

STATE OF SOUTH CAROLINA)
)
 COUNTY OF BEAUFORT)
)
 SOUTH BEACH CLUB ASSOCIATES,)
 a South Carolina Limited)
 Partnership)
)
 TO)
)
 SOUTH BEACH CLUB HORIZONTAL)
 PROPERTY REGIME)

1275

MASTER DEED ESTABLISHING
 SOUTH BEACH CLUB HORIZONTAL
 PROPERTY REGIME

At Hilton Head Island, County of Beaufort, State of South Carolina, on this 9th day of March, in the year of our Lord One Thousand Nine Hundred and Eighty-three, SOUTH BEACH CLUB ASSOCIATES, a South Carolina Limited Partnership with its principal place of business on Hilton Head Island, South Carolina, hereinafter referred to as "Declarant", does hereby declare:

ARTICLE I
CONDOMINIUM PROPERTY

Section 1. Land. Declarant is the sole owner of the fee simple title to the property described in Exhibit "A" attached hereto and made a part hereof which is more particularly shown on the plat thereof, said plat being designated as Exhibit "B" attached hereto and made a part hereof and being recorded in the office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 29 at Page 179; subject to the following encumbrances:

1.1 Declaration of Covenants, Restrictions, Affirmative Obligations Applicable to All Class "B" Multi-Family Residence Areas by the Sea Pines Plantation Company, dated July 9, 1964, and recorded in Deed Book 124, Page 35, Office of the Clerk of Court for Beaufort County, South Carolina, along with any recorded amendments thereto.

1.2 Covenants, restrictions, easements, options to repurchase, etc. as contained in the records of the Office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 176 at Page 203, Deed Book 224 at Page 1036, Deed Book 150 at Pages 41, Deed Book 182 at Page 260, Deed Book 234 at Page 141, Deed Book 236 at Page 1255, Deed Book 273 at Page 432, Deed Book 291 at Page 618, Deed Book 243 at Page 1683, Deed Book 249 at Page 1960, and Deed Book 255 at Page 1255, and as shown upon all plats of record, and all applicable recorded additions or

BEAUFORT COUNTY TAX MAP REFERENCE

Dist	Map	Submap	Parcel	Block
550	17		1188	

amendments thereto.

1.3 Easements for installation, operation, and maintenance of electric, water, sewer, telephone distribution lines, pipes, mains, and accessory equipment.

1.4 Easements granted or to be granted to Sea Pines Public Service District, Hargray Telephone Company, and Palmetto Electric Cooperative for ingress and egress and for the installation, operation, and maintenance of water and sewer lines and accessory equipment.

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1.5 Easement of ingress and egress to all units of South Beach Club Regime to the swimming pool and other amenity sites, if any, included in the Property hereinafter described in Exhibit "A" hereto and the plats of record associated herewith.

Section 2. Improvements. The improvements constructed on and forming part of the property are described in the plans prepared by Joseph K. Hall, Architect, duly licensed to practice in South Carolina under Certificate #1317 South Carolina, a copy of said plans are attached hereto as Exhibit C-1 and, by reference, incorporated herein. Attached to said plans is a certificate of said architect that the units on the property were constructed in accordance with said plans. The property per said plans is composed of two steel, concrete and stucco multi unit structures containing five (5) floors of units with each structure containing approximately 40,000 square feet divided into a maximum of eighteen (18) units each for a maximum of thirty-six (36) units in the regime, and the general and limited common elements.

The actual number of units may be less than the maximum as several unit purchasers have combined units to form a larger unit. As two units have been combined, for purposes of this Master Deed, the regime ownership and use of the combined space is treated as one unit.

ARTICLE II
PROPERTY; REGIME; ASSOCIATION

Declarant for itself, its successors and assigns does hereby, by duly executing this Master Deed, submit the land referred to in Article I, together with the buildings and improvements erected thereon, and all easements, rights and appurtenances belonging thereto (hereinafter referred to as the "Property") to a horizontal property regime according and subject to the terms, provisions and definitions of S.C. Code Ann., 2013-31-10 through §§27-31-300, Horizontal Property Act (Act) as it is now constituted and as it may from time to time be amended; provided, however, that such submission shall be and is further

subject to the conditions, provisions, and restrictions contained herein, all of which run with the land. Declarant does hereby state that it proposes to create and does hereby create, with respect to the Property, a Horizontal Property regime that shall be known as The South Beach Club Horizontal Property regime (hereinafter sometimes referred to as the "Regime") to be governed by and be subject to the provisions of this Master deed and the provisions of the Horizontal Property Act of South Carolina as it is now constituted and as it may from time to time be amended. Declarant does further declare that it has caused to be incorporated under the laws of the State of South Carolina an association known as South Beach Club Owner's Association which shall, pursuant to the provision of §27-31-90 of the Horizontal Property Act, constitute the incorporated Council of Co-Owners of the regime and shall be governed by this Master Deed and By-Laws attached hereto.

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ARTICLE III
DEFINITIONS

The terms used in this Master Deed and in the exhibits hereto shall have the meanings stated in the Horizontal Property Act and as follows, unless the context otherwise requires:

(a) Act means the Horizontal Property Act as currently set forth in Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976, as amended.

(b) Property means the total of 4.950 acres of land ("Land") described in Exhibit A; the buildings constructed or to be constructed upon the Land, situate as shown on the Plat of the Condominium Property contained in Exhibit B the proposed thirty-six (36) Condominium Units which are or may be enclosed within such buildings as described verbally in Article V of this Master deed and which are portrayed graphically on the Plans contained in Exhibit C contained herein; and all other improvements and property, real, personal and mixed, situated upon or appurtenant to the Land, which are or which may be made part of South Beach Club Horizontal Property Regime.

(c) Association means the Council of Co-Owners as defined by the Act, and also means The South Beach Club Owners' Association, the corporate form by which the Council of Co-Owners shall operate the regime.

(d) Assessment means a Co-Owners' pro rata share of the common expenses which from time to time is assessed against a co-owner by the Association.

(e) Board of Directors or Board means the group of

persons selected, authorized and directed to manage and operate the Association as provided by the Act, this Master deed and the By-Laws.

(f) Building means a structure or structures, containing in the aggregate one or more units, comprising a part of the Property.

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(g) Common Elements means the general and limited common elements, as defined herein in ARTICLE VI and in the Act.

(h) Limited Common Elements means and includes those common elements which are reserved for the use of a certain unit or units, to the exclusion of all other units.

(i) Common expenses means the expenses for which the Unit co-owners are liable to the Association and include, but are not limited to:

(1) Expenses of administration, maintenance, insurance, operation, repair or replacement of the common elements, and of the portions of units which are the responsibility of the Association.

(2) Expenses declared common expenses by provisions of this Master Deed.

(j) Common surplus means the excess of all receipts of the Association, including but not limited to assessments, over the amount of common expenses.

(k) Unit Co-owner means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, owning a Unit within a building.

(l) Condominium ownership means the individual ownership of a particular Unit in a building and the common right to a share, with other unit co-owners, in the general and limited common elements of the property.

(m) Council of Co-Owners means all the co-owners as defined herein and it shall also refer to the Association as herein defined.

(n) Declarant means SOUTH BEACH CLUB ASSOCIATES, a South Carolina Limited Partnership with its principal place of business located on Hilton Head Island, South Carolina, and its successor.

(o) Majority of co-owners means the co-owners owning fifty-one (51%) percent or more of the basic value of the property as a whole.

(p) Condominium Property means and includes the land described in Exhibit A, whether or not contiguous, and all improvements thereon, and all easements and rights appurtenant thereto, intended for use in connection with the Condominium, including an interest in the swimming pool site hereafter described.

(q) Condominium Unit is a Unit referring to each of the separate and identified units delineated in the Plat attached to the Master Deed as Exhibit B and when the context permits, the Condominium parcel includes such unit, including its share of the common elements appurtenant thereto.

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(r) Developer and/or Grantor means South Beach Club Associates, a South Carolina Limited Partnership, its successors and assigns.

(s) Condominium Documents means this Master Deed, the By-Laws and all exhibits annexed hereto, as the same may be amended from time to time.

(t) Management Agreement means and refers to that certain agreement which provides for the management of the Condominium Property.

(u) Management Firm means and refers to the entity identified as the Management Firm in the Management Agreement, its successors and assigns. The Management Firm shall be responsible for the management of the Condominium Property as provided in the Management Agreement.

(v) Master Deed means this instrument or declaration establishing and recording the property of the horizontal property regime and all exhibits thereto, as it may from time to time be amended.

(w) Owner (see "Co-owner" above in ARTICLE III(k)).

(x) Person means an individual, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof.

(y) Property means and includes the land, the buildings, all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto.

(z) Regime means The South Beach Club Horizontal Property Regime created by the Master Deed and reference to the Association, as herein defined, shall likewise include reference to the Regime and visa versa.

(aa) Condominium (See "Condominium Unit" above in

Article III(q)

(bb) Unit as used herein has the same connotation as the term "Apartment" as used in the Horizontal Property Act and means a part of the property intended for residential use including one or more rooms or enclosed spaces located on one or more floors (or parts thereof) in a building, and with a direct exit to a common area or areas leading to a public street or highway.

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(cc) Utility services means and shall include, but shall not be limited to, electric power, gas, hot and cold water, heating, refrigeration, air conditioning, garbage and sewage disposal.

(dd) Residential Use shall be deemed to mean the normal situation and circumstances of individuals and or families occupying the units as a home, or temporary home in the case of resort guests or other friends or visitors but shall specifically exclude any use for the purpose of timesharing, or interval ownership, lease, license or similar plans as those or similar terms are utilized in the real estate industry or as those or similar terms are expressed or defined in the Code of Laws of South Carolina, 1976, as amended.

(ee) General Meaning unless the context otherwise requires all other items in this Master Deed shall be assumed to have the meaning attributed to the said term by the Horizontal Property Act of the State of South Carolina, Title 27, Chapter 31 Code of Laws of South Carolina 1976, as amended as of the date of this Master Deed.

(ff) Timesharing, for purposes of this regime, shall mean any arrangement, plan or similar devise, whether by tenancy in common, sale, deed, membership agreement, lease, rental agreement, use agreement, security or contract for the use or right to use a unit, whereby the purchaser receives an undivided ownership interest in, or right to use if a lease, in and the right to use accommodations or facilities, or both, for a specific period of time during any given year, but not necessarily for consecutive years, which extends for a period of more than one year.

ARTICLE IV
SOUTH BEACH CLUB OWNERS ASSOCIATION

Section 1. FORMATION. Each Condominium Unit Owner shall be a member of South Beach Club Owners Association (hereinafter referred to as "Association"), a South Carolina Non-Profit Corporation existing under the laws of the State of South Carolina. The Association shall be managed by a Board of Directors elected by and from the Condominium Unit Owners.

Section 2. BY-LAWS. The affairs of the Association and the administration of the Condominium Property shall be governed by the provisions of this Master Deed and the By-Laws, a copy of which is attached hereto as Exhibit "E". The By-Laws of the Association may be amended from time to time, but only in the manner expressly provided in the By-Laws.

Section 3. VOTING. On all matters relating to the Association or to the Condominium Property upon which a vote of the Condominium Unit Owners is taken, the Condominium Unit Owner shall vote in proportion to his/her respective interest in the Common Elements as set forth in Exhibit "D". Any motion shall carry if it receives the affirmative vote of a simple majority of Condominium Unit Owners, unless a different majority is specified in this Master Deed or in the By-Laws. A simple majority of the Condominium Unit Owners shall consist of fifty-one (51%) percent of the total interest in the Common Elements.

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Section 4. BINDING EFFECT. All agreements, decisions, and resolutions legally made by the Association in accordance with the provisions of this Master Deed and the By-Laws shall be binding upon all Condominium Unit Owners.

Section 5. MANAGEMENT FIRM. The responsibility for administration of the Condominium Property may be delegated by the Association to a professional management firm. By proper resolution of the Association, such a management firm may be authorized to assume any of the functions, duties, and powers assigned to the Board of Directors in the By-Laws or in this Master Deed. The management firm shall be selected by the Declarant for the first year of operations.

ARTICLE V
DESCRIPTION OF UNITS; USE; ALTERATION

Section 1. GENERAL DESCRIPTION OF UNITS AND USE.

The property includes two (2) buildings containing a maximum of eighteen (18) individual units each for a total maximum of thirty-six (36) individual units all of which are to be used exclusively for residential purposes, it being the intent to specifically prohibit any business or commercial use and the ability to timeshare, create interval ownership, lease, license or similar multiple ownership plans as those or similar terms are utilized in the real estate industry or as those or similar terms are expressed or defined in the Code of Laws of South Carolina, 1976, as same may be amended. The units are capable of individual utilization on account of their having their own exits to the common elements of the property and a particular and exclusive property right thereto, and also an undivided interest in the general and limited common elements of the property, as

hereinafter set forth in this Master Deed, necessary for their adequate use and enjoyment as residential units (hereinafter referred to as "common elements") all of the above in accordance with the Horizontal Property Act of South Carolina. The graphic description and area of each apartment is shown on Exhibit C. The location within the buildings and the number of each unit is also shown in Exhibit C attached hereto and, by reference, incorporated herein.

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Each Condominium Unit, together with its undivided interest in Common Elements, shall constitute a separate parcel of real property, and each Condominium Unit Owner shall be entitled to exclusive ownership and possession of his/her Condominium Unit, subject to: (i) The provisions of this Master Deed and the easements, restrictions, covenants and encumbrances set forth herein; (ii) The By-Laws of the Association, as they may be amended from time to time, together with the regulations and resolutions that may be adopted by the Association or its Board pursuant to the By-Laws; (iii) The Horizontal Property Act of the State of South Carolina; (iv) The provisions of those covenants and restrictions recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in deed Book 224 at page 1036 and in Deed Book 176 at Page 203 and as same are amended; and (v) The following specific limitations on use:

No unit in any building may be owned by more than three (3) owners unless such multiple ownership is authorized by the Grantor. For purposes of this subparagraph, a married couple constitutes a single owner. A unit may be owned by a corporation or partnership only if the principal business activity of the corporation or partnership is a business or professional activity other than the ownership of condominium units. The purpose of this subparagraph is to preclude units being sold under vacation time-sharing, interval ownership or right-to-use programs.

The property, consisting of 4.950 acres is somewhat pie shaped with the Calibogue Sound bordering the western side, the Sound Villas the northern side, Beachside Tennis Villas the southern side and the eastern side being bordered by a 50' right of way known as South Sea Pines Drive and parcel "DD" which constitutes the entrance to Beachside Tennis Development. A more accurate description may be had by referring to the plat attached hereto as Exhibit "B".

The two Buildings on the property are located within all required set back lines and have been developed to permit maximum visual amenities to each unit.

The site will be suitably landscaped to blend with adjoining properties to form a harmonious part of the residential development of the area and to maintain the integrity of the project.

Parking will be available for each unit in spaces provided under each building and on level parking areas, all of which constitute part of the common elements.

Section 2. INDIVIDUAL UNITS.

The Unit number, layout, location and approximate area of each Unit is shown on the plans referred to in ARTICLE I above. The Units on the Property will be located as follows:

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In the West Atrium there will be a maximum of eighteen units numbered as follows:

- Floor 1 - 1901, 1902, 1903, 1904
- Floor 2 - 1909, 1910, 1911, 1912
- Floor 3 - 1917, 1918, 1919, 1920
- Floor 4 - 1925, 1926, 1927, 1928
- Floor 5 - Penthouse 1933, Penthouse 1934

In the north Atrium there will be a maximum of eighteen units numbered as follows:

- Floor 1 - 1905, 1906, 1907, 1908
- Floor 2 - 1913, 1914, 1915, 1916
- Floor 3 - 1921, 1922, 1923, 1924
- Floor 4 - 1929, 1930, 1931, 1932
- Floor 5 - Penthouse 1935, Penthouse 1936

There will be a maximum of thirty-six (36) units, of approximately 80,000 square feet total.

The Units are more particularly shown on the plans thereof attached hereto as Exhibit "C" which plans are incorporated herein in the same manner as if expressly set forth in this Article V, Section 2 and said plans, together with the Unit numbers and square footage of area in each Unit, and likewise together with the description of Unit boundaries as hereinafter set forth in Section 3, shall constitute a complete description of the Units within the Regime.

The structure consists of a reinforced concrete frame, structural steel studs, wood roof framing, stair towers of structural steel with concrete steps and landings with some structural steel in the basement.

Section 3. LEGAL DESCRIPTION.

Each Condominium Unit may be sufficiently described for purposes of deeds, mortgages, leases, and other conveyances by referring to its designated unit number and by reciting that it

is part of South Beach Club Horizontal Property Regime established by this Master Deed. The conveyance of an individual unit shall be deemed to convey the undivided interest in Common Elements appurtenant to that unit. The ownership of an undivided interest in Common Elements appurtenant to a unit shall be inseparable from the unit and no such undivided interest may be conveyed or encumbered except as an appurtenance to the unit.

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Section 4. MAINTENANCE AND REPAIR.

Every Unit Owner shall be responsible at his own expense for maintaining, repairing, and decorating all walls, ceilings, floors, and other elements of his unit as defined in Article V, Section 5. However, no Unit Owner shall make structural modifications or alterations to his Unit, nor shall any Unit Owner alter any door, window, vent, flue, terrace, deck, balcony or courtyard without obtaining prior written approval of the Board. Written notice of any intended modification shall be given to the Board, setting forth details and requesting approval. The Board shall consider the request and decide whether approval shall be granted. The Board shall advise the Unit Owner of its decision in writing within One Hundred Twenty (120) days from the receipt of the request. Nothing in this section shall relieve the Unit Owner from obtaining approval for alterations required by other applicable covenants or restrictions. No Unit Owner shall undertake to modify any portion of the Common Elements.

Section 5. BOUNDARIES; GENERAL RULE.

(a) The horizontal (upper and lower) boundaries of each Unit are the interior unfinished surfaces of the floors and ceilings of each Unit. The vertical or perimeter boundaries of each Unit, extended to an intersection with the upper and lower boundaries are as follows:

(1) As to all Unit exterior walls which physically divide the Unit from common elements of a building, it shall be the vertical plane of the interior surface of the exterior sheathing and the vertical plane of the exterior surface of all insulated glass windows and all doors.

(2) As to all Unit exterior walls which physically divide one Unit from another Unit, it shall be the vertical plane of the centerline of said partition walls.

(3) All vertical planes of each Unit shall extend to intersections with each other.

(b) All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, carpet, and any other materials constituting any part of the finished

surfaces of the walls, floors, and ceilings which are the boundaries of a Unit, together with all speakers, telephones, and other communication equipment and all built-in light fixtures, wires, service outlets, vent outlets, heating and cooling Units and duct work, electrical switches, thermostats, hot water heaters, toilet and other bathroom fixtures and any and all other similar mechanical or physical fixtures which are within the perimeter walls or ceilings and serving a single Unit shall be deemed to be within the boundaries of each Unit and shall not constitute common elements.

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(c) Any chute, flue, duct, chase, conduit, bearing wall, bearing column and all other similar mechanical or physical fixtures except those designated in paragraph (b) above, whether or not it lies partially within and partially outside the designated boundaries of a Unit, is a common element.

(d) Subject to the provisions of paragraph (c), all spaces, interior non-bearing partitions, and other fixtures and improvements within the boundaries of a Unit installed within the perimeter walls or ceilings whether as a part of the original construction or as part of subsequent construction, are a part of the Unit.

Section 6. ALTERATIONS IN UNITS.

(a) A Unit owner may make any improvements or alterations to his Unit so long as said improvements and alterations do not in any way impair the structural integrity or mechanical systems, or lessen the support of, any portion of the building.

(b) Except as provided hereinafter in Section 6(d), no person may change the appearance of the common elements, or the exterior appearance of a Unit, without prior written approval of the Association.

(c) In the situation where a Unit owner owns adjoining Units, after giving notice to the Association, a Unit owner may alter a partition wall between such adjoining Units owned by him to create an opening in that wall. Should same occur, the definition of the boundary provided in Section 5 shall pursue the perimeter of the combined units and all items within said exterior definition as per Section 5 shall be a part of said larger or expanded unit and not common elements.

(d) No alteration of a Unit, including an alteration of a Unit boundary pursuant to Section 6 of this Article, which either affects the structural integrity or mechanical systems of the building or results in changes visible from outside the Unit, may be undertaken without the prior written approval of the Association. However, the Association shall approve any proposed

alteration unless the alteration would adversely affect the exterior appearance of the building or any common elements therein, or the health, safety or quiet enjoyment of another Unit owner or owners. Any Unit owner altering a Unit pursuant to this Section shall: (1) provide for waivers of all mechanics lien rights which may arise as a result of the alteration; (2) provide certificates of insurance insuring against all losses commonly insured against arising out of the work naming the Association as an additional insured; (3) indemnify and hold the Association and all other Unit owners harmless from the effect of the work; and (4) minimize the disturbance of other Unit owners during the course of the work.

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(e) When any alterations approved by the Association are completed, the affected Unit owners shall deliver to the Association a copy of the "as built" plans and specifications certified by an engineer or architect licensed to practice in South Carolina.

Section 7. USE OF UNITS.

(a) Each Unit is restricted as to use by the Owner or Owners thereof, their lessees and invitees, it being the intent of the Declarant that the Unit may be used solely for residential use as per Article III (dd) and (ff).

Section 8. DEEDS TO UNITS.

On the transfer of a Unit, a deed effecting that transfer conveys all the seller's interests in that Unit to the purchaser, including the seller's interest in the real and personal property of the Association, any reserve accounts applicable to that Unit, and in any cause of action or chose in action either of the Association or arising out of his ownership of that Unit, whether or not those interests are expressly described in the deed.

Section 9. ASSESSMENTS FOR COMMON EXPENSES;
RESPONSIBILITIES FOR MAINTENANCE.

The obligations of all Unit owners with regard to assessments for common expenses and the maintenance and repair of the individual Units shall be as provided in the By-Laws of the Association which are attached hereto as Exhibit "E" and made a part hereof.

ARTICLE VI
COMMON ELEMENTS

The Common Elements of the Property are as follows:

Section 1. THE GENERAL COMMON ELEMENTS ARE AS FOLLOWS:

(a) The Property excluding the limited common elements and the Units, and including, but not limited to the land on which the Units are constructed, the foundations, roofs, elevators, stairways, exterior portions of perimeter walls, walls and partitions separating Units, load-bearing interior walls and partitions, slabs, concrete floors, and pipes, wires, conduits and public utility lines. In each instance there shall also be included the space actually occupied by the above.

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(b) Parking facilities located on the Property, which are shown on the plat of the Property attached hereto and identified as Exhibit "B".

(c) All roads, walkways, handicapped ramps, sidewalks, paths, trees, shrubs, yards, (except such as are designated as limited common elements) gardens, pools, planter areas, etc.

(d) All installations, and area occupying same, outside of the Units for trash, mail, signage directory and for services such as power, light, natural gas, telephone, television, water and other similar utilities.

(e) All sewer, drainage and irrigation pipes, excluding those which are the property of the utility district.

(f) Such easements through the Units for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility services to Units, general common elements and limited common elements and easements for access, 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 re-construction of all or any part thereof, except such easements as may be defined as "Limited Common Elements".

(g) All swimming pools, pool houses, decks and other amenities in connection herewith.

(h) All areas not designated as a limited common element and not described in ARTICLE V, Section 5 hereof and all other elements of the Property constructed or to be constructed on the Property, rationally of common use or necessary to the existence, upkeep and safety of the Property and in general all other devices or installations existing for common use.

Section 2. THE LIMITED COMMON ELEMENTS ARE AS FOLLOWS:

(a) All terraces, decks, and balconies immediately adjacent to each Unit or to which each Unit has direct access from the interior thereof as shown on the floor plans and plat identified as Exhibit "C" or on the plat identified as Exhibit "B".

ARTICLE VII
COMMON ELEMENTS - OWNERSHIP AND USE

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Section 1. OWNERSHIP OF COMMON ELEMENTS.

Each Unit Owner shall own as an appurtenance of his unit the undivided interest in the Common Elements specified in Exhibit "D". The percentage interest set out therein represents the values of each Unit in proportion to the total value of the Property, as well as the proportionate representative for voting purposes in the meeting of the Association. For the purposes of this instrument, the total value of the Property herein is Thirteen Million Two Hundred Sixty Five Thousand and 00/100ths (\$13,265,000.00) Dollars. The stated individual value for each Unit indicated in Exhibit "D" shall not be deemed to establish or limit the price for which the Property or any unit may be sold or exchanged.

Section 2. NO PARTITION.

So long as this Master Deed has not been terminated in accordance with the provisions of Article XXVI, and so long as two-thirds (2/3) of the Condominium Property has not been substantially destroyed within the meaning of Article IX, the Common Elements shall remain undivided; and no Unit Owner shall have the right to bring any action for partition or division.

Section 3. USE OF COMMON ELEMENTS.

Each Unit Owner shall have the right to use the Common Elements for their intended purposes in common with all other Unit Owners. Each Unit Owner shall have also a non-exclusive easement appurtenant to his unit for ingress and egress over the Common Elements for access to and from his unit, which shall extend to the family members, guests, agents and servants of the Unit Owner. All rights to use and enjoy the Common Elements shall be subject to the provisions of the Horizontal Property Act, this Master Deed, the Covenants, the By-Laws of the Association, and all rules and regulations adopted by the Association pursuant to the By-Laws.

Section 4. OPERATION AND MAINTENANCE.

The maintenance, repair, replacement, management, operation and use of the Common Elements shall be the responsibility of the Board, and the expenses incurred for such purposes shall be assessed as Common Expenses. The Board may, however, delegate these duties to a management firm.

ARTICLE VIII
COMMON EXPENSES

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Section 1. ENUMERATION OF EXPENSES.

Each Unit Owner shall bear in proportion to his respective interest in the Common Elements the following expenses:

1.1 Expenses incurred in operating, maintaining, improving, repairing and replacing the Common Elements.

1.2 Expenses incurred in operating, maintaining, improving, repairing, insuring, replacing, etc. the swimming pool and other associated amenities, in common and in proportion of total unit value with other owners of South Beach Club Villas.

1.3 Expenses incurred in administering the affairs of the Association including salaries, wages and any compensation paid to a management firm for such purpose.

1.4 Cost of providing liability insurance and hazard insurance adequate to cover the Condominium Property, exclusive of unit contents and furnishings, as provided in Article XXI of this Master Deed.

1.5 Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.

1.6 Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.

1.7 Any other costs related to the operation of the Condominium Property or administration of the affairs of the Association which are declared by this Master Deed to be Common Elements, and any valid charge against the Condominium Property as a whole.

Section 2. ASSESSMENTS.

All assessments of Common Expenses shall be fixed by the Board and made payable at such times as the Board determines, but

no less frequently than quarterly.

Section 3. LIABILITY OF UNIT OWNER.

No Unit Owner may exempt himself or herself from liability for common expenses by waiving the use or enjoyment of the Common Elements or by abandoning his or her unit.

Section 4. LIEN UPON UNIT.

All assessments of the Association for the pro rata share of Common Expenses chargeable to any unit which are unpaid after becoming due shall, upon proper recording in the Office of the Clerk of Court for Beaufort County, South Carolina, constitute a lien against such Unit prior and superior to all other liens except: (1) Liens for property taxes upon the Unit in favor of any taxing authority; and (2) mortgage liens duly recorded prior to such delinquency. The lien of such assessments may be foreclosed by the Board acting in behalf of the Association in the same manner as a mortgage upon real property. In the event of foreclosure the Unit Owner shall be required to pay a reasonable rental for the Unit during pendency of the foreclosure action, and a Receiver may be appointed to collect the rentals during such period. The Board, in behalf of the Association, may bring suit for judgments against the Unit Owner in the amount of delinquent assessments. In the event of foreclosure or suit for money judgement, a reasonable amount may be added to the sum due for attorney's fees and other costs of collection. The lien created by this section shall cover rentals accruing during the pendency of the foreclosure action and any reasonable amount of attorney's fees and other costs of collection.

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Section 5. SALES OF UNIT.

Upon the sale or conveyance of a Unit, all unpaid assessments against a Unit Owner for his pro rata share of Common Expenses shall first be paid out of the sale price or by the purchaser or grantee in preference over any other assessments, charges, or liens, except the following:

5.1 Lien for taxes and special assessments upon the Unit which are unpaid.

5.2 Payment due under mortgages upon the Unit which are duly recorded prior to such sale or conveyance.

Section 6. FORECLOSURE PURCHASER.

If the Institutional mortgagee of a Unit acquires title by foreclosure of its mortgage, or by deed in lieu of foreclosure, or if a purchaser acquired title at a foreclosure

sale, such purchaser shall not be liable for the share of Common Expenses assessed by the Association upon the Unit so acquired accruing after the date of recording of such mortgage but prior to the acquisition of title. The unpaid assessments occurring during such period shall be deemed Common Expenses collectible from all Unit Owners, including such purchaser, his successors, heirs and assigns. The provisions of this Section, however, shall not release any Unit Owner from personal liability for unpaid assessments.

Section 7. RECORDS.

1291

The Board, or a management firm, which it employs, shall keep accurate and detailed records, in chronological order, of receipts and disbursements connected with the operation, administration, maintenance, repair and replacement of the Condominium Property. Such records, together with the vouchers authorizing payments, shall be available for examination by the Unit Owners at convenient hours on working days, with the appropriate hours being set and announced for general knowledge.

Section 8. DEFAULT.

In the event of any default on the part of any co-owner under any first mortgage made in good faith and for value, which entitled the owner thereof to foreclose same, any sale under such foreclosure, including delivery of a deed to the first mortgagee in lieu of such foreclosure, shall be made free and clear of the provisions of the Declaration of Covenants, Restrictions and Affirmative Obligations of Sea Pines Plantation Company dealing with the repurchase option of first refusal reserved unto the Grantor. The purchaser under such foreclosure sale (or grantee under such deed in lieu of foreclosure) of such condominium unit shall be thereupon and thereafter subject to all of the provisions of said Master Deed. Provided, however, that if the purchaser at such foreclosure sale (or the grantee under deed given in lieu of foreclosure) shall be the then holder of the first mortgage, or its nominee, the said holder or nominee may thereafter sell and convey the Condominium Unit free and clear of the provisions of said declaration dealing with the repurchase option of first refusal, but its grantee shall thereupon and thereafter be subject to all of the provisions thereof.

ARTICLE IX REVOCATION AND AMENDMENT

The dedication of the Property to the Horizontal Property Regime herein shall not be revoked, or the Property removed from the Horizontal Property Regime, and none of the provisions herein shall be amended, except as otherwise provided herein, unless all of the co-owners and the mortgagees of all the

mortgages covering the Units unanimously agree to such revocation, amendment, or removal of the Property from the Horizontal Property Regime by duly executed and recorded instrument.

ARTICLE X
PERCENTAGE OF INTEREST OF UNITS

Section 1. PERCENTAGE OF INTEREST BASED ON COMPARATIVE VALUE:

1292

The percentage of title and interest appurtenant to each Unit and the Unit owners title and interest in the common elements (both general and limited) of the Property and the proportionate share in the profits and common monthly expenses as well as the proportionate representation for voting purposes in the meetings of the Association is based on the proportionate value of each Unit to the value of the total Property as set forth in Exhibit "D" attached hereto and made a part hereof. The proportionate representation for voting purpose and the percentage of the undivided interest in the common elements (both general and limited) provided in this paragraph and in Exhibit "D" shall not be altered without the acquiescence of the co-owners representing all of the Units expressed in an amendment to this Master deed duly executed and recorded.

ARTICLE XI
ADMINISTRATION AND BY-LAWS

Section 1. ASSOCIATION; BY-LAWS

As noted in ARTICLE II hereof, Declarant has caused to be incorporated under the laws of the State of South Carolina a corporation known as The South Beach Club Owner's Association, which shall be an incorporated Council of Co-Owners to serve as the body by which the Unit owners will manage the affairs of the Regime. Each Unit owner shall have voting rights in said Association in the same percentage as the percentage of interest his Unit has in the common elements. The administration of the Regime, and consequently of the Association, consisting as aforesaid the Property described in ARTICLE I, II and III, shall be in accordance with the provisions of the By-Laws which are incorporated herein, made a part hereof and are attached hereto as Exhibit "E".

Section 2. AUTOMATIC MEMBERSHIP IN ASSOCIATION.

Each Unit owner shall automatically become and be a member of the Association for so long as Unit ownership continues and shall exercise such percentage of vote in all matters as

shown in exhibit "D" attached hereto. In the event that a Unit is owned by more than one person, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all the record owners of the said Unit and filed with the Secretary of the Association. Further, should such Unit owner be a corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by the President or Vice President of the corporation and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. All such certificates shall be valid until revoked, superseded by a subsequent certificate, or until there has been a change in ownership of the Unit concerned.

1293

ARTICLE XII
HORIZONTAL PROPERTY REGIME CONSTITUTED

As appears above, a Horizontal Property Regime is hereby constituted under and subject to the provisions of the Horizontal Property Act of the State of South Carolina, so that Units may be conveyed and recorded as individual properties capable of independent use and each having its own exit to the common elements of the Property, and each Unit co-owner having an exclusive and particular right over his respective Unit and in addition the specified undivided interest in the common elements of the Property.

ARTICLE XIII
DECLARANT SUBJECT TO MASTER DEED;
DECLARANT USE

So long as the Declarant owns one or more of the Units, the Declarant shall be subject to the provisions of this Master deed and the Exhibits attached hereto and the Declarant covenants to take no action which will adversely affect the rights of the Regime assigned to the regime by reason of the establishment of said Horizontal Property Regime; provided, however, that Declarant as in the case with any other Unit owner, shall have the absolute right and privilege of leasing any or all of the Units owned by it on a short or long term basis for the uses permitted by this Master Deed, and that Declarant's lessees, invitees, guests, etc., shall be entitled to all of the privileges and rights, and be subject to the requirements hereunder, of a co-owner with respect to the use of the Property excluding voting rights which shall remain with the Declarant.

ARTICLE XIV
COMMON ELEMENTS NOT PARTITIONED

Except as provided in ARTICLE XXIII hereof, the common

elements shall remain undivided and no co-owner shall bring any action for partition and/or division; provided, however, that this Section shall not be construed to prevent the Association from adopting a plan of designated parking for specific Units.

ARTICLE XV
COMMON ELEMENTS NOT SEVERABLE FROM UNITS

1294

The undivided interest in the common elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

ARTICLE XV
RESERVATION OF RIGHTS RELATING TO PARKING AREAS

Declarant specifically reserves the right and authority in the Board of Directors of the The South Beach Club Owners' Association, Inc. to create rules and regulations with respect to parking and traffic regulation on the Property, including, but not necessarily limited to, the creation of designated parking areas for specific Units. The specific parking assignments shall be as provided in Exhibit F attached hereto and made a part hereof.

ARTICLE XVI
RESTRICTIONS, COVENANTS, EASEMENTS

Section 1. COVENANT TO COMPLY WITH RESTRICTIONS
AND OBLIGATIONS.

Each Unit Owner by acceptance of a deed to a Unit in this horizontal property regime ratifies and covenants to observe in behalf of himself, his heirs, successors and assigns, the following:

1.1 The Declaration of Covenants, Restrictions and Affirmative Obligations applicable to all Multi-Family Residence Areas, dated July 9, 1964 and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 124 at Page 35, and any applicable recorded additions and amendments thereto (hereinafter called the "Covenants").

1.2 The Declaration of Covenants and Restrictions for South Beach and provisions for the South Beach Owners Association, Inc., declared by the Lighthouse Beach Company and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 176 at Page 203.

1.3 The Declaration of Covenants and Restrictions by Sea Pines Plantation Company, dated September 7, 1974, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 224 at Page 1036, and any recorded amendments thereto.

1.4 This Master Deed, the By-Laws, decisions, and resolutions of the Association, Board, or their representatives, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief; provided that nothing contained herein shall limit the rights of the Sea Pines Plantation Company as set forth in the aforesaid Declaration. 1295

1.5 The specific limitations on use set forth at Section 1 of Article V above.

Section 2. UTILITY EASEMENTS.

Each Unit Owner shall have a non-exclusive easement appurtenant to his or her Unit for the use in common with other Unit Owners of all pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements located in any other Unit or within the Common Elements and serving his Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use the pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements serving the Unit which is located in such Units.

Section 3. ENCROACHMENTS.

There shall be an easement in favor of the Association to the extent that any portion of the Common Elements encroaches upon any Unit, and there shall be an easement appurtenant to any Unit to the extent any portion of the Unit encroaches upon the Common Elements or upon another Unit, whether such encroachment presently exists or occurs hereafter as a result of:

- (1) settling or shifting on any part of the Condominium property;
- (2) repair, alteration or reconstruction of the Common Elements made by the Association or with its consent;
- (3) repair or reconstruction necessitated by condemnation of any part of the Condominium Property. Any such easements shall be permitted and maintained so long as this Master deed remains in effect and the Condominium Property remains subject to the

Horizontal Property Act.

Section 4. RIGHT OF ACCESS.

The Association shall have the right of access to each Unit during reasonable hours and with reasonable notice for maintaining, repairing, or replacing any Common Elements located within or accessible through the Unit or for making emergency repairs within the Unit necessary to prevent damage to the Common Elements or to another Unit. This easement and right of access may be exercised by the Board, by its agents and employees, or by a management firm to whom the responsibility of maintenance has been delegated. Damages resulting to any Unit because of such maintenance repairs shall be corrected promptly at the expense of the Association.

1296

Section 5. PUBLIC UTILITY EASEMENTS.

The Condominium Property is subject to easements for access, ingress, and egress to adjacent utility owned property and to utility easements for installation, operation, and maintenance of electric and telephone distribution lines and for installation, operation and maintenance of water and sewer lines. The Board may grant easements and relocate existing easements for installation of utilities if such easements are beneficial to the operation of the Condominium Property. If the location or nature of any utility easement is adverse to the Condominium Property or of doubtful benefit, the Board may grant such easements only when authorized by a vote of the Association.

Section 6. DEVELOPER'S EASEMENT.

The Grantor, its assignees, agents, servants, contractors, and subcontractors, shall have a non-exclusive easement to use private walkways and common elements for the purpose of ingress and egress, construction and unit sales and for such other uses as is necessary to successfully achieve the above mentioned purposes. In addition, the above mentioned parties may maintain one or more units as models and sales offices. Such easement shall terminate upon the date on which all sales of South Beach Club units have closed, are complete and all contractual or warranty obligations of the above mentioned parties appertaining to South Beach Club have terminated.

ARTICLE XVIII
NONUSE NOT EXEMPTION OF LIABILITY FOR
COMMON EXPENSES

No co-owner of a Unit may exempt himself from liability for his contribution toward the common expenses by waiver of the

use or enjoyment of any of the common elements or by the abandonment of his Unit.

ARTICLE XIX
ALL USERS OF PROPERTY SUBJECT TO MASTER DEED

1297

All present or future co-owners, tenants, future tenants, or any other person that might use the facilities of the Property in any manner, including those who may lease from the Declarant, are subject to the provisions of this Master Deed and any authorized amendments thereto, and the mere acquisition or rental of any of the Units shall signify that the provisions of this Master Deed and any authorized amendments thereto are accepted and ratified by said future co-owner, tenant, future tenants or other person.

ARTICLE XX
ASSESSMENTS SUBORDINATE TO MORTGAGEE
TAKING TITLE

Where a mortgagee or other purchaser of a Unit obtains title by reason of foreclosure or deed in lieu of foreclosure of a mortgage covering a Unit, such acquirer of title, his or its heirs, successors, assigns or grantees, shall not be liable for assessments by the Association which became due prior to the acquisition of title by such acquirer, it being understood, however, that the above shall not be construed to prevent the Association from filing and claiming liens for such assessments and enforcing same as provided by law, and that such assessment shall be subordinate to such mortgage.

ARTICLE XXI
INSURANCE

The Board of Directors of the Association shall be required to obtain and maintain those types and forms of insurance as are required by ARTICLE VIII of the By-Laws set forth in Exhibit "E" attached hereto and made a part hereof.

Section 1. HAZARD INSURANCE.

The Board shall insure the Condominium Property against loss or damage due to fire and lightning, with extended coverage in an amount equal to the maximum insurable replacement value of the Condominium Property as determined by its annual appraisal. The Board shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Condominium Property. All hazard insurance shall cover the entire Condominium Property, exclusive only of the contents and

furnishings of the individual.

1.1 All hazard insurance policies obtained by the Board shall designate the Board as the named insured as Insurance Trustee for the benefit of all Unit Owners and their mortgagees 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 this Master Deed.

1298

1.2 All hazard insurance policies obtained by the Board shall provide for the issuance of Certificates of Insurance to each Unit Owner. Each Certificate shall evidence the insurance of the Master Policy and shall indicate the amount of insurance covering the building within which the respective Unit is located. If a Unit is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

1.3 If obtainable, all hazard insurance policies upon the Condominium Property shall include provisions waiving:

- (1) Any rights of the insurer to subrogation against the Association, its agents and employees, and against the individual Unit Owners and their servants, agents, and guests;
- (2) Any rights of the insurer to contribution from hazard insurance purchased by the Unit Owners upon the contents and furnishings of their Units.

Section 2. 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 Unit Owner and to liabilities of one Unit Owner to another Unit Owner.

Section 3. WORKMEN'S COMPENSATION INSURANCE. The Board, as necessary, shall obtain Workmen's Compensation Insurance to meet the requirements of law.

Section 4. PREMIUMS. All premiums upon insurance policies purchased by the Board shall be assessed as Common Expenses and paid by the Board.

Section 5. INSURANCE BY UNIT OWNER. Each Unit Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal property, decorations and

furnishings within his own Unit, and the additions and improvements made by him to the Unit. Each Unit Owner shall also be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Unit. All such insurance policies shall include, however, provisions waiving:

- (1) Any right of the insurer to subrogation to claims against the Association and against individual Unit Owners, as well as their agents, servants, employees and guests; and
- (2) Any right of the insurer to contribution or pro-ration because of the master hazard policy.

1299

Section 6. 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 substitute 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 Master Deed.

ARTICLE XXII
RECONSTRUCTION AND REPAIR

In the event of casualty loss or damage to the Property the provisions of ARTICLE IX of the By-Laws as set forth in Exhibit "E" shall govern all matters pertaining to reconstruction and repair.

ARTICLE XXIII
CONDEMNATION

In the event of a condemnation of a portion of the Property which is subject to this Master deed, no reallocation of interests in the common areas resulting from a partial condemnation of such a Project may be effected without the prior approval of the Unit Owners and the eligible holders holding mortgages on all remaining Units, whether existing in whole or in part, and which have at least seventy-five (75%) percent of the votes of such remaining Units subject to eligible holder mortgages.

The Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the

common areas, or part thereof. Each Unit Owner appoints the Association as attorney-in-fact for such purposes. In the event of a taking or acquisition of part or all of the common elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or the Insurance Trustee, for the use and benefit of the Unit Owners and their mortgagees as their interests may appear.

ARTICLE XXIV
EASEMENT FOR ENCROACHMENT

1300

If any portion of the common elements now encroaches upon any Unit or if any Unit now encroaches upon any other Unit or upon any portion of the common elements, or if any such encroachment shall occur hereafter as a result of: (a) settling of the building; (b) alteration or repair to the common elements made by or with consent of the Board or; (c) as a result of repair or restoration of a building or any Unit by damage by fire or other casualty; or (d) as a result of condemnation or eminent domain proceedings, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the building or buildings remain standing.

ARTICLE XXV
OTHER REGIME EASEMENTS

Each Unit Owner shall have an easement in common with the owners of all other Units to use all pipes, wires, ducts, flues, cables, conduits, public utility lines and other common elements, if any, located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use the pipes, wires, ducts, flues, cables, conduits, public utility lines and other common elements serving such other Units and located in such Unit. The Board shall have the right of access to each Unit to inspect the same to remove violations therefrom and to maintain, repair or replace common elements contained therein or elsewhere in the building.

ARTICLE XXVI
TERMINATION

Section 1. CASUALTY OR CONDEMNATION.

If after January 1, 1991, two-thirds (2/3) or more of the Condominium Property is substantially destroyed or taken by condemnation, the Condominium Property may be removed from the provisions of this Master deed and the Horizontal Property Act in accordance with Article IX.

Section 2. VOLUNTARY TERMINATION.

This horizontal property regime may also be terminated, removing the Condominium Property from the provisions of this Master Deed and the Horizontal Property Act, if the record owners of title to the Units and the record owners of mortgages upon the Units agree in a written instrument to termination unanimously or in such percentage as may then be required for termination by the Horizontal Property Act. Termination shall become effective upon recordation of such written instrument, duly executed by the requisite number of Unit Owners and institutional mortgages.

Section 3. OWNERSHIP AFTER TERMINATION.

1301

After termination of this horizontal property regime, the Unit Owners shall own the Condominium Property as tenants in common in undivided shares and the holders of mortgages and liens upon the Units shall have mortgages and liens upon the respective undivided common interest of the Unit Owners. The undivided share of each tenant in common shall be the same as his undivided interest in Common Elements prior to termination. Any asset of the Association, any funds held by the Board, and any insurance proceeds shall also be the property of the former Unit Owners and tenants in common in the same undivided shares as their interest in Common Elements prior to termination. The costs incurred by the Board in connection with termination shall be considered a Common Expense.

Section 4. PARTITION.

After termination, the Condominium Property shall be subject to an action for partition by any Unit Owner or any lienor in which event the net proceeds from the judicial sale shall be divided among all Unit Owners in proportion to their respective interest in Common Elements and paid to each Unit Owner and institutional mortgagee.

ARTICLE XXVII
SEVERABILITY

The provisions hereof shall be deemed independent and severable and the invalidity in whole or in part of any section, sub-section, sentence, clause, phrase or word, or other provision of the Master Deed and the By-Laws or any authorized amendment thereto shall not impair or affect in any manner the validity or enforceability of the remaining portions thereof and, in such event, all of the other provisions of this Master deed shall continue in full force and effect as if such invalid provision had never been included therein.

ARTICLE XXVIII
NON-WAIVER

No provision contained in this Master Deed shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

ARTICLE XXIX
GENDER AND NUMBER

1302

The use of the masculine gender in this Master Deed shall be deemed to refer to the feminine and neuter gender, and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

ARTICLE XXX
APPLICABLE LAW

This Master Deed is set forth to comply with the requirements of the Horizontal Property Act of South Carolina as presently constituted or as hereafter amended. In case any of the provisions stated above conflict with the provisions of said statute, the provisions of said statute shall control.

ARTICLE XXXI
CAPTIONS

The captions herein are inserted only as a matter of convenience and reference and in no way define, limit or describe the scope of this Master Deed or the intent of any provisions hereof.

ARTICLE XXXII
EXHIBITS

All exhibits to this Master Deed shall be an integral part of this instrument.

ARTICLE XXXIII
CONFLICTS

This Master Deed is made and declared in compliance with the Horizontal Property Act of the State of South Carolina. In the event of any conflict between this Master Deed and the provisions of the Horizontal Property Act, the provisions of the

Horizontal Property Act, the provisions of this statute shall control.

ARTICLE XXXIV
INVALIDITY

The invalidity of any provisions of this Master Deed shall not impair the validity, enforceability, or effect of the remaining provisions; and in such event, all other provisions shall continue in full force as if the invalid provisions had not been included.

1303

IN WITNESS WHEREOF, South Beach Club Associates, by its general Partner, has executed this Master Deed, and affixed its seal hereto this 9th day of March in the year of Our Lord One Thousand Nine Hundred and Eighty-three and in the Two Hundred and Seventh year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

SOUTH BEACH CLUB ASSOCIATES,
a South Carolina Limited
Partnership

Kay B. Weiger
James H. Buel

By: Mark W. McGroarty
Mark W. McGroarty, General
Partner

STATE OF SOUTH CAROLINA)

PROBATE

COUNTY OF BEAUFORT)

PERSONALLY appeared before me KAY B. GEIGER
who, on oath, says, that s/he saw the within named SOUTH BEACH
CLUB ASSOCIATES, a South Carolina Limited Partnership, but its
General Partner sign the within Master Deed, and that said
Partnership by said Partner, seal said Deed, and as its act and
deed, deliver the same and that s/he with
Jack A. Bice witnessed the execution thereof.

Kay B. Geiger 1304

SWORN TO before me this 17th
day of MARCH, 1983.

Jack A. Bice (L.S.)
Notary Public for South Carolina
My Commission Expires: 5/4/87

SOUTH BEACH CLUB
HORIZONTAL PROPERTY REGIME

INDEX TO EXHIBITS

Exhibit "A"	Description of Land	1305
Exhibit "B"	Plat of Land	
Exhibit "C-1"	Site plan, Elevations and Floor Plans of Building and Units	
Exhibit "C-2"	Architect's Certificate	
Exhibit "D"	Percentage of Interest applicable to Units.	
Exhibit "E"	By-Laws of The South Beach Club Horizontal Property Regime and South Beach Club Owners' Association	

EXHIBIT "A"

DESCRIPTION OF LAND

1306

ALL that certain piece, parcel or tract of land situate, lying and being on Hilton Head Island, in Beaufort County, South Carolina, containing 4.950 Acres, and being more particularly described as Parcel "AA" on a plat entitled "A Plat of Parcel "AA" Beachside Villa, A Section of Sea Pines Plantation, " prepared by Jerry L. Richardson, SC RLS #4784, dated September 2, 1981 and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 29 at Page 179.

Said property being more and particularly described as follows:
Beginning at a point located on the western right-of-way of South Sea Pines Drive shown as POINT OF COMMENCING thence N43°51'55"W, a distance of 133.47 feet to a point shown as POINT OF BEGINNING; thence S46°08'04"W a distance of 48.21 feet to a point; thence S08°31'39"W a distance of 132.01 feet to a point; thence S88°36'56"W a distance of 497.61 feet to a point; thence N02°47'17"E a distance of 143.73 feet to a point; thence N11°49'13"E a distance of 395.39 feet to a point; thence S69°38'30"E a distance of 438.90 feet to a point; thence S08°40'26"W a distance of 51.06 feet to a point; thence S06°27'31"E a distance of 48.42 feet to a point; thence S23°40'36"E a distance of 93.41 feet to a point; thence S43°51'55"E a distance of 24.63 feet to said POINT OF BEGINNING.

EXHIBIT "B" TO MASTER DEED
SOUTH BEACH CLUB HORIZONTAL PROPERTY REGIME

PLAT/SURVEY OF PROPERTY TO BE ATTACHED

Plat recorded in the
office of the clerk of
court for Beaufort Co.
in Plat Book 29 @ P 179

1307

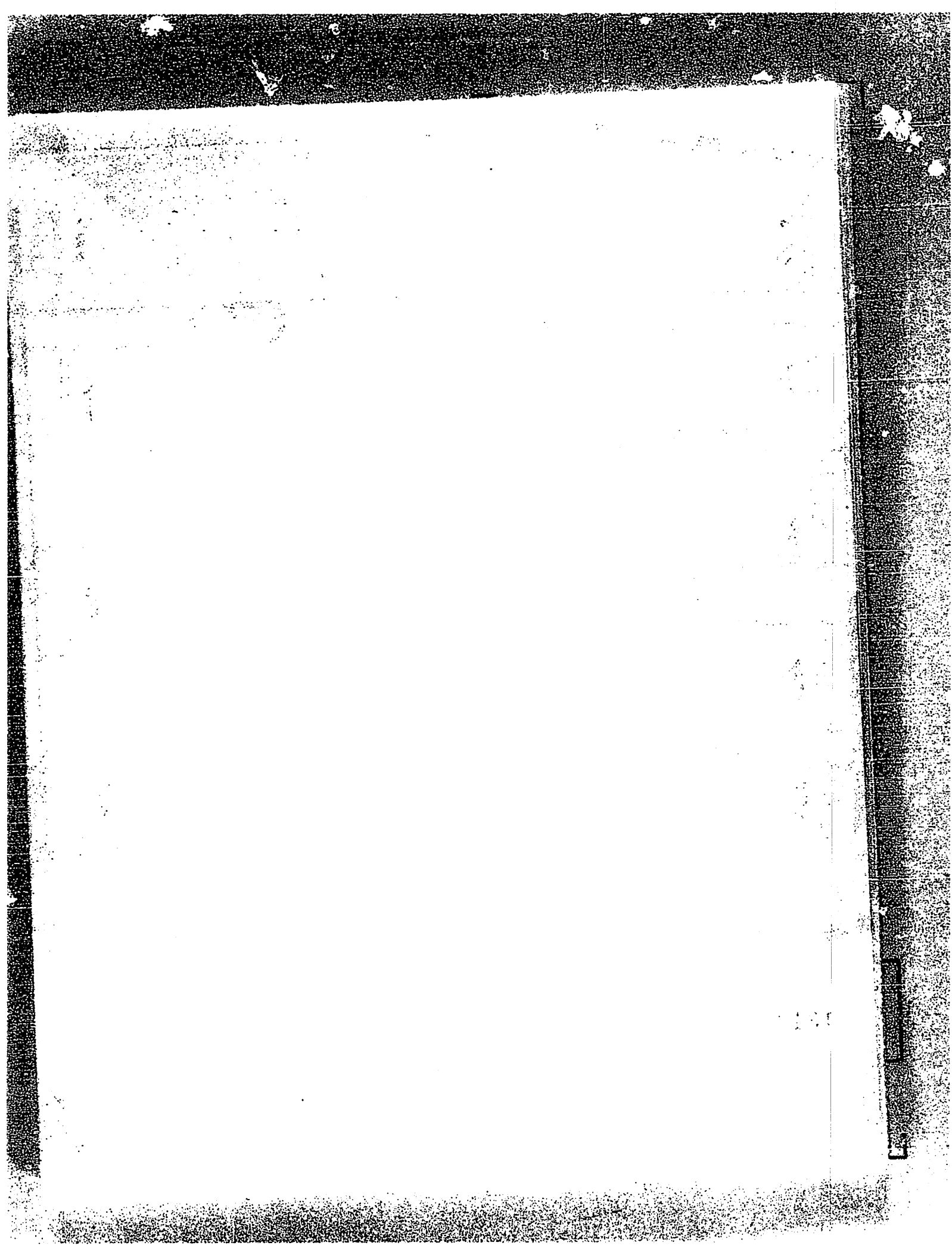
EXHIBIT "C-1" TO MASTER DEED
SOUTH BEACH CLUB HORIZONTAL PROPERTY REGIME

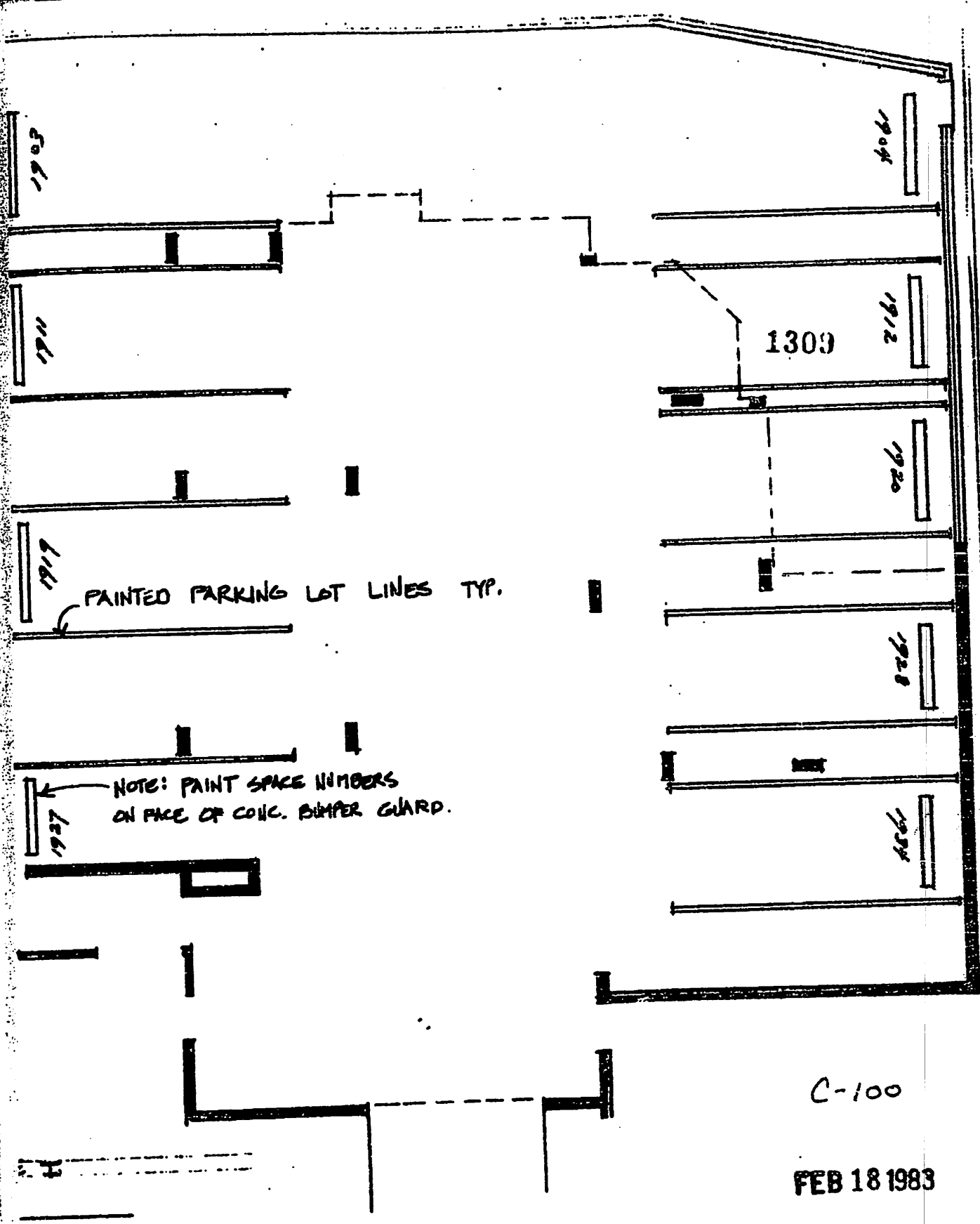
PLANS AND SPECIFICATIONS

C-1 - C-101

1308

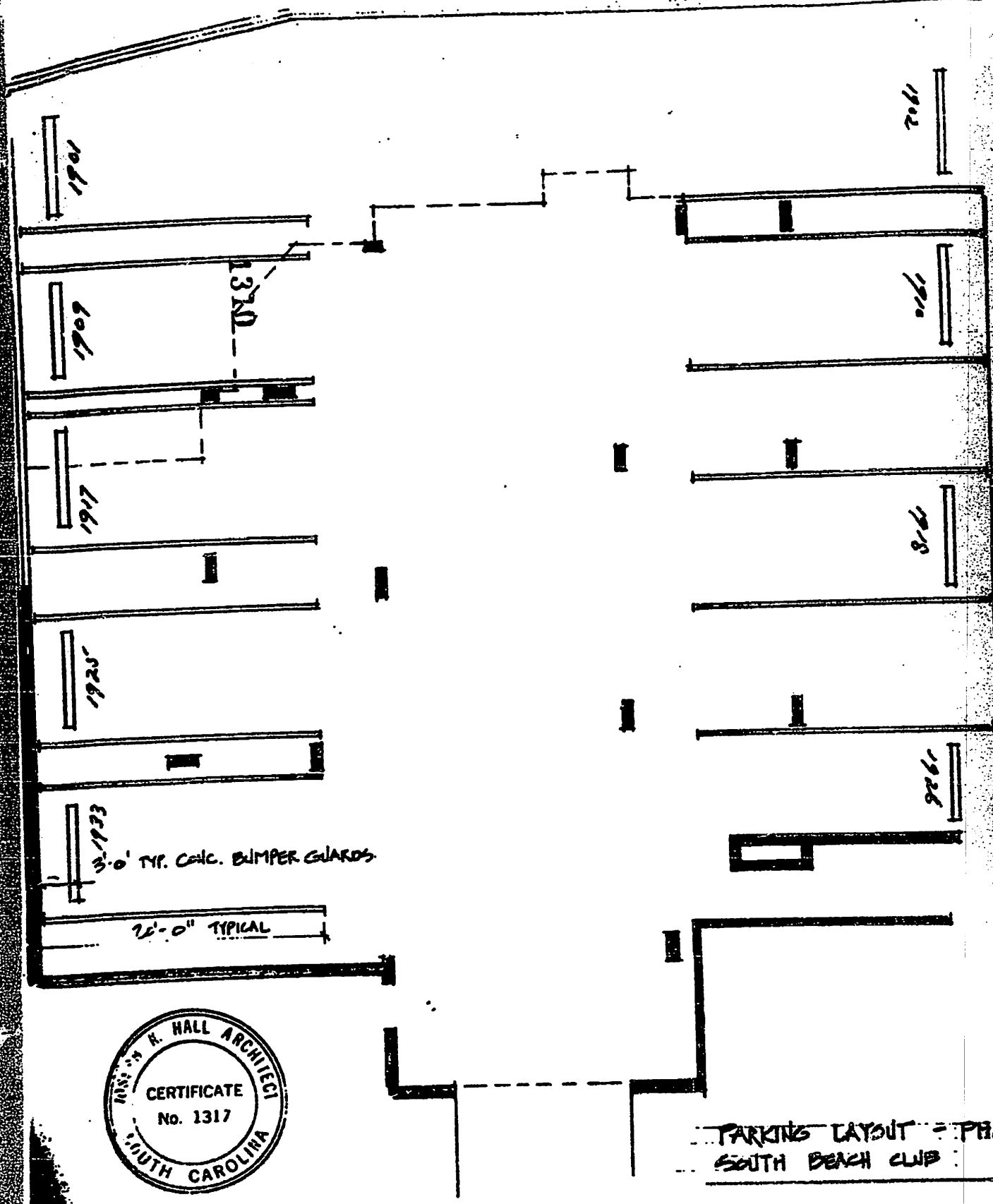
(C-100 & C-101
PARKING LAYOUT
ATTACHED)





C-100

FEB 18 1983

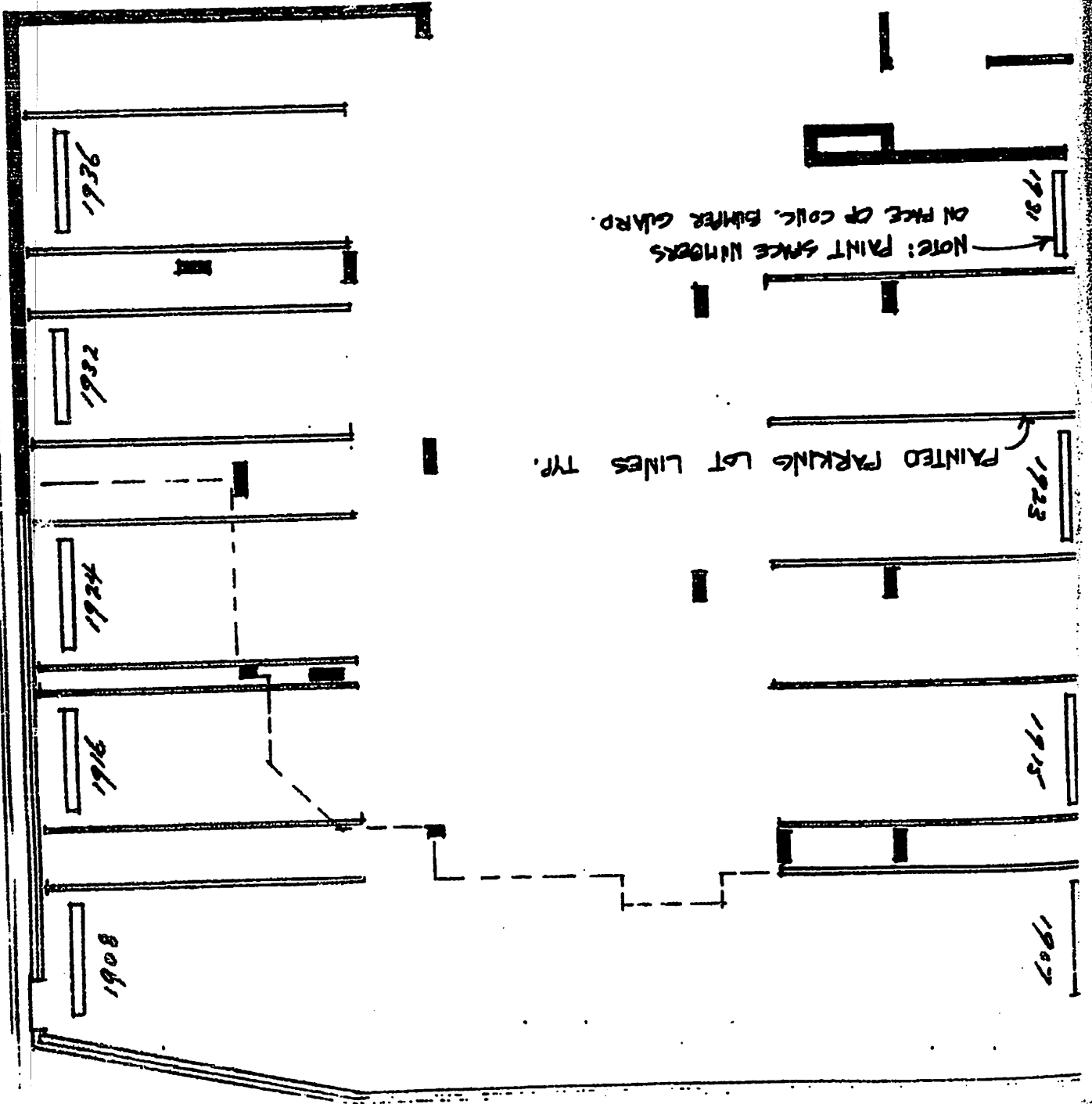


PARKING LAYOUT - PHA
 SOUTH BEACH CLUB

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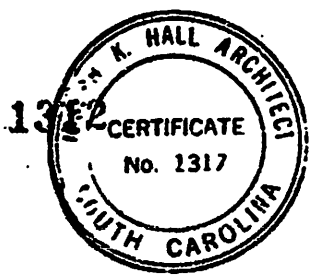
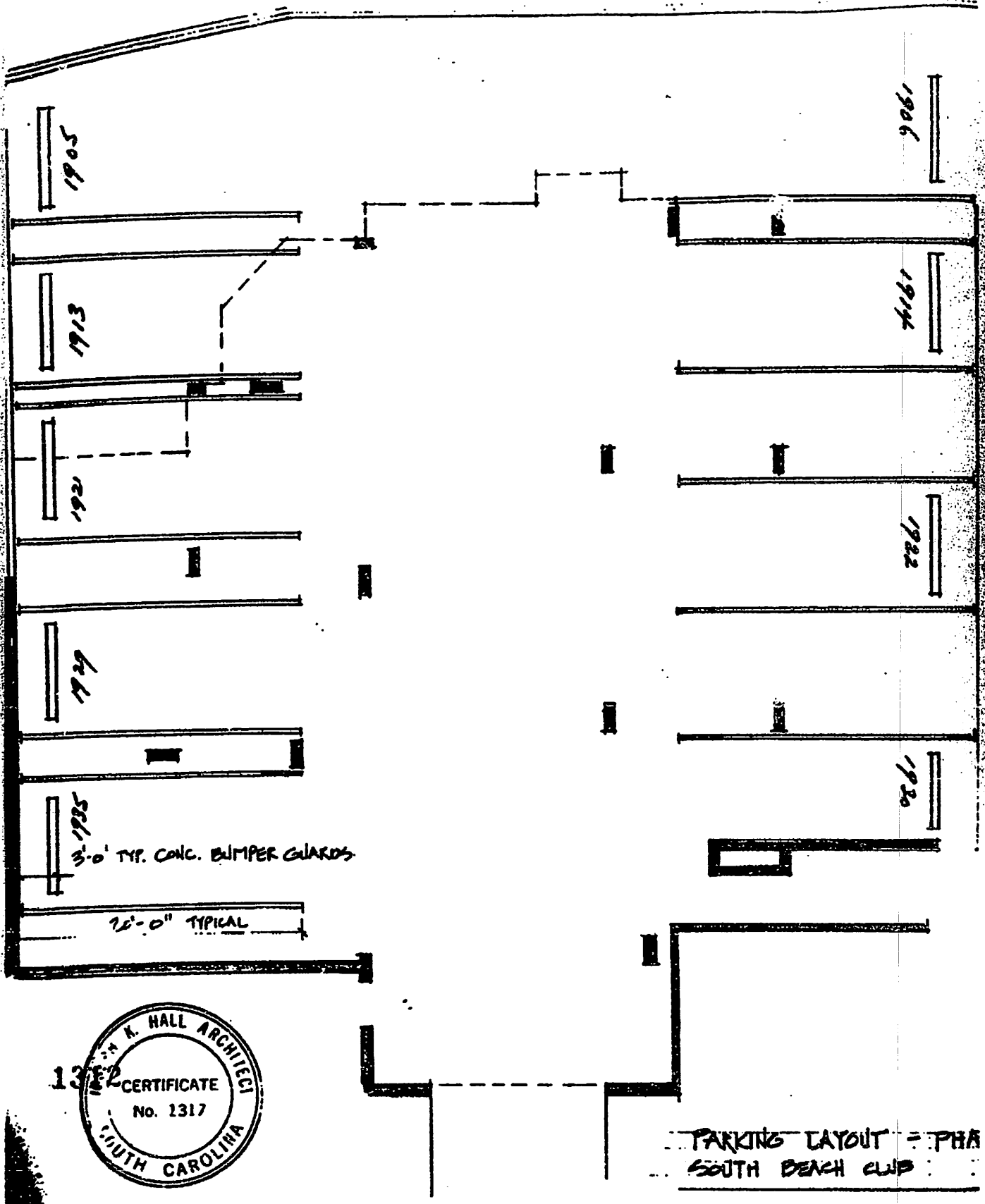
101-D

137



NOTE: PAINT SPACE NUMBERS ON FACE OF COLL. BEAMER GARAGE.

PAINTED PARKING LOT LINES TR.



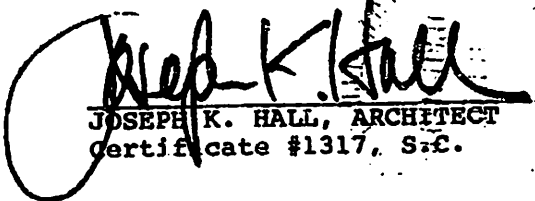
PARKING LAYOUT - PHA
SOUTH BEACH CLUB

EXHIBIT "C-2"

ARCHITECT'S CERTIFICATE

This is to certify that the South Beach Club Horizontal Property Regime consisting of the Units numbered consecutively 1901 through and including 1936 are built in accordance with the Plot Plan and Floor Plans attached to the Master Deed creating said Regime which is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book ____ at Page ____, et seq. and Plat Book 31 at Page 68 except for minor variations which are customary in projects of this nature.

1313


JOSEPH K. HALL, ARCHITECT
Certificate #1317, S.C.

Certified to this 16th day
of March, 1983


Notary Public for South Carolina
My Commission Expires: 5/4/87

EXHIBIT "D"
TO
MASTER DEED
SOUTH BEACH CLUB
HORIZONTAL PROPERTY REGIME

PERCENTAGE OF UNDIVIDED INTEREST

UNIT #	UNIT VALUE	PERCENTAGE INTEREST
1901	\$ 375,000	.0283
1902	375,000	.0283
1903	375,000	.0283
1904	375,000	.0283
1905	375,000	.0283
1906	375,000	.0283
1907	375,000	.0283
1908	375,000	.0283
1909	375,000	.0283
1910	375,000	.0283
1911	375,000	.0283
1912	375,000	.0283
1913	375,000	.0283
1914	375,000	.0283
1915	375,000	.0283
1916	375,000	.0283
1917	375,000	.0283
1918	375,000	.0283
1919	375,000	.0283
1920	375,000	.0283
1921	375,000	.0283
1922	375,000	.0283
1923	375,000	.0283
1924	375,000	.0283
1925 & 1926	500,000	.0377
1927	375,000	.0283
1928	375,000	.0283
1929 & 1930	500,000	.0377
1931 & 1932	500,000	.0377
1933	500,000	.0377
1934	500,000	.0377
1935	500,000	.0377
1936	500,000	.0377
Total Value	\$13,250,000	100.00000

EXHIBIT "E"

BY-LAWS
SOUTH BEACH CLUB HORIZONTAL PROPERTY REGIME
AND
SOUTH BEACH CLUB OWNERS' ASSOCIATION

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EXHIBIT "E"

BY-LAWS
OF
SOUTH BEACH CLUB HORIZONTAL PROPERTY REGIME
AND
SOUTH BEACH CLUB OWNERS' ASSOCIATION

ARTICLE I

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PLAN OF UNIT OWNERSHIP

Section 1. HORIZONTAL PROPERTY REGIME. The Property (the term "Property" as used herein means and includes the land, the buildings, all improvements and structures thereon) located on Hilton Head Island, in Beaufort County, South Carolina, known as SOUTH BEACH CLUB HORIZONTAL PROPERTY REGIME which has been, by Master deed, submitted to the provisions of the Horizontal Property Act of South Carolina, which said properties shall henceforth be known as the SOUTH BEACH CLUB HORIZONTAL PROPERTY REGIME (hereinafter referred to as "Regime").

Section 2. ASSOCIATION. In conjunction with the creation of the above described regime there also has been incorporated under the laws of the State of South Carolina an Association known as SOUTH BEACH CLUB OWNERS' ASSOCIATION (hereinafter referred to as "Association") which shall, pursuant to the provision of the aforementioned Master Deed, constitute the incorporated Council of Co-Owners of the Regime.

Section 3. BY-LAWS APPLICABILITY. All present or future co-owners, tenants, future tenants, or their employees, or any manner, are subject to the regulations set forth in these By-Laws and in the Master deed establishing said regime as they may be amended from time to time. The mere acquisition or rental of any of the condominium units as defined in the Master deed of the Property or the mere act of occupancy of any of said Units will signify that these By-laws, the provisions of the Master Deed, the provisions of that certain Declaration of Rights, Restrictions, Conditions, etc. of Sea Pines Plantation Company recorded in Deed Book 124 at Page 35 in the Office of the Clerk of Court for Beaufort County, South Carolina and any authorized recorded amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. ELIGIBILITY. Any person who acquires title to a Unit in the Regime shall be a member of the Association. There shall be one membership for each Unit owned. Should one or more units be combined to create one larger unit, the larger unit shall constitute one membership. Transfer of Unit ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership shall automatically become vested in the transferee. If Unit ownership is vested in more than one person, then all of the persons so owning such Unit shall agree upon the designation of one of the co-owners of such Unit to act as a member of the Association. If Unit ownership is vested in a Corporation, said Corporation may designate an individual officer or employee of the Corporation to act as a member of the Association. Until the first meeting in which members may vote, the Association shall act without vote of the members. 1317

Section 2. VOTING. Voting shall be on a percentage basis and the percentage of the vote to which the co-owner is entitled is the percentage assigned to the Unit or Units in the Master Deed.

Section 3. MAJORITY OF CO-OWNERS. As used in these By-Laws, the term "majority of co-owners" shall mean those co-owners holding fifty-one (51%) percent or more of the total value of the Property, in accordance with the percentages assigned in the Master deed, and any authorized amendments thereto.

Section 4. QUORUM. Except as otherwise provided in Section 6 and elsewhere in these By-Laws, the presence in person or by proxy of a majority of co-owners as defined in Section 3 of this Article shall constitute a quorum.

Section 5. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 6. MAJORITY VOTE. the vote of a majority of the Unit Owners present at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where in the Master Deed or in these By-Laws, or by law, a higher percentage vote is required.

ARTICLE III

SOUTH BEACH CLUB OWNERS' ASSOCIATION

Section 1. ASSOCIATION RESPONSIBILITIES. As stated in ARTICLE I the co-owners of the Units will constitute the Association of Co-owners (hereinafter usually referred to as "Association") who will have the responsibility of administering the Property, approving the annual budget, approving 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 Association shall require approval by a majority of the Board of Directors.

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Section 2. PLACE OF MEETINGS. Meetings of the Association shall be such place, convenient to the co-owners, as may be designated by the Association.

Section 3. ANNUAL MEETINGS. The annual meetings of the Association shall be held at the call of the President once a year during the month of July or at such other time as a majority of the co-owners may agree upon. At such meetings there shall be elected by ballot of the co-owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. The co-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 Secretary to call a special meeting of the co-owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of co-owners and having been presented to the Secretary. A 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 except by consent of four-fifths (4/5) of the votes present, either in person or by proxy.

Section 5. FIRST MEETING. The first meeting of the Association shall be held within sixty (60) days from the date that eighty (80%) percent of the Units in the Regime, as defined in the Master Deed, have been conveyed by Declarant to co-owners and in any event, not later than July 15, 1983.

Section 6. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each co-owner of record, at least fifteen (15), but not more than forty-five (45) days prior to such meeting. The mailing of a notice in the manner provided in this

Section shall be considered notice served.

Section 7. ADJOURNED MEETING. If any meeting of the Association cannot be organized because a quorum has not attended, the co-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 co-owners holding at least 25% of the total value of the property in accordance with the percentages assigned in the Master Deed are present at said reconvened meeting.

Section 8. ORDER OF BUSINESS. The order of business at all Annual 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 Meeting
- (d) Reports of Officers.
- (e) Reports of Committees
- (f) Election of Inspectors of Election
- (g) Election of Directors
- (h) Unfinished Business
- (i) New Business
- (j) Adjournment

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The order of business at a Special Meeting 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 three (3) persons. For purposes of this Article, "person" shall include an individual, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a Unit. In the case of a non-individual Unit Owner, an instrument must be presented to the Association naming the officer, partner or fiduciary as the "person" eligible for election to the Board. Until succeeded by the Board Members elected by the Unit Owners, Board of Directors Members need not be Unit Owners. So long as the Declarant (as defined in the Master Deed) owns one or more Units, the declarant shall be entitled to elect at least one member of the Board of Directors, who need not be an Unit Owner. After Declarant has conveyed all Units and is no longer entitled to elect one member of the Board of Directors, all Board Members

shall be Unit Owners.

Section 2. GENERAL POWERS AND DUTIES. The Board shall have 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 Association or individual co-owners.

Section 3. OTHER POWERS AND DUTIES. In addition to duties imposed by these By-Laws, or by resolutions of the Association, the Board shall be responsible for the following:

(a) Compliance with all of the terms and conditions of the Master Deed and any amendments thereto and enforcement of same.

(b) Care, upkeep and surveillance of the Property and the Common Elements.

(c) Collection, at the time of the closing of the initial sale of each Unit, at least two (2) month's estimated common expense assessments for the purpose of establishing a working capital fund for the Association. These funds shall be maintained in a segregated account for the use and benefit of the Association.

(d) Establishment of the annual budget. The budget 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. Notwithstanding the responsibilities and authority of the Board, the budget may be modified by the Association at the Annual Meeting or a Special Meeting of the Association by a two-thirds (2/3) vote of the co-owners present at such meeting, in person or by proxy.

(e) As a part of the annual budget described in (d) above, establish and maintain on behalf of the Association an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the common elements.

(f) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.

(g) Collection of all assessments and fees from the co-owners.

(h) Performing repairs caused by any natural disaster or man-made damage from the reserve account and any special assessment, or causing the same to be done.

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(i) Obtaining insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done as set forth in ARTICLE VIII hereof.

(j) Granting or relocating easements which are not inconsistent with the owners full use and enjoyment of the common properties.

(k) Making of repairs, additions and improvements to or alterations of, the property and repairs to and restoration of the property in accordance with the other provisions of these By-laws; provided, however that the Board of Directors shall not undertake any repair covered by the warranty without the consent of a majority of the Unit Owners.

(l) Making available, for inspection, upon request during normal working hours or under other reasonable circumstances, to Unit Owners, the holders, insurers or guarantors of any first mortgage on any Unit, current copies of the Master Deed, By-laws, other Rules or Regulations pertaining to the Association, and the books, records and financial statements of the Association.

(m) Establishing specific rules and regulations relating to parking including, but not limited to, the creation of designated parking areas.

Section 4. MANAGEMENT AGENT. The initial management agent shall be Victor Enterprises, Inc. or assigns, whose contract extends for a period of one (1) year from the establishment of SOUTH BEACH CLUB HORIZONTAL PROPERTY REGIME. Thereafter, the Board may employ a management agent at the 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 Section 3 of this Article.

Section 5. FIRST BOARD OF DIRECTORS. The first Board of Directors consisting of up to three (3) members shall be designated by the Declarant. These appointments will be temporary and will continue only until the first annual meeting of the Unit Owners held pursuant to the provisions of these By-Laws. At the first Annual Meeting of the Association, the initial term of office for one (1) member of the Board shall be fixed at three (3) years. The term of office of one (1) member 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. Any and all of said Board Members shall be subject to replacement, in the event of resignation or death, in

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the manner set forth in Section 6 of this Article. During the period in which the Declarant's designees constitute a majority of the Board of Directors, the Board of Directors shall not enter into any contract having a term which extends beyond the term of the Management Agreement described in Section 4 of this Article IV.

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 Association shall be filled by vote of the majority of the remaining members, even though they 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.

Section 7. REMOVAL OF MEMBERS OF THE BOARD. At any regular or special meeting of the Association duly called, any one or more of the members of the Board may be removed with or without cause by a majority of co-owners and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. No Board member shall continue to serve on the Board if during the term of office, he shall cease to be a Unit Owner (except as provided in Section 5 regarding Declarant's appointee).

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 the Association, and no notice shall be necessary to the newly elected Board members in order to legally constitute such a meeting, providing a majority of the Board shall be 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 one (1) such meeting shall be held each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary-Treasurer or other designated person, to each Board member, personally or by mail, telephone, or telegraph, at least ten (10) days prior to the day named for such meeting.

Section 10. SPECIAL MEETINGS. Special meetings of the Board may be called by the President on three (3) days notice to each Board Member, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), and the purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) Board members.

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Section 11. WAIVER OF NOTICE. Before or at any meeting of the Board, any member of the Board 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 any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof. If all 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 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. INFORMAL ACTION. The Board may do any act that it is empowered to do at a Regular or Special Meeting of the Board by informal written consent to such action signed by all members of the Board.

Section 14. FIDELITY BONDS. The Board may require that any and all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 15. COMPENSATION. No member of the Board shall receive any compensation from the Regime for acting as such.

Section 16. LIABILITY OF THE BOARD OF DIRECTORS. The members of the Board shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of any contract made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Master Deed or of these By-Laws. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible for the original Board who are members of or employed by South Beach Club Associates to contract with South Beach Club Associates and/or affiliated entities without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board shall be

limited to such proportions of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements. Every agreement made by the Board or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board or the managing agent, or the manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interest of all Unit Owners in the common elements.

ARTICLE V

OFFICERS

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Section 1. DESIGNATION. The principal officers of the Association shall be a President, a Vice President, and a Secretary-Treasurer all of whom shall be elected by and from the Board. The Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as, in their judgment, may be necessary.

Section 2. ELECTION OF OFFICERS. The officers of the Association 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. No officer shall continue to serve as such if, during his term of office, he shall cease to be a Unit Owner.

Section 4. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of a corporation, including but not limited to the power to appoint committees from among the co-owners from time to time as he may, in his discretion, feel appropriate to assist in the conduct of the affairs of the Association.

Section 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties when the President shall be absent or unable to act. If neither the President nor the Vice President is able 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 imposed upon him by the Board.

Section 6. SECRETARY-TREASURER. The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct; and he shall have responsibility for Regime funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. He shall, in general, perform all the duties incident to the office of the Secretary and Treasurer.

ARTICLE VI

NOTICES

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Section 1. DEFINITION. Whenever under the provisions of the Master Deed or of these By-Laws notice is required to be given to the Board, any manager or Unit Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board, such manager or such Unit Owners at such address as appears on the books of the Association. Notice shall be deemed given as of the date of mailing.

Section 2. SERVICE OF NOTICE-WAIVER. Whenever any notice is required to be given under the provisions of the Master deed, or law, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VII

OBLIGATIONS OF THE CO-OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All co-owners shall be obligated to pay the periodic assessments imposed by the Association to meet all Association common expenses, which shall include, among other things, liability insurance policy premiums and an insurance policy premium to cover repair and reconstruction work in case of hurricane, fire, earthquake, flood and other hazards. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Property and any authorized additions thereto. Such may include without limitation, any amount for general

working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any amount for general working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. No less than thirty (30) days prior to the Annual Meeting, the Board shall furnish all Units Owners with a copy of the proposed budget for the next fiscal year and shall likewise advise them of the amount of the common charges payable by each of them, respectively, as determined by the Board as aforesaid. Declarant will be liable for the amount of any assessment against completed Units within the regime which have not been sold and Declarant shall have all voting rights attendant to the ownership of said Unit until said units are sold. Payment of the periodic assessment shall be in equal monthly or quarterly (as determined by the board) installments on or before the first day of each month or quarter, as appropriate, or in such other reasonable manner as the Board shall designate.

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The transfer of ownership of an individual Unit within the Regime shall carry with it the proportionate equity of that Unit's ownership in the Regime escrow or reserve account set aside to provide a contingency fund for the maintenance and repair of the Regime Property.

Section 2. ASSESSMENTS TO REMAIN IN EFFECT UNTIL NEW ASSESSMENTS MADE. The omission by the Board before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the Master deed and By-laws or a release of any owner from the obligation to pay the assessments, or an installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. Amendments to this paragraph shall be effective upon unanimous written consent of the Owners and their mortgagees. No Owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the General or Limited Common Elements or by abandonment of his Unit.

Section 3. RECORDS. The Manager or Board shall keep detailed records of the receipts and expenditures affecting the General and Limited Common Elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by any Unit Owners during reasonable business hours.

Section 4. DEFAULT IN PAYMENT OR COMMON CHARGES. The Board shall take prompt action to collect any common charges due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Unit Owner in paying to the Board the common charges as determined by the Board such Unit Owner shall be

obligated to pay a late charge to offset the cost of such delinquency at the rate of one and one-half (1 1/2%) percent of the delinquent amount per month, or the maximum permitted by law, on such unpaid common charge from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with late charges added thereto, and the expenses of the proceedings, including attorney's fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by §27-31-210, Code of Laws of South Carolina, 1976. With regard to the subordinate nature of such liens as it relates to mortgages recorded prior to the recording of any evidence of such lien, the provisions of §27-31-21 Code of Laws of South Carolina, 1976, as amended, shall be controlling.

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Section 5. STATEMENT OF COMMON CHARGES. The Board shall, for a reasonable fee not to exceed Thirty (\$30.00) Dollars, promptly provide any purchaser, Unit Owner, encumbrancer or prospective encumbrancer of any Unit so requesting the same in writing, with a written statement of all unpaid common charges due from the owner of that Unit and the purchaser's liability therefor shall be limited to the amount as set forth in the statement. Any encumbrancer holding a lien on a Unit may pay any unpaid common charges payable with respect to such Unit and upon such payment such encumbrancer shall have a lien on such Unit for the amounts paid of the same rank as the lien of his encumbrance. Any encumbrancer holding mortgages on more than five (5) Units within the Regime shall be entitled, upon request, to receive a statement of account on the units securing all of said Mortgages once each calendar year without any fee or charge.

Section 6. MAINTENANCE AND REPAIR.

(a) Maintenance and Repair Generally. No Unit Owner shall do or cause to be done any work affecting any individual Unit which would jeopardize the soundness or safety of the condominium property, reduce the value thereof or impair any easement or hereditament therein. Further, and unless otherwise stated herein, no Unit Owner shall make or cause to be made any structural addition or alteration to his Unit or to the general common elements or limited common elements nor make any alteration, replacement or change in or to the general common elements or limited common elements not shall he alter, replace or perform any work of any kind on the exterior of the building without in every such case first obtaining in writing the specific consent of the Board of Directors.

(b) Areas of Association Responsibility. It shall be the responsibility of the Association to maintain, repair and replace:

(1) All portions of the Unit which contribute to the support of the building, including main bearing walls, but excluding improvements to or decorating of the interior surfaces of walls, ceilings and floor within the Unit.

(2) All portions of the Unit which constitute a part of the exterior of the building, except the repair or replacement of windows or other glass surfaces which shall be the responsibility and liability of the respective Unit Owners.

(3) All of the general common elements and limited common elements, unless otherwise stated herein.

(4) All incidental damages caused by work done by 1328 or at the direction of the Association.

(c) Areas of Unit Owner Responsibility. It shall be the responsibility of the Unit Owner:

(1) To maintain in good condition and repair all portions of the Unit and interior surfaces therein including the walls, ceilings, floors, interior and exterior doors, solely internal partitions, windows, screens and glass.

(2) To maintain and repair the fixtures and equipment in the Unit including, but not limited to, all heating and air conditioning units whether within or without the Unit, all hot water heaters, all plumbing fixtures, all appliances, and all conduits, ducts and duct work, pipes, plumbing, wiring and other facilities for the furnishing of utility services which are contained within the units.

(3) To make no alteration in or addition to or service any part of or do any work which would jeopardize the safety and soundness of any portion of his Unit contributing to the support of such Unit or to the support of any other Unit, which supporting portion shall include but not be limited to the exterior walls of his Units, any load bearing walls or columns within such Unit and any wall dividing one or more units except as otherwise provided by these By-Laws or the Master Deed.

(4) To permit the Association or its agents or employees to enter into each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the common elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the common elements or to another Unit or to determine compliance with the Master Deed or these By-Laws.

(d) Violations; Remedies. In the event the owner of any Unit fails to maintain his Unit and any general common

elements or limited common elements as are required in these By-Laws or attempts to make or does make any structural addition or alteration without the written consent of the Association or in making the same damages any other Unit or the general common elements or limited common elements or threatens to do so or otherwise violates the Master Deed and By-Laws of the Association, the Association shall have the right to proceed in any Court of Equity to seek Injunctive relief or to otherwise proceed to seek damages for any injury thereby caused. The Association shall further have the right to levy an assessment on any Unit and/or owner thereof for the cost and expenses of repairs or replacement within an individual Unit for which the owner is responsible but refuses to make and for any damages caused by a Unit Owner as specified above. Any such assessment shall be deemed to be a lien as conferred by §27-31-210 of the Code of Laws of South Carolina, 1976, as amended.

(e) Directors Not Personally Liable. Nothing contained in this Section shall be construed so as to impose personal liability upon any member of the Board of Directors for the maintenance, repair or replacement of any Unit or general common element or limited common element or to give rise to a cause of action against them. Further, the Board of Directors shall not be liable for damages of any kind except for wilful misconduct or bad faith.

Section 7. WATER CHARGES AND SEWER RENTS. Water and sewer services for the Units shall be supplied by the Sea Pines Public Service District, or its successor, to all Units through a number of master meters and each Unit Owner shall be required to pay his pro rata portion of said bills for water and sewage services. Water and sewer services for the common elements shall be supplied through one or more meters and the Board shall pay as a common expense all charges for said service.

6281 Section 8. ELECTRICITY AND GAS. Electricity and Gas shall be supplied by the public utility or company serving the area directly to each Unit through one or more meters and each Unit Owner shall be required to pay the bills for electricity and gas consumed or used in his Unit. The electricity and/or gas serving the common elements shall be separately metered, and the Board shall pay all bills for electricity and/or gas consumed in such portions of the common elements, as a common expense.

Section 9. USE OF UNITS - INTERNAL OR EXTERNAL CHANGES.

(a) All Units shall be utilized for residential purposes only as described in ARTICLE V, Section 1 of the Master Deed. This shall expressly include the right of the owner to rent such Unit to others for the allowable uses. Business and commercial use of any nature is expressly prohibited.

(b) No alteration of a Unit, including an alteration of a Unit boundary pursuant to Section 6 of ARTICLE V of the Master Deed, which either affects the structural integrity or mechanical systems of the building or results in changes visible from outside the Unit, may be undertaken without the prior written approval of the Association. However, the Association shall approve any proposed alteration unless the Association determines that the proposed alteration would adversely affect the exterior appearance of the building or any common elements therein, or the health, safety or quiet enjoyment of other Unit Owners. Any Unit owner altering said unit in accordance with Article V of the Master Deed shall: (1) provide for waivers of all mechanics lien rights which may arise as a result of the alteration; (2) provide certificates of insurance insuring against all losses commonly insured against arising out of the work, naming the Association as an additional insured; (3) indemnify and hold the Association and other Unit Owners harmless from the effect of the work; and (4) minimize the disturbance of other Unit Owners during the work. The Association shall have the obligation to answer within thirty (30) days from the actual receipt of a request to alter or modify and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. 1330

(c) A Unit Owner may make any improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems, or lessen the support of, any portion of the building, or alter the exterior appearance.

(d) A Unit Owner shall make no changes whatsoever to any of the limited common elements without approval of the Board of said Association.

Section 10. USE OF COMMON ELEMENTS. Except as authorized by section 9(c) a co-owner shall not place or cause to be placed in the walkways, deck areas, parking areas, roads, or other common areas any furniture or obstructions of any kind. Such areas shall be held in common for the enjoyment of the co-owners and shall be used for no other purpose than for normal transit through or use of them and for normal vehicular parking.

Section 11. RIGHT OF ENTRY.

(a) A co-owner shall grant the right of entry to the management agent or to any person authorized by the Board in case of any emergency originating in or threatening his Unit, whether the co-owner is present at the time or not.

(b) A co-owner shall permit other co-owners, or their representatives, when so required, to enter his Unit for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services, provided that such

requests for entry are made in advance and that such entry is at a time convenient to the co-owner. In case of emergency, the right of entry shall be immediate.

Section 12. RULES AND REGULATIONS. In order to assure the peaceful and orderly use and enjoyment of the Units and common elements of the Regime, the co-owners may from time to time adopt, modify, and revoke in whole or in part by a vote of the members present in person or represented by proxy whose aggregate interest in the common elements constitutes sixty-seven (67%) percent of the total interest, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules and Regulations, governing the conduct of persons on said property of the Association as it may deem necessary. Such Rules and Regulations, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each owner by posting same with postage prepaid addressed to the owner at the last registered address of the owner and shall be binding upon all Unit Owners and the occupants of Units in the regime. The following shall constitute the initial Rules and Regulations for the Association:

1331

(a) Each Unit Owner shall keep his Unit in a good state of preservation and cleanliness. He shall not allow anything whatsoever to hang or fall from the windows or doors of the premises, nor shall he sweep or throw from the premises any dirt or other substance into any of the corridors or halls, ventilators or elsewhere in the building or upon the grounds. Refuse shall be placed in containers in such manner and at such times and places as the Board or its agent may direct.

(b) The parking areas, entrances and stairways, must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the Units.

(c) Unit Owners shall not cause or permit any disturbing noises or objectionable odors to be produced in, upon or to emanate from their Units.

(d) Unit Owners shall not permit or keep in their Unit any flammable, combustible or explosive material, chemical or substance, except such products as are required in normal residential use.

(e) Water closets and other water apparatus in the building shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rags or other articles be thrown into same. Any damage resulting from misuse of any water closets or other apparatus in a Unit shall be repaired and paid for by the owner of such Unit.

(f) No sign, advertisement, notice or other lettering

shall be exhibited, inscribed, painted or affixed by any Unit Owner on any part of the outside of the Unit or Building, hung from windows or placed on window sills or placed in the inside of windows facing out.

(g) No awnings, radio or television aerials or other projections shall be attached to the outside walls of the building and no blinds, louvelors, shades or screens shall be attached to, hung or used on the exterior of any window or door of the Unit, without the prior written consent of the Board. No blinds, louvelors, shades, screens, draperies or drapery backing which are visible through the exterior windows other than a previously Board-approved dark, one tone color, shall be hung or use without the prior written consent of the Board.

(h) No vehicle belonging to a Unit Owner or to a friend or visitor of a Unit Owner shall be parked in such manner as to impede or prevent ready access to any entrance to or exit from the building or parking areas by any other vehicle. 1332

(i) Unit Owners, friends and/or visitors shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of a building; provided, however, that repair personnel may enter upon the roof for the purpose of maintenance or repair of same or maintenance and repair of items located on said roof.

(j) The Board or its designee shall have the right of access to any Unit for the purpose of making inspections, repairs, replacements or improvements, or to remedy certain conditions which would result in damage to other portions of the building. In the event it finds vermin, insects or other pests, it may take such measures as it deems necessary to control or exterminate same.

(k) Agents and employees of the Association are employed to deal with the common property only, and such agents or employees of the Board or its agent shall not be sent out of the building by any Unit Owner at any time for any purpose.

(l) Complaints regarding the services for the common property shall be made in writing to the Board or its agent, except in the case of an emergency.

(m) Any consent or approval given under these rules and regulations may be added to, amended or repealed at any time by resolution of the Board.

(n) Use of the Unit by a Unit Owner shall not be changed to any unauthorized use.

(o) No Unit Owner, or lessee shall install wiring for

electrical or telephone installations, air conditioning units, or similar objects outside of his Unit or which protrude through the walls of his Unit or the roof of a building except as authorized by the Board.

(p) Each Unit Owner shall comply with any parking rules and regulations as may be adopted by the Board from time to time including, but not limited to, the establishment of designated parking for specific Units.

(q) Each Unit shall be used for residential use which shall be deemed to mean the normal situation and circumstances of individuals and or families occupying the units as a home, or temporary home in the case of resort guests or other friends or visitors but shall specifically exclude any use for the purpose of timesharing, or interval ownership, lease, license or similar plans as those or similar terms are utilized in the real estate industry or as those of similar terms are expressed or defined in the Code of Laws of South Carolina, 1976, as amended.

1333

Section 13. ABATEMENT AND ENJOYMENT OF VIOLATIONS BY UNIT OWNERS.

The violation of any rules or regulations adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provisions of the Master Deed, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the Unit in which or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition, that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorneys fees, and until such expense is recovered it shall be a lien upon said Unit which lien shall be inferior only to the lien of all prior Mortgages.

ARTICLE VIII

INSURANCE

The Board of Directors shall be required to obtain and maintain, to the extent reasonably obtainable, in forms and amounts as hereinafter prescribed and which are also satisfactory to any mortgagee holding mortgages on five or more Units, the following insurance, without prejudice of the right of the co-owner to obtain additional individual insurance at his own expense.

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(1) Hazard Insurance. The Board of Directors shall insure the Property, as it may be constituted from time to time, against loss or damage due to fire, windstorm, lightning, and flood, with extended coverage, in an amount not less than the maximum insurable replacement value of the Property as determined by an annual appraisal of the Property for finance valuation purposes which the Board shall require to be conducted by a qualified appraiser not less frequently than every other year, or in the amount reasonably obtainable as it relates to the flood coverage. The Board of Directors shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Property. All hazard insurance shall cover the entire Property, exclusive only of the contents and furnishings of the individual Units.

1334

(a) All hazard insurance policies obtained by the Board of Directors shall designate the Board of Directors as the named insured as Insurance Trustee for the benefit of all the Owners and their mortgagees collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the Board of Directors as Insurance Trustee under the provisions of the Master Deed and these By-Laws, it being understood and acknowledged that the distribution of such proceeds shall be controlled by the Horizontal Property Act and the provisions of this Master Deed.

(b) All hazard insurance policies obtained by the Board of Directors shall provide for the issuance of Certificates of Insurance to each Unit Owner. Each Certificate shall evidence the issuance of the Master Policy and shall indicate the amount of insurance covering the building within which the respective Unit is located. If a Unit is mortgaged, a Certificate of Insurance shall also be issued to the mortgagee bearing a standard mortgage endorsement, if requested.

(c) If obtainable, all hazard insurance policies upon the Property shall include provisions waiving (i) any rights of the insurer to surrogation against the Association, its agents and employees, and against the individual Owners and their servants, agents, and guests; and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Unit Owner upon the contents and furnishings of their Units.

(d) Each Mortgagee of which the Board has notice as herein provided shall be entitled to receive upon request a copy of each appraisal as called for in paragraph 1 above.

If any such Mortgagee disagrees with the values assigned to the Units by such appraisal and presents an appraisal prepared at such Mortgagee's expense showing higher values which has been performed by a qualified appraiser, then the Board shall cause a reappraisal to be made by a qualified appraiser approved

by each of the appraisers who conducted the prior appraisals and the findings of the third appraiser shall be conclusive to determine such value for insurance purposes.

(e) Each hazard insurance policy shall contain a loss payee provision designating the interest of the various mortgagees as to the various Units within the Regime which are covered by the Master Policy. Such policies shall also provide that they shall not be cancelled without giving thirty (30) days prior written notice to all such mortgagees about which the insurer has been given written notice.

(2) Public Liability Insurance. The Board of Directors shall obtain comprehensive public liability insurance with limits and provisions as its 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 Unit Owner and to liabilities of one Unit Owner to another Unit Owner and of an individual Unit Owner to third persons. 1335

(3) Workmen's Compensation Insurance. The Board of Directors, as necessary, shall obtain Workmen's Compensation Insurance to meet the requirements of law.

(4) Premiums. All premiums upon insurance policies purchased by the Board of Directors shall be assessed as Common Expenses to be paid by the Unit Owners through periodic assessment as herein provided.

(5) Adjustment. Each Unit Owner shall be deemed to have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Association, subject to the rights of mortgagees of such Unit Owners.

(6) Insurance by Unit Owners. Each Unit Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal property, wallcoverings, decorations, and furnishings within his own Unit and the additions and improvements made by him to the Unit. Each Unit Owner shall also be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Unit. All such insurance policies shall include, however, provisions waiving (i) any right of the insurer to subrogation claims against the Association and against individual Unit Owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or pro-ratio because of the master hazard policy.

(7) Substitution of Insurance Trustee. The Board of Directors, 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 substitute Insurance Trustee appointed by the Board of Directors shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of this Master Deed.

ARTICLE IX

RECONSTRUCTION AND REPAIR

In the event of casualty loss or damage to the Property, the Board of Directors 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 IX. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Property is destroyed or substantially damaged. If two-thirds or more of the Property is destroyed or substantially damaged, reconstruction shall not be mandatory and unless reconstruction is unanimously agreed upon by all Unit Owners and their mortgagees, the insurance indemnity received by the Board of Directors shall be distributed pro-rata to the Unit Owners and their mortgagees jointly in proportion to their respective interests in Common Elements. The remaining portion of the Property shall be subject to an action for partition at the suit of any Unit 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 distributed pro-rata among all Unit Owners and their mortgagees jointly in proportion to their respective interest in the Common Elements. If less than two-thirds (2/3) of the Property is destroyed or substantially damaged, then such Property shall be repaired in the following manner:

1336

(1) Any reconstruction or repair must follow substantially the original plans and specifications of the Property unless the Unit Owners holding seventy-five percent (75%) or more of the total interest in Common Elements and their mortgagees, if any, vote to adopt different plans and specifications and all Owners whose Units are being reconstructed or repaired unanimously consent to the adoption of such different plans and specifications.

(2) The Board of Directors shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such cost may include such professional fees and premiums for bids as the Board of Directors deems necessary.

(3) If the insurance proceeds paid to the Board are

insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Unit Owners whose Units are being reconstructed or repaired in proportion to the damage done to their respective Units.

(4) The insurance proceeds received by the Board of Directors and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board of Directors shall disburse payment of the costs of reconstruction and repair. The first disbursements from the construction fund shall be 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 Unit Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be retained by the Association.

ARTICLE X

1337

INSURANCE TRUST

In the event of casualty loss to the Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Board of Directors as Insurance Trustee. The Board of Directors, acting as Insurance trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this ARTICLE X, and for the benefit of the Association, the Unit Owners, and their respective mortgagees in the following share:

(1) 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 Units.

(2) Insurance proceeds paid on account of loss or damage to less than all of the Units, when the damage is to be restored, shall be held for the benefit of Unit Owners of the damaged Units and their respective Mortgagees in proportion to the costs of repairing each damaged Unit.

(3) Insurance proceeds paid when the Property is not to be restored shall be held for the benefit of all Unit Owners, and their respective Mortgagees the share of each being equal to the undivided share or interest in Common Elements appurtenant to the applicable Unit.

(4) In the event a Certificate of Insurance has been issued to a Unit Owner bearing a mortgagee endorsement, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit 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 any 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 Unit Owners and their respective mortgagees pursuant to the provisions of this Master Deed.

ARTICLE XI

AMENDMENTS

1338

Section 1. REQUIREMENTS FOR AMENDMENTS. Except where a greater percentage is expressly required, either herein, in the Master Deed or by the Horizontal Property Act, these By-Laws or the Master Deed to which it is attached may be amended only with the consent of the Owners of Units to which at least sixty-seven (67%) percent of the votes in the Association are allocated and the approval of eligible holders about which the Association has received written notice holding mortgages on Units which have at least fifty-one (51%) percent of the votes of Units subject to eligible holder mortgages, as it relates to modification of any material provisions of the said By-Laws and Master Deed, etc., which establish, provide for, govern or regulate any of the following:

- a. Voting;
- b. Assessments, liens or subordination of such liens;
- c. Reserves for maintenance, repair and replacement of the common elements;
- d. Insurance or Fidelity Bonds;
- e. Rights to use of the common elements;
- f. Responsibility for maintenance and repair of the several portions of the Property;
- g. Expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project except as expressly provided in the Master Deed;
- h. Boundaries of any Unit;
- i. The interests in the general or limited common elements;
- j. Convertibility of Units into common areas or of common areas into Units;

k. Leasing of Units;

l. Imposition of any additional or further right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit;

m. Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on Units.

Notwithstanding the foregoing, so long as the Declarant remains the Owner of more than one Unit in this Regime, these By-Laws shall not be amended so as to adversely affect the Declarant without the Declarant's consent.

ARTICLE XII

MORTGAGES

1339

Section 1. NOTICE TO BOARD. A co-owner who mortgages his Unit 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 his Mortgagees; and the Regime shall maintain such information in a book entitled "Mortgages on Units."

Section 2. NOTICE TO MORTGAGEE. The Board shall give thirty (30) days written notice of the following events to all mortgagees of which it has notice:

(a) Any change in the condominium documents;

(b) Any unpaid assessments due the Regime/Association from the co-owner(s) (mortgagor(s)) of the Unit which are more than one hundred twenty (120) days delinquent;

(c) Any default by the co-owner (mortgagor) of a Unit in the performance of such co-owners' obligations under the condominium documents when such default is not cured within sixty (60) days;

(d) Any notice of special or annual meetings of the Association;

(e) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;

(f) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(g) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in these By-Laws or in the Master Deed;

(h) Any proposed change from professional management of the Property to self-management of the Property by the Association.

Section 3. STATEMENTS TO MORTGAGEE. Upon request of any Mortgagee listed in the book entitled "Mortgages on Units", the Board, Manager or Management Agent shall supply such Mortgagee with a reasonably current financial statement of the Regime. Moreover, if no audited current financial statements are available, the holders of fifty-one (51%) percent or more of first mortgages shall be entitled to have such an audited statement prepared at their expense.

ARTICLE XIII

1340

RESTRICTIONS UPON LEASES OF UNITS

Section 1. LEASES. No Unit Owner may lease his Unit or any interest therein except by complying with the provisions of Section 2 of this Article.

Section 2. PROVISIONS IN LEASE. Any lease of any Unit within the Regime shall be for a use consistent with the use provisions of these By-Laws and shall provide that the terms and conditions of the Master Deed and all exhibits shall be complied with by the tenant and that the Association shall have the power to terminate such lease, and bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of default by the tenant in the performance of said lease, or failure by the tenant to perform an obligation in the Master Deed, By-Laws or Rules and Regulations.

ARTICLE XIV

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

ARTICLE III of the Master Deed also apply to these By-Laws.

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 Master Deed and 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.

1341

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. CONFLICT. These By-Laws are set forth to comply with the requirements of the Horizontal Property Act of South Carolina, as amended. In the event of any conflict between these By-Laws and the provisions of such Statute or the Master Deed, the provisions of such Statute or the Master Deed, as the case may be, shall control.

Section 8. 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 violations or breaches thereof which may occur.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals this 9th day of March, 1983.

Sharon Clappitt

[Signature]
Acting President, Co-Owners Council

Black & Briel Jack H. Briel

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Attest: [Signature]
Secretary
RECORDED THIS 21st DAY OF March 1983
IN BOOK 0 PAGE 184

FEE, \$ Mary Ann Gray / SB
AUDITOR, BEAUFORT COUNTY, S. C.