

Amendment #1

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BEAUFORT COUNTY SC - ROD
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REC'D BY R WEBB RCPT# 952398
RECORDING FEES 12.00

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

**AMENDMENT OF
AVALON AT INDIGO RUN
MASTER DEED AND BYLAWS**

THIS AMENDMENT TO THE AVALON AT INDIGO RUN MASTER DEED AND BYLAWS ("Amendment") is made effective December 3, 2004, by Avalon at Indigo Run Horizontal Property Regime, a South Carolina nonprofit corporation.

WHEREAS, on January 30, 2001, Avalon at Indigo Run, LLC established the Avalon at Indigo Run Horizontal Property Regime ("Regime") by Master Deed recorded in the Beaufort County Register of Deeds Office in Official Record Book 1380 at Page 1705; and

WHEREAS, the Master Deed established a council of co-owners, initially known as Avalon at Indigo Run Owners Association, Inc. and now known as the Avalon at Indigo Run Horizontal Property Regime ("Association") to operate and manage the Regime pursuant to the terms and conditions of the Master Deed and the Association's Bylaws which were attached to the Master Deed as Exhibit "D"; and

WHEREAS, Article VIII provides that the Master Deed and Bylaws may be amended upon the approval of two-thirds of the total value of the membership of the Regime at a meeting of the Association; and

WHEREAS, on December 3, 2004, the Association held its annual meeting, one of the purposes of which was to amend the Association's Master Deed and Bylaws; and

WHEREAS, on December 3, 2004, a quorum of the co-owners were present in person or by proxy at the annual meeting; and

WHEREAS, the following Master Deed and Bylaw amendments were approved at the December 3, 2004 annual meeting of the Association by in excess of two-thirds of the ownership of the Regime; and

WHEREAS, the undersigned president of the Association does hereby execute this Master Deed and Bylaw Amendment, which is effective as of December 3, 2004, and do hereby adopt the following amendments to the Association's Master Deed and Bylaws.

WITNESSES:

Neil Sant D
[Signature]

Avalon at Indigo Run Horizontal Property Regime

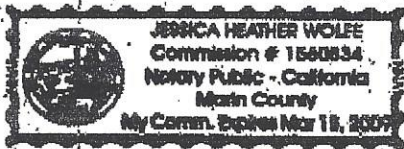
[Signature]
By: Kevin O'Keefe
Its: President

STATE OF CALIFORNIA
COUNTY OF MARIN

ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that Kevin O'Keefe as President of the Avalon at Indigo Run Horizontal Property Regime appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 9th day of JUNE, 2005.



[Signature]
Notary Public for California
My Commission Expires: 3/18/09

MADE BY THE DEED AMENDMENT TO CONVEY AVALON-INDIGO RUN

AVALON AT INDIGO RUN HORIZONTAL PROPERTY REGIME
MASTER DEED AND BYLAW AMENDMENTS

1. **MASTER DEED AMENDMENT ONE:** *Article 2 of the Master Deed contains definitions. A new Section 2.17 to Article 2 making Rules and Regulations a defined term under the Master Deed has been added. The definition also refers to the Sections in the Master Deed which address Rules and Regulations.*

Former - Section 2.17: Not applicable.

Amended - Section 2.17: **"Rules and Regulations"** Means any Rules and Regulations promulgated by the Board from time to time pursuant to Sections 5.4 and 5.5 in this Master Deed and the Association's Bylaws.

2. **MASTER DEED AMENDMENT TWO:** *A new Section 2.18 to Article 2 has been added making the term Specific Assessment a defined term under the Master Deed.*

Former - Section 2.18: Not applicable.

Amended - Section 2.18: **"Specific Assessment"** Means assessments levied against a Villa Owner for collection of fines imposed pursuant to the provisions of this Master Deed and the Association Bylaws, or the Rules and Regulations.

3. **MASTER DEED AMENDMENT THREE:** *Article 5 of the Master Deed outlines ownership privileges and use restrictions within Avalon. A new Section 5.4 has been added which gives the Board the power to promulgate Rules and Regulations from time to time, so long as the Rules and Regulations do not conflict with the terms of the Master Deed or Bylaws.*

Former - Section 5.4: Not applicable.

Amended - Section 5.4: **Rules and Regulations.** To enforce the provisions of the Master Deed and Bylaws, the Board may promulgate, modify, or terminate Rules and Regulations applicable to the Regime and Villa Owners. Promulgation or modification of the Rules and Regulations shall be approved by the vote of a majority of the members of the Board. Rules and Regulations shall not conflict with the terms of this Master Deed or the Association's Bylaws. All Rules and Regulations shall be distributed to all Villa Owners by regular mail to the Villa Owner's most recent registered address prior to the date that the Rules and Regulations are to become effective and shall thereafter be binding upon all Villa Owners, their guests, tenants, and invitees until and unless overruled, canceled, or modified by the Board in conformity with this Master Deed and the Association's Bylaws.

4. **MASTER DEED AMENDMENT FOUR:** *Section 5.5 has been added and empowers the Board to adopt fines to enforce the provisions of the Master Deed, Bylaws, or Rules and Regulations.*

Former - Section 5.5: Not applicable.

Amended - Section 5.5: Fines for Master Deed, Bylaw, Rule and Regulation Violations. The Board may adopt fines to enforce the provisions of this Master Deed, the Association's Bylaws and the Rules and Regulations. Such fines may be adopted and amended from time to time by a majority vote of the Board. Fines levied against Villa Owners for violations of this Master Deed, the Association's Bylaws, or Rules and Regulations shall be a lien and a Specific Assessment against the Villa owned by the Villa Owner in violation of the Master Deed provision, Bylaw provision, and/or Rules and Regulations. Each fine shall be a charge and continuing lien on the Villa Owner's Villa, as well as a personal obligation of the Villa's Owner. Villa Owners shall have the right to appeal any Association fine. All appeals shall be in writing and shall be heard by the Board, or a committee selected by the Board. Appeal determinations made by the Board, or its committee, shall be made in the Board's, or committee's, sole and reasonable discretion. Appeal determinations shall be final adjudications of all fines and shall not be subject to any further appeal whatsoever. The Board shall promulgate procedures governing the fine appeal process prior to enforcing any fines against Villa Owners. All appeal procedures shall be available for review upon the request of any Villa Owner.

5. MASTER DEED AMENDMENT FIVE: *Section 8.2 has been amended to allow Specific Assessments to collect fines levied for breaches of the Rules and Regulations.*

Former - Section 8.2: Assessments. All Assessments of Common Expenses shall be fixed by the Board and made payable at such times as the Board determines, but not less frequently than quarterly.

Amended - Section 8.2: Assessments. All Assessments of Common Expenses shall be fixed by the Board and made payable at such times as the Board determines, but not less frequently than quarterly. Specific Assessments shall be payable upon the date of the imposition of a fine by the Board against a Villa Owner.

6. MASTER DEED AMENDMENT SIX: *Presently, Master Deed Section 8.5 provides for liens on Villas due to non-payments of Assessments. The Board proposes amending Section 8.5 to provide that unpaid Specific Assessments will also constitute liens against Villas.*

Former - Section 8.5: Lien Upon Villa. All Assessments of the Association which are unpaid after becoming due shall thereupon constitute a lien against such Villa prior and superior to all other liens except (i) liens for property taxes upon the Villa in favor of any taxing authority, and (ii) mortgage liens duly recorded prior to such delinquency. The lien for such Assessments of the Association 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 Villa Owner shall be required to pay a reasonable rental for a Villa 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 judgment against the Villa Owner in the amount of delinquent Assessments. In the event of foreclosure or suit for money judgment, a reasonable amount shall be added to the sum due for attorney's fees and other costs of collection. The lien created by this section shall include rentals accruing during the pendency of the foreclosure action and any reasonable amount of attorney's fees and other costs of collection.

Amended - Section 8.5: Lien Upon Villa. All Assessments and Specific Assessments of the Association which are unpaid after becoming due shall thereupon constitute a lien against such Villa prior and superior to all other liens except (i) liens for property taxes upon the Villa in favor of any taxing authority, and (ii) mortgage liens duly recorded prior to such delinquency. The lien for such Assessments

and Specific Assessments of the Association 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 Villa Owner shall be required to pay a reasonable rental for a Villa during pendency of the foreclosure action, and a receiver may be appointed to collect the rentals during such period. The Board on behalf of the Association may bring suit for judgment against the Villa Owner in the amount of delinquent Assessments and delinquent Specific Assessments. In the event of foreclosure or suit for money judgment, a reasonable amount shall be added to the sum due for attorney's fees and other costs of collection. The lien created by this section shall include rentals accruing during the pendency of the foreclosure action and any reasonable amount of attorney's fees and other costs of collection.

7. **MASTER DEED AMENDMENT SEVEN:** *The Amended Section 8.6 includes Specific Assessments in this Villa owner obligation.*

Former- Section 8.6: Sale of Villa. Upon the sale or conveyance of a Villa, all unpaid Assessments against a Villa Owner 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:

- (i) Lien for taxes and special assessments upon the Villa which are unpaid.
- (ii) Payments due under mortgages upon the Villa which are duly recorded prior to such sale or conveyance.

Amended -Section 8.6: Sale of Villa. Upon the sale or conveyance of a Villa, all unpaid Assessments and Specific Assessments against a Villa Owner 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:

- (i) Lien for taxes and special assessments upon the Villa which are unpaid.
- (ii) Payments due under mortgages upon the Villa which are duly recorded prior to such sale or conveyance.

8. **MASTER DEED AMENDMENT EIGHT:** *The amended Section 8.7 includes Specific Assessments in this Section.*

Former - Section 8.7: Foreclosure Purchaser. If the mortgagee of a Villa acquires title by foreclosure of its mortgage, or by deed in lieu of foreclosure, or if a purchaser acquires title at a foreclosure sale, such purchaser shall not be liable for the share of Common Expenses assessed by the Association upon the Villa accruing after the date of the recording of the mortgage but prior to the acquisition of title by foreclosure. The unpaid Assessments occurring during such period shall be deemed Common Expenses collectable from all Villa Owners, including such purchaser, his successors, heirs and assigns. The provisions of this section, however, shall not release any Villa Owner from personal liability for unpaid Assessments together with reasonable costs and attorney's fees for the collection thereof.

Amended -Section 8.7: Foreclosure Purchaser. If the mortgagee of a Villa acquires title by foreclosure of its mortgage, or by deed in lieu of foreclosure, or if a purchaser acquires title at a foreclosure sale, such purchaser shall not be liable for the Assessments or Specific Assessments assessed by the Association upon the Villa accruing after the date of the recording of the mortgage but prior to the acquisition of title by foreclosure. The unpaid Assessments and Specific Assessments occurring during such period shall be deemed Common Expenses collectable from all Villa Owners, including such purchaser, his successors, heirs and assigns. The provisions of this section, however, shall not release any Villa Owner from personal liability for unpaid Assessments or Specific Assessments together with reasonable costs and attorney's fees for the collection thereof.

EXHIBIT "E"

BOOK/PAGE 01380/1739

<u>VILLA</u>	<u>% OF INTEREST</u>
1	2 3/11%
2	2 3/11%
3	2 3/11%
4	2 3/11%
5	2 3/11%
6	2 3/11%
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38	2 3/11%
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40	2 3/11%
41	2 3/11%
42	2 3/11%
43	2 3/11%
44	<u>2 3/11%</u>
	100%

7/13 RB PJW
1/87

Amendment #2

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

AMENDMENT OF
AVALON AT INDIGO RUN BYLAWS

THIS AMENDMENT TO THE AVALON AT INDIGO RUN BYLAWS ("Amendment") is made effective May 22, 2008, by Avalon at Indigo Run Horizontal Property Regime, a South Carolina nonprofit corporation.

WHEREAS, on January 30, 2001, Avalon at Indigo Run, LLC established the Avalon at Indigo Run Horizontal Property Regime ("Regime") by Master Deed recorded in the Beaufort County Register of Deeds Office in Official Record Book 1380 at Page 1705; and

WHEREAS, the Master Deed established a council of co-owners, initially known as Avalon at Indigo Run Owners Association, Inc. and now known as the Avalon at Indigo Run Horizontal Property Regime ("Association") to operate and manage the Regime pursuant to the terms and conditions of the Master Deed and the Association's Bylaws which were attached to the Master Deed as Exhibit "D"; and

WHEREAS, Article VIII provides that the Master Deed and Bylaws may be amended upon the approval of two-thirds of the total value of the membership of the Regime at a meeting of the Association; and

WHEREAS, on February 26, 2008, the Association held a Referendum the purposes of which was to amend the Association's Bylaws; and

WHEREAS, the end of Referendum was April 26, 2008, and thirty-three of the forty-four co-owners responded to the Referendum which number exceeded the requirements for amendment to the Association's Bylaws as further delineated in the Exhibit attached hereto; and

WHEREAS, the undersigned president of the Association does hereby execute this Bylaw Amendment, which is effective as of the date set forth above and does hereby adopt the following amendments to the Association's Bylaws.

WITNESSES:

Avalon at Indigo Run Horizontal Property Regime

Kimsay Sikes
Shere M. Malphre

George Schluchterer
By: George Schluchterer
Its: President

BEAUFORT COUNTY SC- ROD
BK 02725 PGS 1863-1869
DATE: 05/23/2008 03:44:14 PM
INST # 2008032333 RCPT# 545506

On

STATE OF SOUTH CAROLINA

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ACKNOWLEDGMENT

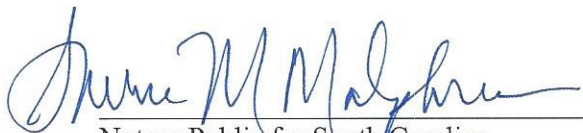
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COUNTY OF BEAUFORT

)

I, the undersigned notary, do hereby certify that George Schluchterer as President of the Avalon at Indigo Run Horizontal Property Regime appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 22 day of May, 2008.



Notary Public for South Carolina

My Commission Expires: March 2, 2014

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AVALON AT INDIGO RUN HORIZONTAL PROPERTY REGIME
BY-LAW AMENDMENTS

1. BY-LAW AMENDMENT ONE - ARTICLE III, SECTION 3: *This Amendment passed during the Association's Referendum with thirty-three owners in favor of the following Bylaw Amendment One*

Former Article III, Section 3: The annual meetings of the Association shall be held at the call of the President of the Association once a year during the month of October or at such other time as a majority of the Villa Owners may agree upon. At such meetings there shall be elected by ballot of the Villa Owners a Board of Directions ("Board"). The Villa Owners may also transact such other business of the Association as may properly come before them.

Amended Article III, Section 3: The annual meetings of the Association shall be held at the call of the President of the Association once a year during the month of December or at such other time as the Board may decide. At such meetings there shall be elected by ballot of the Villa Owners replacements for any vacant or expired terms on the Board of Directors. The Villa Owners may also transact such other business of the Association as may properly come before them.

2. BY-LAW AMENDMENT TWO - ARTICLE VII, SECTION 9: *This Amendment passed during the Association's Referendum with thirty-three owners in favor of the following Bylaw Amendment Two*

Former Section VII.9(a)(i) All Villas shall be utilized as single family private dwellings for the Villa Owners and members of their immediate families, social guests, lessees, and invitees. This shall expressly include the right of the Villa Owner to rent such Villa(s) to others for residential purposes. Moreover, so long as any Villa(s) remain unsold by Declarant, Declarant or its agent shall be authorized to maintain a sales model within the Regime for purposes of promoting the sale of Villas, and Declarant shall have the right to use one Villa (either a Villa owned by Declarant or otherwise) for a manager's office. (ii) Notwithstanding the foregoing, nothing in this Master Deed shall be construed to restrict Villa Owners from selling, reconveying or in any other way transferring their Villas at anytime. (iii) A Villa Owner shall not make structural modifications or alternations in his Villa or installations located therein without previously notifying the Association in writing, through the management agent, if any, or through the President if no management agent is employed. The Association shall have the obligation to answer within thirty (30) days from the actual receipt of such notice and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. (iv) Villa Owners shall not permit or suffer anything to be done or kept in Villas which will increase the rate of insurance on a Villa or which will obstruct or interfere with the rights of other Villa Owners, nor commit or permit any nuisance, noxious activity, immoral or illegal acts in or about any Villa.

Amended Section VII.9 (a)(i): All Villas shall be utilized as single family private dwellings for the Villa Owners and members of their immediate families, social guests, lessees, and invitees. This shall expressly include the right of the Villa Owner to rent such Villa(s) to others for residential purposes. The utilization of any Villa, or any portion thereof, as an office by an Owner or tenant thereof shall be considered to be a violation of this section where such utilization of a Villa as an office creates any type of regular customer, client or employee vehicular or pedestrian traffic to and from any such Villa. Additionally, no Villa, or any portion thereof, shall be used for business storage. The lease or rental of any Villa for a period of less than six (6) consecutive months shall not be permitted. (ii) Notwithstanding the foregoing, nothing in this Master Deed shall be construed to restrict Villa Owners from selling, reconveying or in any other way transferring their Villas at anytime. (iii) A Villa Owner shall not make

structural modifications or alterations in his Villa or installations located therein without previously notifying the Association in writing via registered mail, through the management agent, if any, or through the President if no management agent is employed. The Association shall have the obligation to answer within thirty (30) days from the actual receipt of such notice and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. (iv) Villa Owners shall not permit or suffer anything to be done or kept in Villa which will increase the rate of insurance on a Villa or which will obstruct or interfere with the rights of other Villa Owners, nor commit or permit any nuisance, noxious activity, immoral or illegal acts in or about any Villa.

3. BY-LAW AMENDMENT THREE - ARTICLE VII SECTION 4: *This Amendment passed during the Association's Referendum with thirty-two owners in favor of the following Bylaw Amendment Three.*

Former Section VII.4: DEFAULT IN PAYMENT OF COMMON CHARGES: The Board shall take prompt action to collect any common charge due from any Villa Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by a Villa Owner in paying to the Board the Common Expenses as determined by the Board, such Villa Owner shall be obligated to pay interest at the rate of one and one-half (1 1/2%) percent of the delinquent amount per month on such unpaid Common Expenses 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 Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, together with the interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Villa Owner, or by foreclosure of the lien on such Villa granted by Section 27-31-210, Code of Laws of South Carolina, 1976, as amended.

Amended Section VII.4: DEFAULT IN PAYMENT OF COMMON CHARGES: The Board shall take prompt action to collect any common charge due from any Villa Owner which remains unpaid. The Board may assess a late payment fee and interest charges on any payment more than fifteen (15) days delayed from due date. The Board will set forth its payment conditions in the Rules and Regulations of the Association. In the event of default or delay by a Villa Owner in paying to the Board the Common Expenses or any special assessments as determined by the Board, such Villa Owner shall be obligated to pay a late payment fee and interest at a rate established by the Board in its published Rules and Regulations (Such late payment fee and interest rate shall not exceed that allowed under the law current at the time). The interest charge (rate times the delinquent amount) will be added to the unpaid Common Expenses from the due date thereof, together with all expenses, late payment fees, and attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid Common Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, together with the interest and late payment fees thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Villa Owner, or by foreclosure of the lien on such Villa granted by Section 27-13-210, Code of Laws of South Carolina, 1976, as amended.

4. BY-LAW AMENDMENT FOUR - ARTICLE VII SECTION 6(c): *This Amendment passed during the Association's Referendum with thirty-three owners in favor of the following Bylaw Amendment Four.*

Former Section VII.6(c): All maintenance, repair and replacement to the Common Elements as defined in the Master Deed, the painting and decorating of the exterior doors and exterior window sash and the washing of exterior glass shall be made by the Board or its agent and shall be charge to all Villa Owners as a Common Expense, excepting to the extent that the same may be necessitated by the negligence, misuse, or neglect of the Villa Owner, in which such case the expense shall be charged to such Villa Owner.

Amended Section VII.6(c) All maintenance, repair and replacement to the Common Elements as defined in the Master Deed Article 3.3 shall be made by the Board or its agent and shall be charged to all Villa Owners as Common Expenses. Villa Owners shall be responsible for the maintenance and repair of items detailed in Master Deed Article 3.2(iv) except when the Board designates items to be maintained or repaired on all Villas within the Association. Where repair or maintenance of any item is necessitated by the negligence, misuse, or neglect of the Villa Owner, the expense in such case shall be charged to such Villa Owner by the Board if the Villa Owner fails to repair such item within a reasonable amount of time after having been given written notification.

5. BY-LAW AMENDMENT FIVE - ARTICLE VII, SECTION 13: *This Amendment passed during the Association's Referendum with thirty-two owners in favor of the following Bylaw Amendment Five*

Former Article VII, Section 13: ABATEMENT AND ENJOINMENT OF VIOLATIONS BY VILLA OWNERS. The violation of any rules or regulations adopted by the Board, or the breach of the 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 Villa in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Villa Owner, any structure, thing or condition, that may exist therein contrary to the interest 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 from the breaching Owner, including attorneys' fees, and until such expense is recovered it shall be a lien upon said Villa which lien shall be inferior to the lien of all prior mortgages;

Amended-Article VII, Section 13 - RULE AND REGULATION VIOLATIONS BY VILLA OWNERS. RULE AND REGULATION BY VILLA OWNERS. The violation of any Rules and Regulations adopted by the Board, or the breach of the By-laws, or 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 Villa in which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Villa Owner, any structure, thing or condition, which constitutes a breach of the rules, Master Deed or By-laws, and the Board shall not hereby be deemed guilty in any manner of trespass;
- (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 from the breaching Owner, including attorneys' fees, and until such expense is recovered it shall be a lien upon said Villa which lien shall be inferior to the lien of all prior mortgages; and
- (c) The Association may adopt fines to enforce the By-laws, Master Deed, and the rules and regulations of the Association. Such fines may be adopted and amended from time to time by a majority vote of the Board as set forth in the Master Deed. Fines may not be levied against any Owner until the schedule of fines have been mailed to all Property Owners in the same manner as Rules and Regulations. Fines shall be collectible by the Association as a Specific Assessment against a Villa Owner's Unit, as set forth in Article 8 of the Master Deed. Villa Owners shall have the right to appeal any Association fine, pursuant to the appeal procedures promulgated by the Board pursuant to Section 5.5 of the Master Deed. All Board appeal determinations shall be final adjudications of all fines and shall not be subject to any further appeal whatsoever.

6. BY-LAW AMENDMENT SIX - ARTICLE VII SECTION 1: *This Amendment passed during the Association's Referendum with thirty-two owners in favor of the following Bylaw Amendment Six*

Former Article VII, Section 1. ASSESSMENTS FOR COMMON EXPENSES. All Villa 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 and other hazards. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Condominium Property and any authorized additions thereto. Such may include without limitation, any amount for 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 Villa Owners with a copy of the proposed budget for the next calendar 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. The budget will be voted on at the Annual Meeting and must be approved by a majority of the Villa Owners in attendance in person or by proxy. Declarant will not be liable for the amount of any assessment against completed Villas within the Association which have not been sold, except those expenses provided in the Master Deed, and Declarant shall have all voting rights attendant to the ownership of said Villa(s) until said Villa(s) 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.

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

Amended- Article VII, Section 1. ASSESSMENTS FOR COMMON EXPENSES AND SPECIAL ASSESSMENTS.

(a) All Villa 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, and other hazards. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Condominium Property and any authorized additions thereto. Such may include without limitation, any amount for 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 Villa Owners with a copy of the proposed budget for the next calendar 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. The budget will be voted on at the Annual Meeting and must be approved by a majority of the Villa Owners in attendance in person or by proxy. 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.

(b) In addition to the periodic "Assessments for Common Expenses" (regime fee), the Board may levy Special Assessments from time to time, but not more than once every three years, to cover unbudgeted expenses for capital improvements or any other purposes as determined to be necessary by the Board provided such expenses do not exceed fifty (50%) percent of the total periodic "Assessments for Common Expenses" for the current calendar year. Any Special Assessment not meeting these requirements must be approved by a majority vote of the Association at a meeting duly called for such purpose. Written notice of such a meeting must be given no less than fifteen (15) days in advance of a meeting called for consideration of any Special Assessment. Any Special Assessment shall be levied and allocated equally

among all Villa Owners. Special Assessments shall be payable in such a manner and at such times as the Board shall designate.

(c) The transfer of ownership of an individual Villa within the Association shall carry with it the proportionate equity of that Villa's ownership in the Association escrow and reserve accounts set aside to provide a contingency fund for the maintenance and repair of the Condominium Property.

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