

MHD/bbk 6-16-72

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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

(41)

OCEAN CLUB VILLAS, INC.)

TO)

MASTER DEED

OCEAN CLUB VILLAS HORIZONTAL)
PROPERTY REGIME I)

HORIZONTAL PROPERTY REGIME
PLAN OF OWNERSHIP

At Hilton Head Island, County of Beaufort, State of South Carolina, on this 16th day of June, 1972, Ocean Club Villas Inc., hereinafter referred to as Grantor, does hereby state:

FIRST: That the Grantor owns a property situate at Hilton Head Island, County of Beaufort, State of South Carolina which is described as follows:

ALL that certain piece, parcel or tract of land situate, lying and being in the Forest Beach Section of Hilton Head Island, Beaufort County, South Carolina, and being a portion of Lot 9 as shown on a plat of Forest Beach Subdivision recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 12 at Page 89 and being more particularly shown on a plat of a portion of the Ocean Club Villas, Inc. property being a portion of Lot 9 Forest Beach Subdivision, Hilton Head Island, Beaufort County, South Carolina, said plat prepared by Thomas and Hutton Engineering Company Savannah, Georgia and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 20 at Page 42, and containing 1.8 acres. Said property herein described commences at the Westernmost corner of the said Lot 9 of Forest Beach Subdivision and runs from said point of beginning, North 63° 52' East for a distance of 279.5 feet to an iron pin; thence South 46° 8' East for a distance of 325.0 feet to an iron pin; thence South 63° 52' West for a distance of 279.5 feet to an iron pin; thence North 26° 08' West for a distance of 325.0 feet to the iron pin at the point of beginning. Save and excepting therefrom a pool site as shown by a cross-hatched area on said plat.

Included, however, as a part of the said Ocean Club Villas Horizontal Property Regime I shall be a 36/52 undivided interest in and to the pool site shown on the plat hereinabove referred to.

Those areas shown as paved parking areas on the plat hereinabove referred shall be subject to a non-exclusive easement for ingress and egress to and from adjacent property of the within grantor, its successors and assigns.

SECOND: That the Grantor (intending to create a horizontal property regime that shall be known as Ocean Club Horizontal Property Regime I, hereinafter called the "Regime") has constructed on the parcel of land described above certain buildings and other improvements (which together with the land described in Paragraph "FIRST", all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto and hereinafter usually referred to as the "property"), according to the plans attached hereto and identified as Exhibit "A", which were certified to by W. D. Corkern a Registered Architect, duly authorized and licensed to practice in the State of South Carolina and which are made a part hereof.

THIRD: That the property includes three buildings containing 36 individual dwelling units (hereinafter referred to as Dwelling Units) all of which are to be used for residential purposes. The dwelling units are all capable of individual utilization on account of having their own exits to the common elements of the property, and they will be sold to one or more co-owners, each co-owner obtaining a particular and exclusive property right thereto, and also an undivided interest in the general and limited common elements of the property, as listed hereinafter in this deed, necessary for their adequate use and enjoyment (hereinafter referred to as "common elements"), all of the above in accordance with the Horizontal Property Act of South Carolina.

FOURTH: That the Property has a total area of 1.8 acres of which 22,326 square feet (ground floor) will constitute dwelling units, 52,524 square feet will constitute common elements and 13,065 square feet will constitute limited common elements. The pool area as hereinabove referred to contains a total of 3,460 square feet.

FIFTH: That the dwelling units and common elements of the property will be as follows:

1. In the three buildings there are twelve (12) dwelling units as follows: "X" type dwelling units numbered One (1), Two (2), Three (3), Four (4), Nine (9), Ten (10), Eleven (11), Twelve (12), Thirteen (13), Fourteen (14), Fifteen (15), Sixteen (16), Twenty-one (21), Twenty-two (22), Twenty-three (23), Twenty-four (24), Twenty-five (25), Twenty-six (26), Twenty-seven (27), Twenty-eight (28), Thirty-three (33), Thirty-four (34), Thirty-five (35), Thirty-six (36). "Y" type dwelling units numbered five-L (5-L), seven-L (7-L), Seventeen-L (17-L), Nineteen-L (19-L), Twenty-nine-L (29-L), and Thirty-one-L (31-L). "Z" type dwelling units numbered six-U (6-U) Eight-U (8-U), Eighteen-U (18-U), and Twenty-U (20-U). *30 & 32 MISSING.*

In each building there are eight, "X" type units, two "Y" type units and two "Z" type units.

2. In each "X" type dwelling unit there are the following appliances and equipment:

- (a) General Electric Heating and Air Conditioning.
- (b) Century 42 gallon Electric Waterheater.
- (c) General Electric Model JM7200 Electric Range.
- (d) Home Medal Products Model 1275 Hood.
- (e) General Electric Model GGSC100-02 Garbage Disposal.
- (f) General Electric Model TBF15A Refrigerator.
- (g) General Electric Model GGSD250 Dishwasher.

3. In each "Y" type dwelling unit there are the following appliances and equipment:

- (a) General Electric Heating and Air Conditioning.
- (b) Century 42 gallon Electric Waterheater.
- (c) General Electric Model JM7200 Electric Range.
- (d) General Electric Model JV3100 Hood.
- (e) General Electric Model GGFC100 Garbage Disposal.
- (f) General Electric Model TDF15 Refrigerator.
- (g) General Electric Model GGSD250 Dishwasher.

4. In each "Z" type dwelling unit there are the following appliances and equipment:

- (a) General Electric Heating and Air Conditioning.
- (b) Century 42 gallon Electric Waterheater.
- (c) General Electric Model JM7200 Electric Range.
- (d) General Electric Model JV3100 Hood.
- (e) General Electric Model GGFC100 Garbage Disposal.
- (f) General Electric Model TDF15 Refrigerator.
- (g) General Electric Model GGSD250 Dishwasher.

The dwelling units are described hereinbelow. The dwelling units include (a) the space enclosed by the unfinished surfaces of perimeter and interior walls, ceilings and floors thereof, including vents, doors, windows, and such other structural elements that ordinarily are regarded as enclosures of space; (b) all interior dividing walls and partitions (including the space occupied by such walls or partitions) and (c) the decorated inner surfaces of said perimeter and interior walls (including the decorated inner surfaces of all interior load-bearing walls) and floors, ceilings, consisting (as the case may be) of wallpaper, paint, plaster, carpeting, tiles and all other furnishing materials and fixtures affixed or installed and for the sole and exclusive use of any Dwelling Unit, commencing at the point of disconnection from the structural body of the building and from utility lines, pipes or systems serving the Dwelling Unit. No pipes, wires, conduits, or other public utility lines or installations constituting a part of the overall systems designed for the service of any particular Dwelling Unit of a building, nor any property of any kind, including fixtures and appliances within any Dwelling Unit, which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the building, shall be deemed to be a part of any Dwelling Unit.

(a) Each "X" type dwelling unit contains 1,296 square feet. Entry is through a 14 square foot entry into a foyer of 52 square feet. Adjacent to the foyer is a closet containing 4 square feet. Also adjacent to the foyer is a kitchen of 99 square feet. Adjacent to the kitchen is a mechanical room containing 5 square feet. A pantry closet of three square feet is located at the door from the kitchen to the foyer. An exterior door leads from the kitchen to the service yard in which there is a separate lock storage containing 36 square feet. Beyond the foyer is a dining-living area of 349 square feet. To the rear of the living area is a sliding-glass door which opens onto a concrete terrace. Adjacent to the living area under the stairs is a storage closet of 24 square feet. There is a stairway leading to the second floor containing 37 square feet. There is a 24 square foot storage closet under this area.

At the top of the stairs is a hall containing 44 square feet. Adjacent to the hall is a linen closet containing 2 square feet. Also adjacent to the hall and over the living area is bedroom No. 1 containing 189 square feet. Adjacent to bedroom No. 1 are two closets, each containing 10 square feet. A lavatory is located in bedroom No. 1. Also adjacent to bedroom No. 1 is bath No. 1 with a combination tub-shower and a water closet containing a total of 29 square feet. Also adjacent to the hall is a bath No. 2 containing 29 square feet, which bath has a lavatory, water closet and combination tub-shower. To the entrance side of the upper floor's bedroom No. 2 containing 162 square feet with an adjacent closet of 17 square feet.

(b) Each "Y" type dwelling unit contains 1,325 square feet. Entrance to the dwelling unit is through a foyer of 61 square feet. Adjacent to the foyer is a lock-storage closet containing 8 square feet. Also adjacent to the foyer, but with entry from the dining area, is a kitchen containing 76 square feet. Beyond the kitchen is a laundry area of 28 square feet which area has an exterior door to a service yard. Beyond the foyer is a dining-living area of 379 square feet. To the rear of the living area is a sliding glass door which opens onto a concrete terrace. Adjacent to the dining area is a general storage area containing 14 square feet. The electric waterheater of 42 gallon capacity, is located in this closet. Adjacent to the foyer is a hall of 43 square feet leading to the bedroom and bath areas. Also adjacent to the hall is a closet containing 11 square feet. Also adjacent to the hall is a mechanical room of 8 square feet housing the air conditioning handling unit and a linen closet of 4 square feet. Off the hall, is located bedroom No. 1 containing 199 square feet with an adjacent linen closet of 4 square feet. Off of bedroom No. 1 is a dressing room of 38 square feet containing a lavatory and adjacent to the dressing room is a closet containing 13 square feet. Also off the dressing room is bath No. 1 containing 29 square feet with a water closet and a combination tub-shower. At the opposite end of the hall is bath No. 2 containing 44 square feet with a lavatory, water closet, and a combination tub-shower. Also at this end of the hall is bedroom No. 2 containing 153 square feet, adjacent to bedroom No. 2 there is a closet containing 14 square feet.

(c) Each "Z" type dwelling unit contains 1,964 square feet. The "Z" type units are located on the second and third floor levels. Access to the entry is by means of a common set of stairs to 2 units and a common covered ceramic tile entry pad of approximately 34 square feet. Each apartment enters into a foyer of 49 square feet. Adjacent to the foyer is a mechanical room of 9 square feet containing air conditioning equipment. On the opposite side of the foyer is a closet of 8 square feet. Also adjacent to the foyer is a kitchen of 107 square feet. Opening from the kitchen is a lock-storage closet containing 10 square feet. Adjacent to the foyer on the opposite side from the kitchen is a dining-living area of 362 square feet. To the rear of the living area is a sliding glass door which opens onto a wooden balcony of approximately 62 square feet with access to ground level by means of a medal spiral stairway. Adjacent to the foyer also is a hall of 43 square feet, which hall has a 4 square foot linen closet and a 7 square foot general storage closet. Off of the hall is bedroom No. 1 containing 196 square feet, with an adjacent closet containing 21 square feet. Off of bedroom No. 1 is bath

No. 1 of 44 square feet containing a lavatory, water closet, and a combination tub-shower. Bath No. 2 at the end of the hall contains 43 square feet with a lavatory, water closet, and a combination tub-shower. Also off the hall is bedroom No. 2 containing 150 square feet with a closet of 16 square feet. The stair to the upper level of the "Z" unit contains 62 square feet. At the top of the stairs is a hall of 24 square feet. Adjacent to the hall is a storage closet of 4 square feet. Also opening off the hall is bedroom No. 3 containing 227 square feet. There are two closets opening onto bedroom No. 3 each containing 8 square feet. A dressing room of 54 square feet leads into bath No. 3. A lavatory is located in the dressing room area. A linen closet of 4 square feet and a closet of 9 square feet both open onto the dressing room. Bath No. 3 contains a water closet and a combination tub-shower and is 27 square feet. A small waterheater room and storage room of 11 square feet open into bath No. 3. A 42 gallon waterheater is in this space. On all "Z" units a wood view-deck of 430 square feet opens off of the upper hall through a sliding glass door.

5. Common Elements:

(a) The General Common Elements are as follows:

(1) The Property excluding the limited common elements and the Dwelling Units, and including, but not limited to, the foundations, roofs, floors, ceilings, perimeter walls, load-bearing interior walls and partitions, slabs, stairways, pipes, wires, conduits, air ducts, and public utility lines, including the space actually occupied by the above.

(2) Parking facilities located on the Property, which parking facilities consist of approximately 30,821 square feet, and are shown in the plat of the Property attached hereto and identified as Exhibit A.

(3) All roads, walkways, paths, trees, shrubs, yards, gardens, etc., located on the property.

(4) 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.

(b) The Limited Common Elements are as follows:

(1) The rear and front yards and service areas (shown on the plat attached hereto and identified as Exhibit A) adjacent to each Dwelling Unit, the storage cabinets located in the service yards, and the fences screening the service areas are limited common elements and are each restricted to the use of the Dwelling Unit adjacent to such limited common elements, respectively.

SIXTH:

(1) That the title and interest of each co-owner of a Dwelling Unit in the common elements listed in sub-paragraph 2 of Paragraph "FIFTH" and their proportionate share in the profits and common elements (both general and limited), as well as the proportionate representation for voting purposes in the meeting

of the Council of Co-owners (hereinafter usually referred to as "Council") of the Regime is based on the proportionate value of each Dwelling Unit to the total value of the Property as follows:

(a) Dwelling Units 1, 2, 3, 4, 33, 34, 35, and 36
2.732 per cent based on a value of \$50,500.00 for each of
said dwelling units and a total value of \$1,848,000.00.

(b) Dwelling Units 5-L, 7-L, 17-L, 19-L, 29-L and 31-L
2.895 per cent each based on a value of \$53,500.00 for each
of said dwelling units and a total value of \$1,848,000.00.

(c) Dwelling Units 6-U, 8-U, 18-U, 20-U, 30-U and
32-U 3.165 per cent based on a value of \$58,500.00 for
each of said dwelling units and a total value of \$1,848,000.00.

(d) Dwelling Units 9, 10, 11, 12, 25, 26, 27, and 28
2.678 per cent based on a value of \$49,500.00 for each of
said dwelling units and a total value of \$1,848,000.00.

(e) Dwelling Units 13, 14, 23, and 24 2.516 per cent
based on a value of \$46,500.00 for each of said dwelling units and
a total value of \$1,848,000.00.

(f) Dwelling Units 15, 16, 21 and 22 at 2.570 per cent
based on a value of \$47,500.00 for each of said dwelling units and
a total value of \$1,848,000.00.

SEVENTH: That the administration of the Regime consisting as aforesaid of the property described in Paragraphs "FIRST" and "FIFTH" of this Deed shall be in accordance with the provisions of the By-Laws which are made a part hereof of this Deed and are attached hereto as Exhibit C.

EIGHTH: That, 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 Dwelling 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 Dwelling Unit co-owner having an exclusive and particular right over his respective Dwelling Unit and in addition the specified undivided interest in the common elements of the Property.

NINTH: That so long as the Grantor owns one or more of the Dwelling Units, the Grantor shall be subject to the provisions of this Deed and of Exhibits A, B, and C, attached hereto and the Grantor covenants to take no action which will adversely affect the rights of the Regime with respect to the assurances against latent defects in the Property or other rights assigned to the Regime by reason of the establishment of said Horizontal Property Regime.

TENTH: That the common elements shall remain undivided and no co-owner shall bring any action for partition and/or division.

ELEVENTH: That the percentage of the undivided interest in the common elements (both general and limited) established

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herein shall not be changed except with the unanimous consent of all of the co-owners expressed in amendment to this Deed duly recorded.

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

THIRTEENTH: That each co-owner shall comply with the provisions of this Master Deed, the Declaration of covenants, restrictions and affirmative obligations applicable to all semi-residential areas filed by the Hilton Head Company dated January 23, 1956 and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 78 at Page 306, the Regime By-Laws, Decisions and Resolutions of the Council of Co-owners, Board of Administration, 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 release.

FOURTEENTH: That the dedication of the Property to the Horizontal Property Regime herein shall not be revoked, or the Property removed from the Horizontal Property Regime, or any of the Provisions herein amended unless all of the co-owners and the mortgagees of all the mortgages covering the Dwelling Units unanimously agree to such revocation, or amendment, or removal of the Property from the Horizontal Property Regime by duly recorded instrument.

FIFTEENTH: That no co-owner of a Dwelling 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 Dwelling Unit.

SIXTEENTH: That all present or future co-owners, tenants, future tenants, or any other person that might use the facilities of the Property in any manner, are subject to the provisions of this Deed, and that the mere acquisition or rental of any of the Dwelling Units shall signify that the provisions of this Deed are accepted and ratified.

SEVENTEENTH: That if the Property is totally or substantially damaged or destroyed, the repair, reconstruction, or disposition of the Property shall be as provided by the above-mentioned Statute of South Carolina.

EIGHTEENTH: That, where a mortgagee or other purchaser of a Dwelling Unit obtains title by reason of foreclosure of a mortgage covering a Dwelling Unit, such acquirer of title, his successors or assigns, shall not be liable for assessments by the Regime 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 Regime from filing and claiming liens for such assessments and enforcing same as provided by law, and that such assessment liens shall be subordinate to such mortgage.

NINETEENTH: That in a voluntary conveyance of a Dwelling Unit, the Grantee of the unit shall be jointly and severally liable with the Grantor for all unpaid assessments by the Regime against the latter for his share of the common expenses up until the time of the grant or conveyance without prejudice to the Grantees right to recover from the Grantor the amounts paid by the Grantee therefor. However, any such Grantee shall be entitled to a statement from the manager or Council of Co-Owners, as the case may be, setting forth the amount of the unpaid assessments against the Grantor due the Regime and such Grantees shall not be liable for, nor shall the Dwelling Unit conveyed be subject to a lien for, any unpaid assessments made by the Council of Co-Owners against the Grantor in excess of the amount therein set forth.

TWENTIETH: That the Board of Administration of the Regime or the Management Agent, or Manager, shall obtain and continue in effect blanket property insurance in form and amounts satisfactory to mortgagees holding first mortgages covering Dwelling Units, but without prejudice to the right of the co-owners to obtain additional individual dwelling unit insurance.

TWENTY-FIRST: That Insurance premiums for blanket insurance coverage of the Property shall be a common expense to be paid by periodic assessments levied by the Regime and that such payments shall be held in a separate escrow account of the Regime and used solely for the payment of the Blanket Property Insurance premiums as such premiums become due.

IN WITNESS WHEREOF, Ocean Club Villas, Inc. has caused these presents to be executed in its corporate name by R. L. Graves as President and attested by D. C. Peterson its secretary the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

OCEAN CLUB VILLAS, INC.

[Handwritten signature]

BY: *[Handwritten signature]*
R. L. Graves, President

[Handwritten signature]

ATTEST: *[Handwritten signature]*
D. C. Peterson, Secretary

STATE OF)
COUNTY OF)

P R O B A T E

PERSONALLY appeared before me Mary G. Mitchell who made oath that she saw the within named Ocean Club Villas, Inc. by R. L. Graves, its president, and attest D. C. Peterson, its Secretary, sign, seal, and as its act and deed, deliver the within written Master Deed and that she with Marvin H. Dukes witnessed the execution thereof.

SWORN to before me this 16th

day of June, 1972.

[Handwritten signature] (SEAL)
Notary Public for South Carolina
My commission expires: 5/19/79

[Handwritten signature]

EXHIBIT C

BY-LAWS OF:
OCEAN CLUB VILLAS
HORIZONTAL PROPERTY REGIME I

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ARTICLE I
PLAN OF APARTMENT 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 thereto) located in Forest Beach, Hilton Head Island, in Beaufort County, South Carolina, known as "Ocean Club Villas Regime I" has been, by Master Deed, submitted to the provisions of the Horizontal Property Act of South Carolina, and is to be henceforth known as Ocean Club Villas Horizontal Property Regime I (hereinafter referred to as the "Regime").

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Property and the Regime.

Section 3. Personal Application. All present or future co-owners, tenants, future Tenants, or their employees, or any other person that might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed establishing said Regime. The mere acquisition or rental of any of the Dwelling Units (hereinafter usually referred to as "Dwelling Unit") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Dwelling Units will signify that these By-Laws and the provisions of the Master Deed are accepted and ratified, and will be complied with.

ARTICLE II
VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the co-owner is entitled is the percentage assigned to the Dwelling Unit or Dwelling Units in the Master Deed.

Section 2. Majority of Co-owners. As used in these By-Laws, the term "majority of co-owners" shall mean those co-owners holding 51% or more of the total value of the Property, in accordance with the percentages assigned in the Master Deed.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of co-owners as defined in Section 2 of this Article shall constitute a quorum.

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

ARTICLE III ADMINISTRATION

Section 1. Council Responsibilities. The co-owners of the Dwelling Units will constitute the Council of Co-Owners (hereinafter usually referred to as "Council") who will have the responsibility of administering the Property, approving the annual budget, establishing and collecting periodic assessments, and arranging for the management of the Property pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Council shall require approval by a majority of co-owners.

Section 2. Place of Meetings. Meetings of the Council shall be held at such place convenient to the co-owners as may be designated by the Council.

Section 3. Annual Meetings. The annual meetings of the Council shall be held at the call of the Regime President once a year on the 1st Saturday in July. At such meetings there shall be elected by a majority of the co-owners a Board of Administration in accordance with the provisions of Section 5 of Article IV of these By-Laws. The co-owners shall also transact such other business of the Council 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 Administration or upon a petition signed by a majority of the co-owners and having been presented to the Secretary. The notice of any

special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the votes present, either in person or by proxy.

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Section 5. 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 or record; at least ten but not more than twenty days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Adjourned Meeting. If any meeting of the Council 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.

Section 7. Order of Business. The order of business at all Annual Meetings of the Council shall be as follows:

- (a) Roll Call
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meetings.
- (d) Reports of Officers.
- (e) Report of Committees.
- (f) Election of inspectors of election.
- (g) Election of administrators.
- (h) Unfinished business.
- (i) New business.

The order of business at all Special Meetings of the Council 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 ADMINISTRATION

Section 1. Number and Qualification. The affairs of the Council shall be governed by a Board of Administration (hereinafter referred to as "Board") comprised of five persons, all of whom must be co-owners of Dwelling Units in the Property.

Section 2. General Powers and Duties. The Board shall have the authority necessary for the administration of the affairs of the Property and may do all such acts and things as are not by law or by these rules directed to be executed and done by the Council or individual owners.

Section 3. Other Duties. In addition to duties imposed by these By-Laws, or by resolutions of the Council, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the common elements.
- (c) Collection of assessments from the co-owners.
- (d) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.
- (e) Performing repairs caused by any natural disaster or man-made damage from the escrow account and any special assessment.

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

Section 5. Election and Term of Office. At the first Annual Meeting of the Council, the initial term of office of two members of the Board shall be fixed at three (3) years. The term of office of two members of the Board shall be fixed at two (2) years, and the term of office of one member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting.

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

Section 7. Removal of Members of the Board. At any regular or special meeting of the Council 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 Council shall be given an opportunity to be heard at the meeting.

Section 8. Organization 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 Council, and no notice shall be necessary to the newly elected Board members in order legally to constitute such meeting, providing a majority of the Board 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 two such meetings shall be held during 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 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 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 Board members.

Section 11. Waiver of Notice. Before or at any meeting of the Board, any Board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof. If all the members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

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

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

ARTICLE V
OFFICERS

Section 1. Designation. The principle officers of the Regime 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 an assistant secretary, and such other officers as in their judgment may be necessary.

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

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

Section 4. President. The President shall be the chief executive officer of the Regime. He shall preside at all Council meetings of the Regime 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 Regime, 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 decide are appropriate to assist in the conduct of the affairs of the Regime.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board 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 Council; 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 Regime. He shall be

responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Regime 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 offices of Secretary and Treasurer.

ARTICLE VI
OBLIGATIONS OF THE CO-OWNERS

Section 1. Assessments. All co-owners are obligated to pay periodic assessments imposed by the Regime to meet all Regime expenses, which shall include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake, and other hazards. The assessments shall be made pro rata according to the value of the Dwelling Unit owned, and as stipulated in the Master Deed.

Escrow Account. The transfer of ownership of an individual villa within the Regime carries with it the proportionate equity of that villa ownership in the Regime Escrow Account. Each villa owner will be assessed for the Regime Escrow Account in accordance with a set schedule in order to provide for a contingency fund for maintenance and repair of the Regime Property.

Section 2. Maintenance and Repair.

(a) Every co-owner must perform promptly all maintenance and repair work within his own Dwelling Unit, which if omitted would affect the Property in its entirety or in a part belonging to other co-owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the Dwelling Unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Dwelling Unit shall be at the expense of the co-owner.

(c) A co-owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any common elements damaged through his fault.

Section 3. Use of Dwelling Units -- Internal Changes.

(a) All Dwelling Units shall be utilized for residential purposes only.

(b) A co-owner shall not make structural modifications or alterations in his Dwelling Unit or installations located therein without previously notifying the Regime in writing, through the management agent, if any, or through the President if no management agent is employed. The Regime shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 4. Use of Common Elements. A co-owner shall not place or cause to be placed in the passages or roads any furniture, packages, or obstructions of any kind. Such areas shall be used for no other purpose than for normal transit through them.

Section 5. Right of Entry.

(a) A co-owner shall grant the right of entry to the management agent or to any other person authorized by the Board in case of any emergency originating or threatening his Dwelling 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 Dwelling 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 an emergency, such right of entry shall be immediate.

Section 6. Rules of Conduct.

(a) Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, television and amplifiers that may disturb other residents.

(b) No residents of the Property shall:

- (1) post any advertisements, or posters of any kind in or on the Property except as authorized by the Regime;
- (2) hang garments, towels, rugs, or similar objects, from the windows or from any of the facades of the Property;
- (3) dust rugs, mops or similar objects from the windows or clean rugs or similar objects by beating on the exterior part of the Property;
- (4) throw garbage or trash outside the disposal installations provided for such purposes in the service areas;
- (5) act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Dwelling Units in the Property;
- (6) maintain any pets which cause distress to co-owners through barking, biting, scratching or damaging of property.

(c) No co-owner, resident, or lessee shall install wiring for electrical or telephone installations, television antennae, machines or air conditioning units, or similar objects outside of his dwelling or which protrude through the walls or the roof of his dwelling unit except as authorized by the Board.

ARTICLE VII
AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by the Council in a duly constituted meeting held for such purpose, and no amendment shall take effect unless approved by co-owners representing at least two-thirds of the total value of the Property as shown in the Master Deed.

ARTICLE VIII
MORTGAGES

Section 1. Notice to Board. A co-owner who mortgages his Dwelling 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 mortgagee; and the Regime shall maintain such information in a book entitled "Mortgages of Dwelling Units."

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Section 2. Notice of Unpaid Assessments. The Board shall at the request of a mortgagee of a Dwelling Unit report any unpaid assessments due to the Regime from the co-owner of such Dwelling Unit.

ARTICLE IX
COMPLIANCE

These By-Laws are intended to comply with the requirements of the Horizontal Property Act of South Carolina. In case any of these By-Laws conflict with the provisions of said Statute, it is hereby agreed and accepted that the provisions of the Statute will control.

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STATE OF SOUTH CAROLINA)
)
)
COUNTY OF BEAUFORT)

OCEAN CLUB VILLAS, INC.)

TO)

MASTER DEED

OCEAN CLUB VILLAS HORIZONTAL)
PROPERTY REGIME II)

HORIZONTAL PROPERTY REGIME
PLAN OF OWNERSHIP

At Hilton Head Island, County of Beaufort, State of South Carolina, on this 5th day of January, 1973, Ocean Club Villas Inc., hereinafter referred to as Grantor, does hereby state:

FIRST: That the Grantor owns a property situate at Hilton Head Island, County of Beaufort, State of South Carolina which is described as follows:

ALL that certain piece, parcel or tract of land situate, lying and being in the Forest Beach Section of Hilton Head Island, Beaufort County, South Carolina, and being a portion of Lot 9 as shown on a plat of Forest Beach Subdivision recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 12 at Page 89 and being more particularly shown on a plat of a portion of the Ocean Club Villas, Inc. property being a portion of Lot 9 Forest Beach Subdivision, Hilton Head Island, Beaufort County, South Carolina, said plat prepared by Thomas and Hutton Engineering Company Savannah, Georgia and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina and containing 1.8 acres, recorded in Plat Book 22 at Page 223. Said property herein described commences at a point which lies South 26° 08' East a distance of 325.0 feet from the Westernmost corner of the said Lot 9 of Forest Beach Subdivision, and runs from said point of beginning North 65° 52' East a distance of 279.50 feet to an iron pin; thence South 26° 08' East a distance of 34.45 feet to an iron pin; thence South 63° 52' West a distance of 12.73 feet to an iron pin; thence South 26° 08' East a distance of 80.55 feet to an iron pin; thence South 63° 52' West a distance of 266.77 feet to an iron pin; thence North 26° 08' West a distance of 115.0 feet to the iron pin at the point of beginning.

Included, however, as a part of the said Ocean Club Villas Horizontal Property Regime II shall be a 16/52 undivided interest in and to the pool site shown on the plat hereinabove referred to.

Those areas shown as paved parking areas and walkways on the plat hereinabove referred to

shall be subject to a non-exclusive easement for ingress and egress to and from adjacent property of Ocean Club Villas Horizontal Property Regime I, its Successors and Assigns.

SECOND: That the Grantor (intending to create a horizontal property regime that shall be known as Ocean Club Horizontal Property Regime II, hereinafter called the "Regime") has constructed on the parcel of land described above certain buildings and other improvements (which together with the land described in Paragraph "FIRST", all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto and hereinafter usually referred to as the "property"), according to the plans attached hereto and identified as Exhibit "A", which were certified to by W. D. Corkern a Registered Architect, duly authorized and licensed to practice in the State of South Carolina and which are made a part hereof.

THIRD: That the property includes two buildings containing 16 individual dwelling units (hereinafter referred to as Dwelling Units) all of which are to be used for residential purposes. The dwelling units are all capable of individual utilization on account of having their own exits to the common elements of the property, and they will be sold to one or more co-owners, each co-owner obtaining a particular and exclusive property right thereto, and also undivided interest in the general and limited common elements of the property, as listed hereinafter in this deed, necessary for their adequate use and enjoyment (hereinafter referred to as "common elements"), all of the above in accordance with the Horizontal Property Act of South Carolina.

FOURTH: That the Property has a total of 10,974 square feet of ground floor area under roof, 4,959 square feet of common element area, 4,134 square feet of limited common element area, and 22,079 square feet of paved area. The pool area as hereinabove referred to contains a total of 3,360 square feet.

FIFTH: That the dwelling units and common elements of the property will be as follows:

1. In each of the two (2) buildings there are eight (8) dwelling units as follows: In the Southeasternmost building there are four (4) "Y" type dwelling units on the ground floor, being numbered 37-L, 39-L, 41-L and 43-L. There are also four (4) "Z" type dwelling units located on the second and third floor levels of the building being numbered 38-U, 40-U, 42-U and 44-U.

In the Northernmost building there are four (4) "Y" type dwelling units on the ground floor, being numbered 45-L, 47-L, 49-L, and 51-L. There are also four (4) "Z" type dwelling units located on the second and third floor levels of the building being numbered 46-U, 48-U, 50-U and 52-U.

2. In each "Y" type dwelling unit there are the following appliances and equipment:

- (a) General Electric Heating and Air Conditioning.
- (b) Century 42 gallon Electric Waterheater.
- (c) General Electric Model JM7200 Electric Range.
- (d) General Electric Model JV3100 Hood.
- (e) General Electric Model GGFC100 Garbage Disposal.
- (f) General Electric Model TDF15 Refrigerator.
- (g) General Electric Model GGSD250 Dishwasher.

3. In each "Z" type dwelling unit there are the following appliances and equipment:

- (a) General Electric Heating and Air Conditioning.
- (b) Century 42 gallon Electric Waterheater.
- (c) General Electric Model JM7200 Electric Range.
- (d) General Electric Model JV3100 Hood.
- (e) General Electric Model GGFC100 Garbage Disposal.
- (f) General Electric Model TDF15 Refrigerator.
- (g) General Electric Model GGSD250 Dishwasher.

4. The dwelling units are described hereinbelow. The dwelling units include (a) the space enclosed by the unfinished surfaces of perimeter and interior walls, ceilings and floors thereof, including vents, doors, windows, and such other structural elements that ordinarily are regarded as enclosures of space; (b) all interior dividing walls and partitions (including the space occupied by such walls or partitions) and (c) the decorated inner surfaces of said perimeter and interior walls (including the decorated inner surfaces of all interior loadbearing walls) and floors, ceilings, consisting (as the case may be) of wallpaper, paint, plaster, carpeting, tiles and all other finishing materials and fixtures affixed or installed and for the sole and exclusive use of any Dwelling Unit, commencing at the point of disconnection from the structural body of the building and from utility lines, pipes or systems serving the Dwelling Unit. No pipes, wires, conduits, or other public utility lines or installations constituting a part of the overall systems designed for the service of any particular Dwelling Unit of a building, nor any property of any kind, including fixtures and appliances within any Dwelling Unit, which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the building, shall be deemed to be a part of any Dwelling Unit.

(a) Each "Y" type dwelling unit contains 1,325 square feet. Entrance to the dwelling unit is through a foyer of 61 square feet. Adjacent to the foyer is a lock-storage closet containing 8 square feet. Also adjacent to the foyer, but with entry from the dining area, is a kitchen containing 76 square feet. Beyond the kitchen is a laundry area of 28 square feet which area has an exterior door to a service yard. Beyond the foyer is a dining living area of 379 square feet. To the rear of the living area is a sliding glass door which opens onto a concrete terrace. Adjacent to the dining area is a general storage area containing 14 square feet. The electric waterheater of 42 gallon capacity is located in this closet. Adjacent to the foyer is a hall of 43 square feet leading to the bedroom and bath areas. Also adjacent to the hall is a closet containing 11 square feet. Also adjacent to the hall is a mechanical room of 8 square feet housing the air conditioning handling unit and a linen closet of 4 square feet. Off the hall, is located bedroom No. 1 containing 199 square feet with an adjacent linen closet of 4 square feet. Off of bedroom No. 1 is a dressing room of 38 square feet containing a lavatory and adjacent to the dressing room is a closet containing 13 square feet. Also off the dressing room is bath No. 1 containing 29 square feet with a water closet and a combination tub-shower. At

the opposite end of the hall is bath No. 2 containing 44 square feet with a lavatory, water closet, and a combination tub-shower. Also at this end of the hall is bedroom No. 2 containing 153 square feet, adjacent to bedroom No. 2 there is a closet containing 14 square feet.

(b) Each "Z" type dwelling unit contains 1,964 square feet. The "Z" type units are located on the second and third floor levels. Access to the entry is by means of a common set of stairs to 2 units and a common covered entry pad of approximately 34 square feet. Each apartment enters into a foyer of 49 square feet. Adjacent to the foyer is a mechanical room of 9 square feet containing air conditioning equipment. On the opposite side of the foyer is a closet of 8 square feet. Also adjacent to the foyer is a kitchen of 107 square feet. Opening from the kitchen is a lock-storage closet containing 10 square feet. Adjacent to the foyer on the opposite side from the kitchen is a dining-living area of 362 square feet. To the rear of the living area is a sliding glass door which opens onto a wooden balcony of approximately 62 square feet with access to ground level by means of a metal spiral stairway. Adjacent to the foyer also is a hall of 43 square feet, which hall has a 4 square foot linen closet and a 7 square foot general storage closet. Off of the hall is bedroom No. 1 containing 196 square feet, with an adjacent closet containing 21 square feet. Off of bedroom No. 1 is bath No. 1 of 44 square feet containing a lavatory, water closet, and a combination tub-shower. Bath No. 2 at the end of the hall contains 43 square feet with a lavatory, water closet, and a combination tub-shower. Also off the hall is bedroom No. 2 containing 150 square feet with a closet of 16 square feet. The stair to the upper level of the "Z" unit contains 62 square feet. At the top of the stairs is a hall of 24 square feet. Adjacent to the hall is a storage closet of 4 square feet. Also opening off the hall is bedroom No. 3 containing 227 square feet. There is a wooden viewing deck on the pool side opening from bedroom No. 3. There are two closets opening onto bedroom No. 3 each containing 8 square feet. A dressing room of 54 square feet leads into bath No. 3. A lavatory is located in the dressing room area. A linen closet of 4 square feet and a closet of 9 square feet both open onto the dressing room. Bath No. 3 contains a water closet and a combination tub-shower and is 27 square feet. A small waterheater room and storage room of 11 square feet open into bath No. 3. A 42 gallon waterheater is in this space. On all "Z" units a wood view-deck of 430 square feet opens off of the upper hall through a sliding glass door.

5. Common Elements

(a) The General Common Elements are as follows:

(1) The Property excluding the limited common elements and the Dwelling Units, and including, but not limited to, the foundations, roofs, floors, ceilings, perimeter walls, load-bearing interior walls and partitions, slabs, stairways, pipes, wires, conduits, air ducts, and public utility lines, including the space actually occupied by the above.

(2) Parking facilities located on the Property, which parking facilities consist of approximately 30,821 square feet, and are shown in the plat of the Property attached hereto and identified as Exhibit A.

(3) All roads, walkways, paths, trees, shrubs, yards, gardens, etc., located on the property.

(4) 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.

(b) The Limited Common Elements are as follows:

(1) The rear and front yards and service areas (shown on the plat attached hereto and identified as Exhibit A) adjacent to each Dwelling Unit, the storage cabinets located in the service yards, and the fences screening the service areas are limited common elements and are each restricted to the use of the Dwelling Unit adjacent to such limited common elements, respectively.

SIXTH:

(1) That the title and interest of each co-owner of a Dwelling Unit listed in Paragraph "FIFTH" and their proportionate share in the profits and common elements (both general and limited), as well as the proportionate representation for voting purposes in the meeting of the Council of Co-owners (hereinafter usually referred to as "Council") of the Regime is based on the proportionate value of each Dwelling Unit to the total value of the Property as follows:

(a) Dwelling Units 37-L, 39-L, 41-L, 43-L, 45-L, 47-L, 49-L and 51-L 5.991 per cent based on a value of \$69,500.00 for each of said dwelling units and a total value of \$1,160,000.00, for the entire Regime.

(b) Dwelling Units 38-U, 40-U, 42-U, 44-U, 46-U, 48-U, 50-U, and 52-U 6.508 per cent each based on a value of \$75,500.00 for each of said dwelling units and a total value of \$1,160,000.00 for the entire Regime.

SEVENTH: That the administration of the Regime consisting as aforesaid of the property described in Paragraphs "FIRST" and "FIFTH" of this Deed shall be in accordance with the provisions of the By-Laws which are made a part hereof of this Deed and are attached hereto as Exhibit C.

EIGHTH: That, 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 Dwelling 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 Dwelling Unit co-owner having an exclusive and particular right over his respective Dwelling Unit and in addition the specified undivided interest in the common elements of the Property.

NINTH: That so long as the Grantor owns one or more of the Dwelling Units, the Grantor shall be subject to the provisions of this Deed and of Exhibits A, B, and C, attached hereto and the Grantor covenants to take no action which will adversely affect the rights of the Regime with respect to the assurances

against latent defects in the Property or other rights assigned to the Regime by reason of the establishment of said Horizontal Property Regime.

TENTH: That the common elements shall remain undivided and no co-owner shall bring any action for partition and/or division.

ELEVENTH: That the percentage of the undivided interest in the common elements (both general and limited) established herein shall not be changed except with the unanimous consent of all of the co-owners expressed in amendment to this Deed duly recorded.

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

THIRTEENTH: That each co-owner shall comply with the provisions of this Master Deed, the Declaration of covenants, restrictions and affirmative obligations applicable to all semi-residential areas filed by the Hilton Head Company dated January 23, 1956 and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 78 at Page 306, the Regime By-Laws, Decisions and Resolutions of the Council of Co-owners, Board of Administration, 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 release.

FOURTEENTH: That the dedication of the Property to the Horizontal Property Regime herein shall not be revoked, or the Property removed from the Horizontal Property Regime, or any of the Provisions herein amended unless all of the co-owners and the mortgagees of all the mortgages covering the Dwelling Units unanimously agree to such revocation, or amendment, or removal of the Property from the Horizontal Property Regime by duly recorded instrument.

FIFTEENTH: That no co-owner of a Dwelling 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 Dwelling Unit.

SIXTEENTH: That all present or future co-owners, tenants, future tenants, or any other person that might use the facilities of the Property in any manner, are subject to the provisions of this Deed; and that the mere acquisition or rental of any of the Dwelling Units shall signify that the provisions of this Deed are accepted and ratified.

SEVENTEENTH: That if the Property is totally or substantially damaged or destroyed, the repair, reconstruction, or disposition of the Property shall be as provided by the above-mentioned Statute of South Carolina.

EIGHTEENTH: That, where a mortgagee or other purchaser

of a Dwelling Unit obtains title by reason of foreclosure of a mortgage covering a Dwelling Unit, such acquirer of title, his successors or assigns, shall not be liable for assessments by the Regime 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 Regime from filing and claiming liens for such assessments and enforcing same as provided by law, and that such assessment liens shall be subordinate to such mortgage.

NINETEENTH: That in a voluntary conveyance of a Dwelling Unit, the Grantee of the unit shall be jointly and severally liable with the Grantor for all unpaid assessments by the Regime against the latter for his share of the common expenses up until the time of the grant or conveyance without prejudice to the Grantees right to recover from the Grantor the amounts paid by the Grantee therefor. However, any such Grantee shall be entitled to a statement from the manager or Council of CoOwners, as the case may be, setting forth the amount of the unpaid assessments against the Grantor due the Regime and such Grantees shall not be liable for, nor shall the Dwelling Unit conveyed be subject to a lien for, any unpaid assessments made by the Council of CoOwners against the Grantor in excess of the amount therein set forth.

TWENTIETH: That the Board of Administration of the Regime or the Management Agent, or Manager, shall obtain and continue in effect, blanket property insurance in form and amounts satisfactory to mortgagees holding first mortgages covering Dwelling Units, but without prejudice to the right of the co-owners to obtain additional individual dwelling unit insurance.

TWENTY-FIRST: That Insurance premiums for blanket insurance coverage of the Property shall be a common expense to be paid by periodic assessments levied by the Regime and that such payments shall be held in a separate escrow account of the Regime and used solely for the payment of the Blanket Property Insurance premiums as such premiums become due.

IN WITNESS WHEREOF, Ocean Club Villas, Inc. has caused these presents to be executed in its corporate name by Willis D. Corkern, as Vice President, and attested by D. C. Peterson, its Secretary, the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

OCEAN CLUB VILLAS, INC.

BY: Willis D. Corkern
Willis D. Corkern
Vice President

ATTEST: D. C. Peterson
D. C. Peterson
Secretary

EXHIBIT C

BY-LAWS OF:
OCEAN CLUB VILLAS
HORIZONTAL PROPERTY REGIME II

ARTICLE I
PLAN OF APARTMENT 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 thereto) located in Forest Beach, Hilton Head Island, in Beaufort County, South Carolina, known as "Ocean Club Villas Regime II" has been, by Master Deed, submitted to the provisions of the Horizontal Property Act of South Carolina, and is to be henceforth known as Ocean Club Villas Horizontal Property Regime II (hereinafter referred to as the "Regime").

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Property and the Regime.

Section 3. Personal Application. All present or future co-owners, tenants, future Tenants, or their employees, or any other person that might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed establishing said Regime. The mere acquisition or rental of any of the Dwelling Units (hereinafter usually referred to as "Dwelling Unit") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Dwelling Units will signify that these By-Laws and the provisions of the Master Deed are accepted and ratified, and will be complied with.

ARTICLE II
VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the co-owner is entitled is the percentage assigned to the Dwelling Unit or Dwelling Units in the Master Deed.

Section 2. Majority of Co-owners. As used in these By-Laws, the term "majority of co-owners" shall mean those co-owners holding 51% or more of the total value of the Property, in accordance with the percentage assigned in the Master Deed.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of co-owners as defined in Section 2 of this Article shall constitute a quorum.

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

ARTICLE III

ADMINISTRATION

Section 1. Council Responsibilities. The co-owners of the Dwelling Units will constitute the Council of Co-Owners (hereinafter usually referred to as "Council") who will have the responsibility of administering the Property, approving the annual budget, establishing and collecting periodic assessments, and arranging for the management of the Property pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Council shall require approval by a majority of co-owners.

Section 2. Place of Meetings. Meetings of the Council shall be held at such place convenient to the co-owners as may be designated by the Council.

Section 3. Annual Meetings. The annual meetings of the Council shall be held at the call of the Regime President once a year on the 1st Saturday in July. At such meetings there shall be elected by ballot of the co-owners a Board of Administration in accordance with the requirements of Section 5 of Article IV of these By-Laws. The co-owners

may also be held at such other location or locations as they properly may 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 Administration or upon a petition signed by a majority of co-owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the votes present, either in person or by proxy.

Section 5. 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 or record, at least ten but not more than twenty days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Adjourned Meeting. If any meeting of the Council 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.

Section 7. Order of Business. The order of business at all Annual Meetings of the Council shall be as follows:

- (a) Roll Call
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meetings.
- (d) Reports of Officers.
- (e) Report of Committees.
- (f) Election of inspectors of election.
- (g) Election of administrators.
- (h) Unfinished business.
- (i) New business.

The order of business at all Special Meetings of the Council 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 ADMINISTRATION

Section 1. Number and Qualification. The affairs of the Council shall be governed by a Board of Administration (hereinafter referred to as "Board") comprised of five persons, all of whom must be co-owners of Dwelling Units in the Property.

Section 2. General Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Council 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 Council or individual owner.

Section 3. Other Duties. In addition to duties imposed by these By-Laws, or by resolutions of the Council, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the common elements.
- (c) Collection of assessments from the co-owners.
- (d) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.
- (e) Performing repairs caused by any natural disaster or man-made damage from the escrow account and any special assessment.

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

Section 5. Election and Term of Office. At the first Annual Meeting of the Council, the initial term of office of two members of the Board shall be fixed at three (3) years. The term of office of two members of the Board shall be fixed at two (2) years, and the term of

office of one member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting.

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

Section 7. Removal of Members of the Board. At any regular or special meeting of the Council 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 Council shall be given an opportunity to be heard at the meeting.

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

Section 9. Regular Meetings. Regular meeting of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least two such meetings shall be held during 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 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 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 Board members.

Section 11. Waiver of Notice. Before or at any meeting of the Board, any Board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof. If all the members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

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

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

ARTICLE V OFFICERS

Section 1. Designation. The principal officers of the Regime 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 an Assistant Secretary, and such other officers as in their judgment may be deemed necessary.

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

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

Section 4. President. The President shall be the chief executive officer of the Regime. He shall preside at all Council meetings of the Regime 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 Regime, 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 decide are appropriate to assist in the conduct of the affairs of the Regime.

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 Council. 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 Regime. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Regime, 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 offices of Secretary-Treasurer.

ARTICLE VI
OBLIGATIONS OF THE CO-OWNERS

Section 1. Assessments. All co-owners are obligated to pay periodic assessments imposed by the Regime to meet all Regime expenses, which shall include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake, and other hazards. The assessments shall be made pro rata according to the value of the Dwelling Unit owned, and as stipulated in the Master Deed.

Escrow Account. The transfer of ownership of an individual Villa within the Regime carries with it the proportionate equity of that villa ownership in the Regime Escrow Account. Each Villa Owner will be assessed for the Regime Escrow Account in accordance with a set schedule in order to provide for a contingency fund for maintenance and repair of the Regime Property.

Section a. Maintenance and Repair.

(a) Every co-owner must perform promptly all maintenance and repair work within his own Dwelling Unit, which, if omitted would affect the Property in its entirety or in a part belonging to other co-owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the Dwelling Unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Dwelling Unit shall be at the expense of the co-owner.

(c) A co-owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any common elements damaged through his fault.

Section 3. Use of Dwelling Units -- Internal Changes.

(a) All Dwelling Units shall be utilized for residential purposes only.

(b) A co-owner shall not make structural modifications or alterations in his Dwelling Unit or installations located therein without previously notifying the Regime in writing, through the Management Agent, if any, or through the President if no Management Agent is employed. The Regime shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 4. Use of Common Elements. A co-owner shall not place or cause to be placed in the passages or roads, any furniture, packages, or obstructions of any kind. Such areas shall be used for no other purpose than for normal transit through them.

Section 5. Right of Entry.

(a) A co-owner shall grant the right of entry to the Management Agent or to any other person authorized by the Board in case of any emergency originating or threatening his Dwelling 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 Dwelling 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 an emergency, such right of entry shall be immediate.

Section 6. Rules of Conduct.

(a) Residents shall exercise extreme care to avoid unnecessary

noise or the use of musical instruments, radios, television and amplifiers that may disturb other residents.

(b) No residents of the Property shall:

- (1) Post any advertisements or posters of any kind in or on the Property except as authorized by the Regime;
- (2) Hang garments, towels, rugs, or similar objects, from the windows or from any of the facades of the Property;
- (3) Dust rugs, mops, or similar objects from the windows, or clean rugs or similar objects by beating on the exterior part of the Property;
- (4) Throw garbage or trash outside the disposal installations provided for such purposes in the service areas;
- (5) Act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Dwelling Units in the Property;
- (6) Maintain any pets which cause distress to co-owners through barking, biting, scratching or damaging of property.

(c) No co-owner, resident, or lessee shall install wiring for electrical or telephone installations, television antennae, machines or air conditioning units, or similar objects outside of his dwelling or which protrude through the walls or the roof of his dwelling unit except as authorized by the Board.

ARTICLE VII AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by the Council in a duly constituted meeting held for such purpose, and no amendment shall take effect unless approved by co-owners representing at least two-thirds of the total value of the Property as shown in the Master Deed.

ARTICLE VIII MORTGAGES

Section 1. Notice to Board. A co-owner who mortgages his Dwelling 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 mortgagee; and the Regime shall maintain such information in a book entitled "Mortgages of Dwelling Units."

Section 2. Notice of unpaid assessments. The Board shall at the request of a mortgagee of a Dwelling Unit report any unpaid assessments due to the Regime from the co-owner of such Dwelling Unit.

ARTICLE IX
COMPLIANCE

These By-Laws are intended to comply with the requirements of the Horizontal Property Act of South Carolina. In case any of these By-Laws conflict with the provisions of said Statute, it is hereby agreed and accepted that the provisions of the Statute will control.