Regulations attached hereto, will be complied with; and

C. the Covenants will be complied with.

ARTICLE 10

MECHANICS' LIENS AGAINST VILLAS

Section.1. Improvements of a Villa. Any mechanic's lien arising as a result of repairs to or improvements made to a Villa shall be a lien only against such Villa.

Section 2. Improvements of Common Elements. Any mechanic's lien arising as a result of repairs to or improvements of the Common Elements, if authorized in

writing pursuant to a duly adopted resolution of the Association, shall be paid by the Association as a Common Expense and until so paid shall be a lien against each Villa in the undivided percentage interest in the Common Elements assigned to such Villa.

ARTICLE 11

EASEMENTS

Section 1. Easements for Encroachments.

A. In the event that any portion of the Common Elements encroaches upon any Villa, or in the event that any portion of a Villa encroaches upon any other Villa or upon any portion of the Common Elements, or in the event any encroachment shall occur as a result of: (i) settling of a building containing Villas; or (ii) alteration or repair to the Common Elements; or (iii) repair or restoration of a Villa or Villas, or a building containing Villas after damage by fire or other casualty; or (iv) condemnation or eminent domain proceedings, a valid easement shall exist for the encroachment and for the maintenance of the same so long as the encroachment exists. In the event that any of the Villas or part of the Common Elements is partially or totally destroyed and is then rebuilt or reconstructed in substantially the same location, and as a result of such rebuilding any portion thereof shall encroach as provided in the preceding sentence, a valid easement for such encroachment and for the maintenance thereof, so long as it stands, shall and does exist. Minor encroachments by any Villa or Common Elements upon any other Villa or Common Element due to construction or to the partial or total destruction and subsequent rebuilding of the improvements, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist.

B. In the event a Villa Owner proposes to enlarge the size of his Villa by enclosing a deck/porch or otherwise, he shall first submit detailed plans to the Board of Directors for review and approval. Approval or disapproval may be based on any reason including but not limited to aesthetics, impact on views of other property owners, and other reasons determined by

the Board. The Board shall adopt a policy to apply to all such applications for review and approval of such proposed enlargements/additions to Villas, and such policy shall be distributed to all of the Villa Owners. Such policy may allow the Board to impose a reasonable review fee for each proposed enlargement or addition, which fee may include an amount to be paid by the Board to professionals retained by it (including but not limited to attorneys, architects and engineers) to determine the acceptability of the proposed enlargement or addition to the Villa. If approved by the Board, the Board has the right to grant an easement over that portion of the Common Elements which will be occupied by the proposed enlargement or addition, and the Villa Owner must enter into an Easement and Maintenance Agreement in form and substance approved by the Board and its counsel, whereby the Villa Owner agrees to be solely responsible for the maintenance, repair and replacement of the enlargement or addition and for the maintenance and repair of any Common elements adversely affected by such enlargement or addition. The Board may also require that before commencement of any work that the general contractor provide evidence of insurance coverage satisfactory to the Board, including a general commercial liability policy which by endorsement or certificate provides coverage to the Association in the event of negligence (errors or omissions) by the general contractor in the design and/or performance of the work.

Section 2. Easements for Utilities and Drainage Facilities. A valid easement does and shall continue to exist through the Property for the purpose of installation, maintenance, operation, repair and replacement of sewer, water, electric, gas, telephone and cable television pipes, lines, mains, conduits, wires, poles, transformers and any and all other equipment and machinery necessary or incidental to the proper function of any utility system; provided, however, that any easements through a Villa for such utilities and facilities shall be

only at the original location thereof, unless approved in writing by the Villa Owner. The Property and each Villa is also subject to easements for the installation, operation, maintenance, repair and replacement of all utilities and storm water drainage facilities serving the Villas and the Common Elements, including (but not limited to) electric, telephone, cable television, water and sewer lines, and storm water retention. The Board of Directors of the Association may grant easements and relocate existing easements for installation of utilities if such easements are beneficial to the Owners or to the operation of the Property. If the location or nature of any utility or drainage easement is adverse to the Property or of doubtful benefit to both of the Owners, the Board may grant such easements only when authorized by Majority vote of the Villa Owners.

Section 3. Additional Easements. In addition to any easements of record, the Property shall be subject to the following easements:

A. Appurtenant to each Villa is a non-exclusive easement in and to the General Common Elements for support and for the maintenance and repair of such Villa;

B. Each Owner shall have an easement in common with all of the Owners to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in the Common Elements, which serve his Villa;

C. The Association, its successors and assigns, shall have and is hereby granted, an easement over, under, above and through the Common Elements, as may be required for conduits, ducts, plumbing, wiring and other facilities necessary for the furnishing of utility services to the Villas and the Common Elements;

D. The Association shall have and is hereby granted for itself, its successors and assigns, and for the Owners, a non-exclusive easement for ingress and egress over, through, and

across the walkways, paths, and other rights-of-way serving the Villas and the Common Elements, as may be necessary to provide reasonable pedestrian access thereto, as well as an easement for ingress and egress over, through and across such paved portions of the driveways within the Common Elements as may be necessary to provide reasonable vehicular access thereto; provided, however, that the latter easement shall not give or create in any person the right to park upon any portion of the Common Elements not designated as a parking area by the Board of Directors. In the event that any of said easements for ingress and egress shall be encumbered by any mortgage, leasehold, or other lien, other than those on the entire Regime, such mortgages, leaseholds, or other liens shall hereby be subordinate to the use rights of any Owner whose Villa is not also encumbered by said mortgage, leasehold or other lien;

E. The Association has the right, for the benefit of the Regime, to utilize and to grant easements over, across and under the Common Elements for vehicular and pedestrian access to said Common Elements, and for utilities, sanitary and storm sewers, security or other types of monitors, cable television lines, walkways, roadways and rights-of-way, and to relocate or to realign any existing easements or rights-of-way, over, across and under the Common Elements, including without limitation, any existing utilities, sanitary lines, sewer lines and cable television lines, and to connect the same over, across and under the Common Elements, provided that such utilization, easements, relocations and connections of lines shall not materially and permanently impair or interfere with the use of any Villa. In addition, the Association, through the Board, is authorized to give, convey, transfer, cancel, relocate and otherwise deal with any and all utility and other easements now or hereafter located on or affecting the Regime.

ARTICLE 12

INSURANCE; REPAIR AND RECONSTRUCTION

Section 1. Hazard Insurance. The Association shall insure the Property, exclusive of the Villas and the contents thereof, against loss or damage due to “all risks,” with extended coverage, in an amount equal to the maximum insurable replacement value of the improvements as determined by periodic appraisals to be obtained by the Association as often as reasonably necessary to keep the Property adequately insured. The Board of Directors has the right and authority to insure against other hazards and risks, as it may deem desirable for protection of the Property. All insurance policies shall designate the Association as the named insured, with the Board as the Insurance Trustee acting for the benefit of all of the Villa Owners and their mortgages collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the Board as Insurance Trustee under the provisions of the Regime Documents and the Act.

Section 2. Insurance Certificates. All hazard insurance policies shall provide for the issuance of insurance certificates to each Villa Owner. Each certificate shall indicate the master policy and shall indicate the amount of insurance covering the building within which the Owner’s Villa is located. If a Villa is mortgaged, an insurance certificate shall be issued to the mortgagee and shall contain a standard mortgagee endorsement.

Section 3. Waiver of Subrogation. If obtainable, all hazard insurance policies upon the Property shall include provisions waiving: (a) any rights of the insurance company be subrogation against the Association, its agents, officers, directors and employees, and against the individual Villa Owners and their family members, guests and invitees; and (b) any rights of the insurer to contribution from hazard insurance obtained by Villa Owners upon their Villas and the contents thereof.

Section 4. Public Liability Insurance. The Board may obtain comprehensive public liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or

endorsements extending coverage to liabilities of the Association to an individual Villa Owner and to liabilities of one Villa Owner to another Villa Owner.

Section 5. Worker's Compensation Insurance. The Board shall obtain worker's compensation insurance to the extent required by law to do so.

Section 6. Premiums. All premiums in connection with insurance policies obtained by the Association are Common Expenses and shall be assessed as such.

Section 7. Insurance by Villa Owners. Each Villa Owner is responsible for obtaining and must obtain, at his sole expense, insurance covering: (a) the personal property, contents, decorations, improvements, and furnishings within his own Villa; and (b) liability for safety of the premises within his Villa. All such insurance policies shall include provisions waiving: (i) any right of the insurer to subrogation to claims against the Association and against individual Villa Owners, as well their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or pro-rata because of the master hazard policy. Such coverage shall be in the form of what is now commonly referred to as an HO-6 policy or the industry replacement thereof if it is replaced or re-named in the future.

Section 8. Substitution of Insurance Trustee. The Board, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in Beaufort County, South Carolina. Any substituted Insurance Trustee appointed by the Board shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of this Amended and Restated Master Deed.

ARTICLE 13

RECONSTRUCTION AND REPAIR

Section 1. Reconstruction. In the event of a casualty loss or damage to the Property, the Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Property in accordance with the provisions of this Article. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Property is

destroyed or substantially damaged. If two-thirds (2/3) or more of the Property is destroyed or substantially damaged, the insurance payments received by the Board shall be distributed pro-rata to the Villa Owners and their mortgages jointly in proportion to their respective percentage interests in the Common Elements. The remaining portion of the Property shall be subject to an action for partition at the suit of any Villa Owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and shall be distributed pro-rata among all Villa Owners and their mortgages jointly in proportion to their respective percentage interests in the Common Elements. If less than two-thirds (2/3) of the Property is destroyed or substantially damaged, the Property shall be repaired as follows:

- A. Any reconstruction or repair must follow substantially the original plans and specifications of the Property unless the Villa Owners holding seventy-five percent (75%) or more of the total interest in the Common Elements and their mortgages, if any, vote to adopt different plans and specifications and all Villa Owners whose Villas are affected by the alterations unanimously consent.
- B. The Board shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include professional fees and premiums for bonds, as the Board deems necessary.
- C. If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be assessed against all of the Villa Owners as a special assessment.
- D. The insurance proceeds received by the Board and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board shall disburse payment of the costs of reconstruction and repair. It shall be presumed that the first disbursements

from the construction fund are insurance proceeds, and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be distributed to the Villa Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be held by the Association and used for operating expenses of the Regime or for reserves, as determined by the Board of Directors.

Section 2. Insurance Trust. In the event of a casualty loss to the Property, all insurance proceeds in connection with the loss or damage shall be paid to the Board as Insurance Trustee. The Board, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purpose stated in this Article, and for the benefit of the Association, the Villa Owners, and their respective mortgages in the following shares:

- A. Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interests in the Common Elements which are appurtenant to each of the Villas;
- B. Insurance proceeds paid on account of loss or damage to less than all of the Villas, when the damage is to be repaired, is to be held for the Villa Owners of the damaged Villas in proportion to the costs of repairing the damaged Villas.
- C. Insurance proceeds paid when the Property is not to be restored shall be held for the benefit of all Villa Owners, the share of each being equal to the undivided share in the Common Elements appurtenant to his Villa.
- D. In the event a Certificate of Insurance has been issued to a Villa Owner bearing a mortgagee endorsement, the share of the Villa Owner shall be held in trust for the mortgagee and the Villa Owner, as their interests may appear; provided, however, that no mortgagee shall have any right to

determine or participate in the determination as to whether the damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds, except for insurance proceeds paid jointly to the Villa Owners and their respective mortgages pursuant to the provisions of this Amended and Restated Master Deed.

Section 3. Adjustment of Claims. Each Villa Owner shall be deemed to have delegated to the Board his right to adjust claims with insurance companies all losses under policies obtained by the Association, subject to the rights of mortgages of such Villa Owners.

ARTICLE 14

EMINENT DOMAIN

Whenever all or part of the Common Elements are taken, injured or destroyed as the result of the exercise of the power of eminent domain, each Villa Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto, but in any proceeding for the determination of damages, such damages shall be determined for such taking, injury or destruction as a whole and not for each Villa Owner's interest therein. After such determination each Villa Owner shall be entitled to a share in the damages in the same proportion as his undivided percentage interest in the Common Elements. The By-Laws contain provisions for restoration and rebuilding after a taking, injury or destruction of any of the buildings within a Villa pursuant to the exercise of the power of eminent domain.

ARTICLE 15

REMOVAL OF PROPERTY FROM ACT

Section 1. Waiver of Regime. The Villa Owners may waive the Regime and merge the individual Villas with the Land by the execution and recording of an instrument expressing the intention to do so signed by all of the Villa Owners and by the holders of all

mortgages affecting the Villas. When the Regime has been waived and removed from the provisions of the Act, the Villa Owners shall, at the time such waiver becomes effective, become tenants-in-common of the Property, and the holders of mortgages against the Villas formerly owned by such Villa Owners shall have mortgages upon the respective undivided percentage interests of the Villa Owners in the entire Property. The undivided interest in the Property owned in common which shall appertain to each Villa Owner following waiver of the Regime shall equal the undivided percentage interest previously owned by such Villa Owner in the Common Elements. All funds held by the Association and insurance proceeds, if any, shall be for the Villa Owners in proportion to the amount of their respective interests. The costs incurred in connection with the waiver of the Regime, including legal fees and recording costs, shall be a Common Expense.

Section 2. Partition of Property. If the Property is removed from the provisions of the Act, then the Property shall be subject to an action for partition by any Villa Owner or Mortgagee as if owned in common, in which event the net proceeds of sale shall be divided among all the Villa Owners in proportion to their respective ownership interests; provided, however, that no payment shall be made to a Villa Owner until there has first been paid off out of his share of such net proceeds all liens on his Villa. Such waiver and removal of the Property from the provisions of the Act shall not preclude its subsequent submission to the provisions thereof.

ARTICLE 16

AMENDMENT

Section 1. Procedure. Except as otherwise provided in the Regime Documents or the Act, this Amended and Restated Master Deed and the building plans depicting the Villas and Common Elements may be amended in the following manner:

A. An amendment may be proposed by either the Association (acting through the Board of Directors by majority vote) or by a petition submitted to the Board of Directors which is signed by the Owners of not less than three (3) of the Villas.

B. Such amendment must be approved by Owners holding sixty and 70/100 percent (60.70%) or more of the total value of the Property, in accordance with the percentages assigned to each Villa in the Master Deed and in the Amended and Restated Master Deed by referendum or at a regular or special meeting of the members held in accordance with the procedures established by the By-Laws.

C. All amendments made as hereinabove provided must be evidenced by a written instrument executed and acknowledged by the President and Secretary of the Association, which shall contain a certification that the amendments were approved in accordance with this Article and the By-Laws. Such instrument shall be recorded and shall become effective on the date of recording. Copies of such instrument shall be sent to each Villa Owner in the manner provided in the By-Laws for the giving of notices to Villa Owners, but the same shall not constitute a condition precedent to the effectiveness of such amendment.

Section 2. No Change in System of Administration. This Amended and Restated Master Deed shall not be amended to change the form or system of administration, or the method of election, replacement or dismissal of the Directors, except as otherwise provided in this document or the By-Laws.

Section 3. No Change in Percentage Interests in Common Elements. Any amendment of this instrument shall not change a Villa's proportionate share of the Common Interests, nor the voting rights appurtenant to any Villa, unless all of the record owners thereof and all record holders of mortgages thereon shall join in the execution of the amendment, and no amendment shall be passed which impairs or prejudices the rights and priorities of any mortgages or changes the provisions of this instrument with respect to the rights of holders of mortgages without the written approval of all holders of mortgages of record.

ARTICLE 17

DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

Section 1. Agreement to Encourage Resolution of Disputes Without Litigation.

A. The Association and its officers, directors, and committee members; all Persons subject to this Amended and Restated Master Deed; and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively the "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes within the Property without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a "Claim" described in subsection B unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 2 of this Article in a good faith effort to resolve such Claim.

B. As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to:

- (a) the interpretation, application, or enforcement of the Regime Documents;
- (b) the rights, obligations, and duties of any Bound Party under the Community Covenant and the Governing Documents.

C. Notwithstanding subsection B, the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 2 of this Article:

- (a) any suit by the Association to collect assessments or other amounts due from any Owner;
- (b) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the

Association's ability to act under or to enforce the provisions of this Amended and Restated Master Deed ;

- (c) any suit that does not include the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Regime Documents;
- (d) any suit in which any indispensable party is not a Bound Party; and
- (e) any suit as to which any applicable statute of limitations would expire within one hundred eighty (180) days of giving the Notice required by Section 2(a) below, unless the party or parties against whom the Claim is made agrees to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

Section 2. Dispute Resolution Procedures.

A. Notice. The Bound Party asserting a Claim (the "Claimant") against another Bound Party (the "Respondent") shall give written notice to each Respondent stating plainly and concisely:

- (a) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;
- (b) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);
- (c) the Claimant's proposed resolution or remedy; and
- (d) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

B. Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. The Board may appoint a representative to assist the parties in negotiating a resolution of the Claim if a Claimant requests the Board to do so in writing and includes a copy of the Notice.

C. Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 2(a) (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity the Board designates (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Beaufort County, South Carolina area. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate. Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

D. Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

Section 3. Initiation of Litigation by Association.

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative

proceeding unless Owners entitled to cast a Majority of the Owners first approve, except that no such approval shall be required for actions or proceedings:

- (a) initiated to enforce the provisions of the Regime Documents, including collection of Assessments and foreclosure of Assessment liens;
- (b) initiated to challenge *ad valorem* taxation or condemnation proceedings;
- (c) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- (e) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

ARTICLE 18

MISCELLANEOUS

Section 1. Remedies for Violation. Subject to the terms and provisions of Article 17 above, every Villa Owner shall comply with the covenants, conditions and restrictions set forth in the Regime Documents and the rules, regulations, resolutions and decisions adopted by the Association pursuant thereto. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due by foreclosure of lien or by an action for collection of such sums, for damages, or for injunctive relief, or any combination thereof. Such action may be maintained by both or either of the aggrieved Villa Owners, or the Association on its own behalf or on behalf of the Villa Owners, or by any Person who holds a mortgage lien upon a Villa and is aggrieved by any such non-compliance. In any case of flagrant or repeated violation by a Villa Owner, he may be fined in an amount determined by the Board of Directors (which fines may be collected in the same manner as assessments) and may be required by the Association to give sufficient surety or sureties for his future compliance with said covenants, conditions, restrictions, rules, regulations, resolutions and decisions.

Section 2. Litigation Expenses. Subject to the provisions of Article 17 above, in any proceeding arising because of any alleged violation or default by a Villa Owner, the Association and any Villa Owner seeking relief from such violation or default, if successful, shall be entitled to recover from the defaulting or violating Villa Owner and shall have a lien against his Villa in an amount equal to the costs of the proceedings and such reasonable attorneys' fees as may be determined by the Court.

Section 3. No Waiver. The failure of the Association, a Villa Owner or a Mortgagee to enforce any right, provision, covenant, or condition which may be granted by the Regime Documents shall not constitute a waiver of the right to enforce such right, provision, covenant or condition in the future.

Section 4. Remedies Cumulative. All rights, remedies and privileges granted to Association and the Villa Owners pursuant to any terms, provisions, covenants, or conditions of this instrument or other Regime Documents, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional right, remedies, or privileges as may be available to such party at law or in equity.

Section 5. Severability. In the event that any of the terms, provisions or covenants of this instrument are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

Section 6. Captions. Captions used in this instrument are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the text of the Regime Documents.

Section 7. Gender, Singular, Plural. Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural and any gender shall be deemed to include all genders.

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**INDEX OF EXHIBITS TO AMENDED AND RESTATED MASTER DEED
FOR LIGHTHOUSE ONE HORIZONTAL PROPERTY REGIME VLIII**

- EXHIBIT A:** **AMENDED AND RESTATED BY-LAWS OF THE ASSOCIATION**
- EXHIBIT B:** **STATEMENT OF PERCENTAGE OF OWNERSHIP**
- EXHIBIT C:** **DESCRIPTION OF THE PROPERTY UPON WHICH THE VILLAS AND
COMMON ELEMENTS ARE LOCATED**
- EXHIBIT D:** **RULES AND REGULATIONS (Rules of Conduct, including Pet
Regulations)**

EXHIBIT “A”
AMENDED AND RESTATED
BY-LAWS OF LIGHTHOUSE ONE OWNERS ASSOCIATION, INC.
FOR
LIGHTHOUSE ONE
HORIZONTAL PROPERTY REGIME XLIII

ARTICLE I

PLAN OF VILLA OWNERSHIP

Section 1. Horizontal Property Regime. The Property known as Lighthouse One Horizontal Property Regime XLIII (hereinafter referred to as the “Regime”) has been submitted by Master Deed and by Amended and Restated Master Deed to the provisions of the Horizontal Property Act of South Carolina (the “Act”).

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Property, the Regime, and the incorporated entity known as Lighthouse One Owners Association, Inc., which is hereinafter referred to as the “Association” and which term is more fully defined in the Amended and Restated Master Deed .

Section 3. Personal Application. All present or future Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Property in any manner, are subject to the regulations set forth in these by-laws and in the Amended and Restated Master Deed to which these by-laws are attached. For the purpose of this document, words with a capitalized first letter shall have the meanings given to them in the Amended and Restated Master Deed. The mere acquisition or rental of any of the Villas (also referred to herein as “Dwelling Units” or Dwellings”) or the mere act of occupancy or any of said Villas will signify that these By-Laws, the provisions of the Amended and Restated Master Deed, of the amendments of the Master Deed recorded in Record Book 359 at Page 220, Record Book 524 at Page 2418, and Record Book 653 at Page 1879, and of the restrictive covenants recorded in Record Book 150 at Page 41; Record Book 195 at Page 103; Record Book 224 at Page 1036;

Record Book 254 at Page 32; and Record Book 254 at Page 619, which were made applicable to the Property by provisions of the original Master Deed, will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the Owner is entitled is the percentage assigned to the Villa in Exhibit "B" attached to the original Master Deed recorded in Record Book 269 at Page 1617 and in Exhibit "B" attached to the Amended and Restated Master Deed.

Section 2. Majority of the Owners. As used in these By-Laws, the term "Majority of the Owners" shall mean those Owners holding sixty and 70/100 percent (60.70%) or more of the Common Elements assigned to the Villas, as stated in the "Percentage of Ownership" attached to the Amended and Restated Master Deed as **EXHIBIT "B"**, which is also attached to the original Master Deed as Exhibit "B" thereto.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a Majority of the Owners shall constitute a Quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

Section 1. Board of Directors' Responsibilities. The Board of Directors of the Association has the responsibility of administering the Property, approving the annual budget, establishing and collecting periodic assessments and arranging for the management of the Property pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Board of Directors shall require approval by a majority of the members thereof.

Section 2. Place of Meetings. Meetings of the Board of Directors shall be held at such place convenient to the Owners as may be designated by the Board of Directors.

Section 3. Annual Meetings. The annual meetings of the members of the Association shall be held at the call of the Regime President once a year, and the members shall be informed in writing of the date and place thereof not less than ninety (90) days prior thereto. At such meetings, the Owners shall elect members of the Board to fill any seats which are being vacated in accordance with the provisions of Article IV, Section 5 of these By-Laws, and the Owners may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon receipt of a petition signed by a Majority of the Owners which is presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by written consent of two-thirds (2/3) of the votes present, either in person or by proxy.

Section 5. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary by mailing a copy of such notice (postage pre-paid) to each member at his address appearing on the books of the Association. Notices shall be mailed at least ten (10) but not more than thirty (30) days before the date of the meeting. Any person who becomes an Owner and a member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if a notice was sent to his predecessor-in-title. It is the obligation of each Owner to promptly notify the Secretary of the Association of any change of the Owner's address.

Section 6. Adjourned Meeting. If any meeting of the Council cannot be organized because a quorum has not attended, the 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. Upon the reconvening of said meeting a quorum shall be constituted if Owners holding at least twenty-five percent (25%) of the total value of the Property in

accordance with the percentages assigned in the Master Deed and in the Amended and Restated Master Deed are present in person or by proxy at said reconvened meeting.

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

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meetings.
- (d) Reports of officers.
- (e) Report of committees.
- (f) Review financial statement and monthly Regime charges.
- (g) Election of members of the Board of Directors.
- (h) Unfinished business.
- (i) New business.

The order of business at all special meetings of the Association shall include items (a) through (d) above, and thereafter, the agenda shall consist of the items specified in the notice of meeting.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors (hereinafter referred to as the "Board") comprised of five (5) persons, all of whom must be Owners of Villas or the spouse of an Owner.

Section 2. General Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these By-Laws directed to be executed and done by the individual Owners. In addition to duties imposed by these By-Laws or by resolutions of the Association, the Board shall be responsible for the following:

- (a) Enforcement of compliance with all of the terms and conditions of the Amended and Restated Master Deed, these By-laws, and the Association's Rules and Regulations.
- (b) Care, upkeep, maintenance and repair of the portions of the Common Elements for which it is responsible under the terms and conditions of the Amended and Restated Master Deed, including but not limited to making of, or causing to be made, repairs, additions and improvements to or alterations of, the Common Elements and repairs to and restoration of the Common Elements in accordance with the Amended and Restated Master Deed and these By-laws.
- (c) Collection from the Owners of regular and special assessments and any interest, late charges, attorneys fees, and other charges related thereto.
- (d) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the Common Elements.

Section 3. Other Specific Duties. In addition to general duties and powers described above and as described or authorized in the Act, the Board is responsible for the following:

- (a) Establishment of the annual budget, which shall be distributed by the Board to all members of the Association at least thirty (30) days in advance of its effective date and at least thirty (30) days in advance of the Association's annual meeting.
- (b) As a part of the annual budget described above, the establishment and regular funding of an adequate reserve fund for periodic maintenance, repair and replacement of the Common Elements.
- (c) Obtaining insurance for the Property pursuant to the provisions hereof and the provisions of the Amended and Restated Master Deed.
- (d) Granting or relocating easements in accordance with the provisions of the Amended and Restated Master Deed.

- (e) Upon written request of Owners, the holders, insurers or guarantors of any first mortgage on any Villa, to make available for inspection during normal business hours current copies of the Amended and Restated Master Deed, these By-Laws, the Rules and Regulations pertaining to the Association, and the books, records and financial statements of the Association.
- (f) To adopt and implement a policy regarding resale of Villas, the purpose of said policy to assist Owners by providing timely information to prospective buyers while not burdening the Association financially, including requiring payment of an administrative fee by Owners or prospective purchasers for information regarding the Regime and/or the status of the selling Owner's account.

Section 4. Management Agent. The Board may employ a Management Agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Sections 2 and 3 of this Article.

Section 5. Election and Term of Office. The term of office of two (2) members of the Board shall be fixed at three (3) years. The term of office of two (2) members of the Board shall be fixed at two (2) years, and 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 member of the Board, his successor shall be elected to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting.

Section 6. Vacancies. Vacancies in the Board of Directors caused by reason other than the removal of a member of the Board by a vote of the members shall be filled by a vote of the majority of the remaining Board members, even though they may constitute less than a quorum, and each person so elected shall be a member of the Board until a successor is elected at the next meeting of the Association's members.

Section 7. Removal of Members of the Board. At any regular or special meeting of the members duly called, any one or more of the members of the Board may be removed with or

without cause by a majority of the Owners and a successor may then and there be elected to fill the vacancy thus created; provided, however, that the notice of the meeting shall specify that one of its purposes shall be to consider the removal of the Board member(s). Any member of the Board whose removal has been proposed to the members shall be given an opportunity to be heard at the meeting.

Section 8. Organizational Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board members were elected by Council, and no notice shall be necessary to the newly elected Board members in order legally to constitute such meeting, providing a majority of the Board is present.

Section 9. Regular Meetings. Regular meetings of the Board may be held 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 shall be given by the Secretary-Treasurer, or other designated person, to each Board member, personally or by mail, email to which a response is received from the receiving party, telephone or fax at least five (5) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board may be called by the President or upon written request of at least two (2) Board members. Notice of special meetings shall be given by the Secretary-Treasurer, or other designated person, to each Board member, personally or by mail, email to which a response is received from the receiving party, telephone or fax at least three (3) days prior to the day of such meeting, which notice shall state the time, place and purpose of the meeting.

Section 11. Waiver of Notice. Before or at any meeting of the Board, any Board member may in writing waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at a meeting shall constitute a waiver by such Board member of the requirement of notice of such meeting. If all

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

Section 12. Board Quorum. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and the acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board, there is less than a quorum present, the majority of the Board members present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Fidelity Bonds. The Board may require that any and all officers and employees of the Regime handling or responsible for Regime funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Regime.

Section 14. Compensation. No member of the Board of Directors shall receive any compensation from the Association for acting in such capacity.

Section 15. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Amended and Restated Master Deed or of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract entered into by them on behalf of the Association. It is also intended that the liability of any Owner arising out of any contract entered into 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 proportions of the total liability thereunder as his interest in the Common Elements bears to the interest of all Owners in the Common Elements. Every agreement made by the Board of Directors or by the management

agent employed by the Association shall provide that the members of the Board of Directors, or the management agent, as the case may be, are acting only as agent for the Owners and shall have no personal liability thereunder.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Regime shall be a President, Vice President, Secretary, and Treasurer, all of whom shall be elected by and from the Board. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be appropriate, and the same person may hold the offices of Secretary and Treasurer simultaneously.

Section 2. Election of Officers. The officers shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal Of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4. Officers

(a) President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Board and of the Association. He shall have all of the general powers and duties which are usually vested in the office of a President of a non-profit corporation, including but not limited to the power to appoint committees from among the Owners from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Board. The President has the authority to enter into contracts, to sign checks, and to otherwise bind the Association without a co-signatory.

(b) Vice President. The Vice President shall take the place of the President and perform his duties whenever the President is absent or unable to act. If the President and the Vice President are absent or unable to act, the Board shall appoint some other member of the

Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him by the Board.

(c) Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Council and shall have charge of such books and papers as the Board may direct.

(d) Treasurer. The Treasurer shall have responsibility for the Association's 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 is responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. The Treasurer (or the management agent acting upon the direction of the Treasurer) shall, for a reasonable fee, promptly provide any prospective purchaser, Owner, or mortgage lender so requesting the same in writing, with a written statement of all unpaid common charges due from the Owner of that Villa.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments For Common Expenses. All Owners are obligated to pay the Assessments imposed by the Association and to meet all Association Common Expenses as set forth in the Amended and Restated Master Deed.

Section 2. Assessments To Remain In Effect Until New Assessments Made. The omission by the Board of Directors before the expiration of any year to determine and assess the Assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of the Amended and Restated Master Deed and By-laws or a release of any Owner from the obligation to pay Assessments, or an installment thereof, for that or any subsequent year, but the Assessment in effect for the preceding year shall continue until a new Assessment amount is established by the Board at a duly held Board meeting.

Section 3. Records. The Management Agent or Board of Directors shall keep detailed records of the receipts and expenditures affecting the Common Elements and any other Association expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by the Members during reasonable business hours.

Section 4. Default In Payment Of Common Charges. The Board shall take prompt action to collect any Assessment due from an Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Owner in paying Assessments, such Owner shall be obligated to pay interest, late charges, attorneys fees, court costs and other collection charges as set forth in the Amended and Restated Master Deed.

Section 5. Statement Of Assessments. When requested in writing, the Board shall promptly provide any prospective purchaser, Owner, mortgagee or prospective mortgagee of a Villa with a written statement of all unpaid Assessments due from the Owners of that Villa for a reasonable administrative fee. The prospective purchaser or mortgagee's liability for payment of Assessments shall be limited to the Assessment amount contained in such statement.

Section 6. Statement Upon Resale. An Owner shall not convey or sell a Villa unless and until all unpaid Assessments against the Villa have been paid in full. Such unpaid Assessments, however, may be paid out of the proceeds from the sale of a Villa or by the purchaser/grantee of the Villa. Further, the Association agrees to provide copies of the Amended and Restated Master Deed, these By-laws, or other materials regarding the Association upon the written request of an Owner or by a prospective purchaser or such purchaser's mortgage lender in connection with the sale of a Villa. A reasonable charge may be made by the Board (or by its Management Agent) for the issuance of Assessment statements and Association and Regime materials and information.

ARTICLE VII

AMENDMENTS

These by-Laws may be amended by the Board of Directors at a duly constituted meeting of the Board, but no amendment shall take effect unless approved by a Majority of the Owners by

vote at a regular or special meeting or by referendum, unless the amendment is only for the purpose of correcting technical errors or for clarification, in which event a vote or approval of the Owners is not required.

ARTICLE VIII

MORTGAGES

Section 1. Notice To Board. An Owner who mortgages his Villa shall notify the Board through the management agent, if any, or the President if there is no management agent, of the name and address of the lender, and the Regime shall maintain such information in a book entitled "Mortgages of Villas."

Section 2. Notice of Unpaid Assessments. The Board shall, at the request of a mortgagee of a Villa, report any unpaid assessments due to the Association from the Owner of such Villa.

ARTICLE IX

COMPLIANCE; CONFLICTS

These By-Laws are intended to comply with the requirements of the Horizontal Property Act of South Carolina (the "Act"). In case any of the provisions hereof conflict with provisions of the Act, it is hereby agreed and accepted that the provisions of the Act will control, and in the event of a conflict between any of the provisions hereof and the Amended and Restated Master Deed, the Amended and Restated Master Deed shall control.

ARTICLE X

MISCELLANEOUS MATTERS

Section 1. Gender; Number. The use of the masculine gender in these By-Laws includes the feminine gender, and when the context requires, the use of the singular includes the plural.

Section 2. Definitions. The definitions contained in the Amended and Restated Master Deed also apply to this document.

Section 3. Execution of Documents. The President or Vice President and Secretary or Assistant Secretary are responsible for preparing, executing, filing and recording amendments to the Amended and Restated Master Deed and these By-Laws and shall be authorized to execute any other document which the Association may from time to time be required to execute.

Section 4. Notices. All notices required by these By-Laws shall be hand delivered or sent by mail to the Association at the address of the President; to Unit Owners at the address of the Unit or at such other address as may have been designated by such Unit owner from time to time in writing to the Association. All notices from or to the Association shall be deemed to have been given when mailed or delivered, except notice of changes of address which shall be deemed to have been given when received.

Section 5. Captions. The captions contained in these By-Laws are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision of the By-Laws.

Section 6. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 7. Waiver. No restriction, condition, obligation, or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number or frequency of violations or breaches thereof which may occur.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Lighthouse One Owners Association, Inc., a South Carolina nonprofit corporation;

That the foregoing By-Laws constitute the Amended and Restated By-Laws of said Association, as duly adopted by vote of the Members of the Association at a meeting held on April 25, 2014.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of
said Association this 1st day of May, 2014.



Scott R. Brennan, Secretary

EXHIBIT "B"

PERCENTAGE OF OWNERSHIP

LIGHTHOUSE ONE HORIZONTAL PROPERTY REGIME XLIII

(Identical to Exhibit "B" of original Master Deed)

<u>VILLA NO.</u>	<u>VALUE</u>	<u>PERCENTAGE INTERESTS</u>
1080	\$159,500	12.551%
1081	\$159,500	12.551%
1082	\$149,500	11.764%
1083	\$149,500	11.764%
1084	\$156,500	12.315%
1085	\$156,500	12.315%
1086	\$169,900	13.370%
1087	<u>\$169,900</u>	<u>13.370%</u>
Total	\$1,270,800	100.000%

EXHIBIT "C"

(Identical to Exhibit "A" of original Master Deed)

ALL that certain piece, parcel or tract of land situate, lying and being in Harbour Town, Sea Pines Plantation, Hilton Head Island, Beaufort County, South Carolina with all improvements thereon and being more particularly shown and described on a plat of Lighthouse One Horizontal Property Regime XLIII prepared by Coastal Surveying Company, Inc., dated August 31, 1978 and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 27 at Page 50. Said tract of land herein described is also shown as Parcel B-R containing 0.376 acres on a plat recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 26 at Page 94.

Together with the right of ingress and egress over Lighthouse Lane, a thirty (30) foot right of way as shown on said plat.

EXHIBIT "D"

LIGHTHOUSE ONE OWNERS ASSOCIATION, INC.

RULES AND REGULATIONS

These rules and regulations have been established by the Regime Board of Directors in accordance with the Master Deed and By-laws for the benefit of all the residents and guests. Your adherence to them is greatly appreciated. All questions, problems or violations should be reported to **GW SERVICES at 686-4052.**

1. Owners of Villas that are available for rent shall prominently post these Rules and Regulations in the Villa and shall required compliance by renters with these Rules and Regulations.
2. Residents\guests shall not ride skateboards, wave boards, or rollerblades in the driveways and parking areas.
3. Residents\guests shall not store any items in the common areas of the property.
4. Residents\guests shall not hang garments, towels, rugs or similar objects from the windows or deck railings.
5. Residents\guests must properly dispose of all trash and garbage.
6. Residents\guests shall exercise due respect for all in avoiding unnecessary noise or the use of radios, televisions, musical instruments and amplifiers that may disturb other residents.
7. Residents\guests shall not act so as to interfere unreasonably with the peace and enjoyment of the residents and guests of the other Villas.
8. Renters of Villas shall be permitted one vehicle only. Said vehicle shall be parked only in the assigned parking place marked by the unit number of the Villa. If the permitted vehicle is parked in any other place it will be deemed to be in violation of these By-Laws and subject to fines or being towed at the vehicle owner's expense, as follows.
9. No pets will be allowed in the Villas, other than pets of a Villa Owner in occupancy. Guests/renters are not permitted to have pets in a Villa. Owners shall not maintain any pets that cause distress to other Owners or their guests by barking, scratching, biting or damaging of property. In addition, the Pet Regulations attached hereto as Schedule 1 must be complied with by Owners.
10. Residents\guests must park in designated spaces. Illegally parked vehicles will be subject to towing at the owner's expense.

11. Residents\guests shall not operate, park or store on the property any recreational vehicles, motor homes, motorcycles, mopeds, trucks, trailers, commercial vans or boats.
12. Any tampering with or removal of light fixtures, bulbs or covers is strictly prohibited. Residents\guests will be responsible for any such damage.
13. No owner, resident or lessee shall install vertical\horizontal blinds, draperies or shutters which do not have a white, off-white or cream color backing when visible from the exterior.
14. No co-owner, resident or lessee shall install wiring for electrical or telephone installation, television or radio antenna, air conditioning fixtures or similar objects outside of his Villa or which protrudes through the walls or the roof of his Villa, except as authorized by the Regime Board.
15. Residents shall not post or install advertisements, posters or signs of any kind in or on the property except as authorized by the Regime Board.

SCHEDULE 1

PET REGULATIONS

Owners may keep dogs, cats, and other usual and customary household pets in their Villas (the "Permitted Pets"). Such Permitted Pets shall be subject to the following conditions and such additional reasonable conditions as the Board of Directors may by rule and regulation impose:

A. Pets of any kind may not be kept, bred or maintained within the Villa for commercial purposes;

B. Such pets shall not exceed such number and kind as to interfere with the quiet enjoyment of other Owners and their guests/tenants;

C. Pets shall not be allowed upon the Common Elements unless restrained by a leash, transport crate, box or cage;

D. Owners shall comply with such additional Pet Rules as may be adopted by the Board of Directors from time to time.

E. No Owner or resident shall have a pet which, in the sole discretion of the Board of Directors, is considered to be a danger to the owners, management staff, or occupants of the Regime.

F. All pets must be in compliance with all applicable governmental laws, ordinances, rules and regulations.

G. Each Owner having a pet that violates any of the above conditions or permits any damage to or soiling of the Common Elements or permits any nuisance or unreasonable disturbance or noise shall:

(a) be assessed by the Board of Directors or the Management Agent for the cost of the repair of such damage or cleaning or elimination of such nuisance; and/or

(b) be levied such fines as the Board of Directors may reasonably determine; and/or

(c) be required by the Board of Directors to permanently remove such pet upon five (5) days written notice.