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STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

LINCOLN-DELTA GROUP, a Joint Venture)

TO)

MASTER DEED ESTABLISHING HORIZONTAL PROPERTY REGIME

YACHT CLUB VILLAS HORIZONTAL PROPERTY REGIME

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FILED AT 153300 ON 02/02/84

At Hilton Head Island, County of Beaufort, State of South Carolina, on this 25th day of January, in the year of our Lord One Thousand Nine Hundred and Eighty-four, Lincoln-Delta Group, a Joint Venture organized under the laws of South Carolina, with its principal place of business at Suite 101, The Professional Building, #2 Corpus Christi Circle, Hilton Head Island, South Carolina, hereinafter referred to as "Declarant", does hereby declare:

ARTICLE I
LAND

That Declarant is the sole owner of the land described in Exhibit "A" attached hereto and made a part hereof which is more particularly shown on the plat thereof, said plat being designated as Exhibit "B" and being attached hereto and made a part hereof and being recorded in the office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 31 at Page 245.

ARTICLE II
PROPERTY; REGIME; ASSOCIATION

Declarant does hereby, by duly executing this Master Deed, submit the land referred to in Article I, together with the buildings and improvements erected thereon, and all easements, rights and appurtenances belonging thereto (hereinafter referred to as the "Property") to the provisions of the Horizontal Property Act of South Carolina, and does hereby state that it proposes to create and does hereby create, with respect to the Property, a Horizontal Property Regime that shall be known as Yacht Club Villas Horizontal Property Regime (hereinafter sometimes referred to as the "Regime") to be governed by and be subject to the provisions of this Master Deed and the provisions of the

BEAUFORT COUNTY TAX MAP REFERENCE			
DIST	Map	Submap	Parcel Block
52	12	B	5

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Horizontal Property Act of South Carolina as it is now constituted and as it may from time to time be amended. Declarant does further declare that it has caused to be incorporated under the laws of the State of South Carolina an association known as Yacht Club Villas Owners' Association which shall, pursuant to the provisions of Section 27-31-90 of the Horizontal Property Act, constitute the incorporated Council of Co-Owners of the Regime and shall be governed by this Master Deed and the By-Laws attached hereto.

**ARTICLE III
IMPROVEMENTS**

The improvements constructed on and forming a part of the Property are constructed in accordance with the as-built survey, site plan and floor plans identified as Exhibit "C" hereto and made a part hereof which as-built survey was prepared by Sea Island Engineering, Inc., Benjamin Wilson, R.L.S., (S.C.) No.5424, and which site plan and floor plans were prepared by Westmoreland, McGarity & Pitts, Architects, Inc., architects duly licensed to practice in the State of South Carolina under Registration Certificate Number A-76001. Attached to this Master Deed as Exhibit "D" is a certificate by said architect that the condominium Units constructed on the Property were constructed substantially in compliance with said plans.

**ARTICLE IV
DEFINITIONS**

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

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

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

(c) Association means the Council of Co-Owners as defined by the Act, and also means Yacht Club Villas Owners' Association, the corporate form by which the Council of Co-Owners shall operate the Regime.

(d) Board of Directors or Board means the group of persons selected, authorized and directed to manage and operate the Association as provided by the Act, this Master Deed and the By-Laws.

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(e) Building means a structure or structures, containing in the aggregate two or more Units, comprising a part of the property.

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

(g) Common expenses means the expenses for which the Unit co-owners are liable to the Association and include:

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

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

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

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

(j) Condominium means Yacht Club Villas Horizontal Property Regime.

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

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

(m) Covenants means those certain covenants, conditions and restrictions commonly known as the Shelter Cove Harbour Covenants as recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 342 at Page 1726, as amended by that Supplemental Declaration document recorded in Deed Book 365 at Page 1669 and re-recorded in Deed Book 367 at Page 631.

(n) Declarant means Lincoln-Delta Group, a South Carolina Joint Venture composed of Lincoln Capital Corp., a New Jersey Corporation and The Delta Group, a South Carolina General Partnership, with its principal place of business located on Hilton Head Island, South Carolina, and its successors and assigns.

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

(p) Master Deed means the deed or declaration establishing and recording the property of the horizontal property regime and all exhibits thereto.

(q) Owner (See "Co-owner" above in ARTICLE IV(i)).

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

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

(t) Regime means Yacht Club Villas Horizontal Property Regime created by the Master Deed and reference to the Association, as herein defined, shall likewise include reference to the Regime and visa versa.

(u) Unit as used herein has the same connotation as the term "Unit" as used in the floor plans and related marketing materials and means a part of the property intended for any independent residential use including one or more rooms or enclosed spaces located on one or more floors (or parts thereof) in a building, and with a direct exit to a public street or highway, or to a common area or areas leading to such street or highway.

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

ARTICLE V
DESCRIPTION OF UNITS; USE; ALTERATION

Section 1. GENERAL DESCRIPTION OF UNITS AND USE. The Property includes one (1) Building of five (5) stories containing fourteen (14) individual Units, all of which are to be used for residential purposes only. The basic construction for the Building is poured in-place reinforced concrete slabs and columns. The roof is built-up roofing on concrete slab and clay tile. All interior and exterior walls are constructed of steel studs with gypsum board on interior faces and a synthetic plaster system on exterior face, sheet rock and stucco. Roof forms are constructed of concrete roof tiles on steel studs. The Units are capable of individual utilization on account of having their own exits to the common elements of the Property and a particular and exclusive property right thereto, and also an undivided interest

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in the general and limited common elements of the Property, as hereinafter listed in this Master 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.

Section 2. INDIVIDUAL UNITS.

That there are five (5) basic types of Units in Yacht Club Villas Horizontal Property Regime, all being on one (1) level, those being designated as follows:

An "A" Unit, consisting of three (3) bedrooms, having approximately 1,472 heated square feet. The "A" Units on the first floor (Units 7518 and 7512) have approximately 1,531 square feet.

A "B" Unit, consisting of two (2) bedrooms plus den, being an end Unit, having approximately 1,372 square feet. The "B" Units on the first floor (Units 7514 and 7516) have approximately 1,418 square feet.

A "C" Unit, consisting of two (2) bedrooms, being an end Unit, having approximately 1,240 square feet.

A "D" Unit, consisting of two (2) bedrooms and den, having approximately 1,416 square feet. The "D" Unit on the fifth floor (Unit 7555) has approximately 1,428 square feet.

An "E" Unit, consisting of two (2) bedrooms, having approximately 1,312 square feet.

The fourteen (14) Units in Phase I (North Building) of Yacht Club Villas Horizontal Property Regime are as follows:

<u>Number</u>	<u>Floor</u>	<u>Unit Type</u>
7517	1	B
7518	1	A'
7519	1	E
7527	2	B
7528	2	A
7529	2	E
7537	3	B
7538	3	A
7539	3	E
7547	4	B
7548	4	A
7549	4	C
7557	5	C
7558	5	A

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The fifteen (15) Units in Phase II (West Building) of Yacht Club Villas Horizontal Property Regime, if applicable, will be as follows:

<u>Number</u>	<u>Floor</u>	<u>Unit Type</u>
7514	1	B'
7515	1	D
7516	1	B'
7524	2	B
7525	2	D
7526	2	B
7534	3	B
7535	3	D
7536	3	B
7544	4	B
7545	4	D
7546	4	B
7554	5	C
7555	5	D'
7556	5	C

The fourteen (14) Units in Phase III (South Building) of Yacht Club Villas Horizontal Property Regime, if applicable, will be as follows:

<u>Number</u>	<u>Floor</u>	<u>Unit Type</u>
7511	1	E
7512	1	A'
7513	1	B
7521	2	E
7522	2	A
7523	2	B
7531	3	E
7532	3	A
7533	3	B
7541	4	C
7542	4	A
7543	4	B
7552	5	A
7553	5	C

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The buildings and Unit types for Phase II, if applicable, and for Phase III, if applicable, of Yacht Club Villas Horizontal Property Regime will be substantially identical to the Unit types in Phase I as herein provided.

All of the aforementioned Units are more particularly shown on the plans thereof attached hereto as Exhibit "C" which plans are incorporated herein in the same manner as if expressly set forth in this Section 2 and said plan, together with the Unit numbers and square footage of area in each Unit, and likewise together with the description of Unit boundaries as hereinafter set forth in Section 4, shall constitute a complete description of the Units within the Regime.

The Unit Types are more particularly described by the Architect's "walk through" description attached hereto as Exhibit "E" and incorporated herein.

Section 3. BOUNDARIES; GENERAL RULE.

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

(1) As to all Unit exterior walls which physically divide the Unit from common elements of the building, it shall be the vertical plane of the interior surface of the exterior sheathing subject to such encroachments as now exist or may be caused or created by the construction, settlement or movement of the Building or by permissible repairs, construction or alterations. All insulated glass windows and all doors directly accessing the Unit are part of the Unit.

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

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

(b) All wallboard, tiles, wallpaper, paint, finished flooring, carpet, and any other materials constituting any part of the finished surfaces of the walls, floors, and ceilings which are the boundaries of a Unit, together with all speakers, telephones, and other communication equipment and all built-in light fixtures, wires, service outlets, vent outlets, the mechanical heating and cooling units and duct work, electrical switches, thermostats, toilet and other bathroom fixtures and any and all other similar mechanical or physical

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fixtures which are within the perimetric walls or ceilings and serving a single Unit or within the space above the ceiling and below the slab forming the floor of the Unit above or, in the case of the fourth and fifth floor, the roof above, are a part of the Unit.

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

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

(e) The heating and airconditioning condensor servicing the Unit and located outside of the perimetric boundaries of the Unit, and all pipes, ducts, wires and conduits connecting such equipment to the Unit, as well as electric service lines originating at the individual meter measuring the consumption of electricity for the Unit, and lateral water and sewer lines exclusively serving the Unit, are part of the Unit.

(f) Notwithstanding the generality of the foregoing, each Unit Owner shall be responsible for maintenance and repair of the following, whether it shall be defined as within a Unit or not:

(1) the doorways, windows, vents, and partition walls, floors, and ceilings of the Unit which are regarded as enclosures of space;

(2) the doors opening into the Unit and into any mechanical area integral to the Unit, including the frames, casings, hinges, handles, and other fixtures which are part of the doors;

(3) the window glasses, screens, frames, wells, and casings which are part of the windows opening from the Unit;

(4) the metal flue and the plumbing and mechanical vents which exclusively serve the Unit;

(5) the appliances, air conditioning and heating units and condensers, hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, flooring, trim, ceilings, walls, insulation, and other fixtures, furnishings, and building materials which are

part of the Unit when delivered to the initial Unit Owner;

(6) the screens, awnings, partitions railings, balustrades, bounding or enclosing any deck, walkways, balcony, patio or service area that is integral and exclusive to the Unit, and the treated wood decking or concrete surface within any such area; and

(7) all pipes, wires, conduits, ducts, and other plumbing, mechanical, and electrical appurtenances which are integral and exclusive to the Unit, including lamps attached to the exterior of the Unit, and including water pipes serving the Unit extending to the meter, sewer pipes serving the Unit, and the underground drainage system beneath the Unit, if applicable.

(8) any damage to a contiguous Unit or to a Unit above or beneath a Unit caused by the negligent action or inaction within the Unit Owner's Unit.

Section 4. USES OF UNITS.

(a) Each Unit is restricted as to use by the owner or owners thereof, their lessees and invitees, it being the intent of the Declarant that the building be used for residential purposes only which are consistent with and appropriate to the design of the building.

(b) The Declarant herein subjects the Yacht Club Villas Horizontal Property Regime to the further limitation and restriction that it shall be used and occupied for whole-time residential dwelling Units in the same manner as other condominium Units constructed as such within the multi-family residential areas of Palmetto Dunes Resort, and such dwelling Units constructed on said property shall not be utilized for purposes of time-sharing or interval ownership, time-sharing or interval licenses, time-sharing or interval leases, or similar plans as those items are currently generally utilized in the real estate industry or as those or similar terms are expressed or defined in Chapter 32, Code of Laws of South Carolina, 1976, as amended.

(c) The Declarant hereby declares and affirms that the use restrictions described herein shall be deemed restrictive covenants running with the land and are imposed as a limitation and burden upon each Unit and upon the Declarant and upon all future owners of Units.

Section 5. DEEDS TO UNITS

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

Section 6. ASSESSMENTS FOR COMMON EXPENSES;
RESPONSIBILITIES FOR MAINTENANCE.

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

ARTICLE VI
AREA COMPRISING PROPERTY

That the Phase I Property and Recreational Parcel as originally constructed has a total of 1.508 acres on which is situated one (1) building occupying 6,578 square feet and the remaining 59,110 square feet is made up of parking, sidewalks, outside landscape areas and other common elements. The Units within the Building are located on five (5) floors. There are 24,530 square feet of paved parking and drive area on the Property.

ARTICLE VII
COMMON ELEMENTS

The Common Elements of the Property are as follows:

Section 1. The General Common Elements are as follows:

(a) The Property, excluding the limited common elements and the Units, and including, but not limited to the land on which the Units are constructed, the foundations, roofs, stairways, stair towers, halls, lobbies, balconies, exterior portions of perimeter walls, floors separating Units, load-bearing columns or walls, mechanical chases, elevators and elevator shafts; trash chutes; mail box area; interior walls and partitions of areas other than within Units, slabs, concrete floors, public utility lines; and pipes, wires, conduits or air ducts located within slabs or elsewhere in the building other than within the Unit boundary as described in ARTICLE V, Section 3. In each instance there shall also be included the space actually occupied by the above.

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

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

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

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

(f) The mechanical equipment areas.

(g) Such easements through the Units for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility services to Units, general common elements and limited common elements and easements for access, maintenance, repair, reconstruction or replacement of structural members, equipment, installations and appurtenances, and for all other services necessary or convenient to the existence, maintenance, safety and use of the property, whether or not such easements are erected during construction of the condominium property or during re-construction of all or any part thereof, except such easements as may be defined as "Limited Common Elements".

(h) The Recreation Parcel as shown on the plat of the Property attached as Exhibit "B" and all improvements thereon.

(i) All areas not designated as a limited common element and not described as lying within the boundary of a Unit as described in ARTICLE V, Section 3 hereof and all other elements of the Property constructed or to be constructed on the Property, rationally of common use or necessary to the existence, upkeep and safety of the Property and in general all other devices or installations existing for common use.

Section 2. The Limited Common Elements are as follows:

(a) The space lying between the upper boundary of each Unit as herein described in ARTICLE V and the floor or roof above such Unit, subject to such easements for utilizing service as described herein.

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

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(c) The storage area rooms designated as Storage Area Rooms 402 and 502 on the floor plans attached hereto as Exhibit "C", which said storage areas may be used exclusively for storage purposes and which shall be accessible only to the Owners of the following Units:

Storage Room 502	-	Unit 7558
Storage Room 402	-	Unit 7548

These storage room limited common elements are not severable from the above described Units.

ARTICLE VIII
GENERAL PLAN OF DEVELOPMENT

A. General. The Declarant has constructed the Property (North Building) described herein (which shall sometimes be referred to as The Phase I Property) and further intends to complete construction of Property contiguous to the property which is the subject of this Master Deed. The additional Property shall be referred to as Phase II, and, if applicable, Phase III, and is shown on the site plans of said Property attached hereto and identified as part of Exhibit "C" whereon it is labeled as Phase II and Phase III. The Phase II and Phase III Property, as and if applicable, is described in Exhibit "B" attached hereto and made a part hereof and said Phases are as shown on the plat attached hereto as Exhibit "B".

B. Phase II. With regard to the Phase II Property (West Building) herein referred to, Declarant reserves the right, in the manner more particularly hereinafter set forth, to cause the Phase II Property to become an integral part of Yacht Club Villas Horizontal Property Regime once an appropriate amendment to this Master Deed has been filed as hereinafter provided. Phase II may consist of one building with up to five (5) stories, containing up to fifteen (15) individual Units of similar form, design and general valuation and constructed with similar basic materials and of a similar quality as the building constructed on Phase I Property.

C. Phase III. With regard to the Phase III Property (South Building) shown on the Exhibit "B" plot plan, Declarant reserves in the manner more particularly hereinafter set forth, the right to construct one building with up to five (5) stories, containing up to fourteen (14) Units of similar general type, architectural style, form, design and general valuation and constructed with similar basic materials and of similar basic quality as the building constructed on the Phase I Property herein referred to. Provided, however, nevertheless, the Phase III shall be eligible for inclusion in Yacht Club Villas Horizontal Property Regime even if the herein described Phase II property has not previously been incorporated into said Regime in the manner provided in this Master Deed.

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ARTICLE IX
RESERVATION OF RIGHT OF SPONSOR FOR PHASE II AND PHASE III

Declarant, its successors and assigns, hereby expressly reserves the right, to be exercised in its sole discretion, to submit the Phase II Property and Phase III Property, or any one of them to the provision of this Master Deed and thereby cause the Phase II and/or Phase III Property to become and forever be a part of Yacht Club Villas Horizontal Property Regime in the same manner as if made a part thereof in every particular upon the initial execution and filing of this Master Deed. This right may be exercised by Declarant, its successors, grantees and assigns only upon the execution by it or them of an amendment or amendments to this Master Deed substantially in the form of those set forth herein as Exhibit "G", which amendments shall be filed in the Office of the Clerk of Court for Beaufort County, South Carolina not later than December 31, 1985, with regard to the Phase II Property, May 31, 1986, with regard to the Phase III Property. Any such amendments shall conform to the various provisions and conditions precedent established in this Master Deed and shall expressly submit the Phase II or Phase III Property, as applicable, to all of the provisions of this Master Deed and the By-Laws of Yacht Club Villas Horizontal Property Regime, a copy of which By-Laws is attached hereto as Exhibit "G" and made a part hereof, as either or both may be amended between the date of said Master Deed and By-Laws, and the filing of said Amendment to this Master Deed to include the Phase II or Phase III Property. Upon the exercise, if any, of this right to include Phase II and Phase III as a part of this Regime, the provisions of this Master Deed and all exhibits hereto shall then be understood and construed as embracing the Phase I Property (the basic "Property" herein defined) and the Phase II Property, if applicable, and the Phase III Property, if applicable, as appropriate, together with all improvements then constructed thereon. Should this right of inclusion or annexation not be exercised within the time herein prescribed and in the manner herein prescribed, such right shall in all respects expire and be of no further force or effect.

ARTICLE X
REVOCATION AND AMENDMENT

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 Units unanimously agree to such revocation, or amendment, or removal of the Property from the Horizontal Property Regime by duly recorded instrument; provided, however, that without the consent of the Unit Owners or Mortgagees, the Declarant, or its successors in title to all or any portion of Phase II, and/or Phase III Property, may at any time prior to the termination of the reservation of rights

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period specified in Paragraph IX herein, amend this Master Deed in the manner set forth in Paragraph VIII and IX so as to subject the Phase II and/or Phase III Property to the provisions of this Master Deed and the Horizontal Property Act of South Carolina so as to make the Phase II and/or Phase III Property an integral part of Yacht Club Villas Horizontal Property Regime. Any such amendment shall, when read in concert with this Master Deed, contain all of the particulars required by the said Horizontal Property Act of South Carolina as the same is now constituted or may hereafter be amended and from and after the recording of such amendment Yacht Club Villas Horizontal Property Regime shall include all of said Phase II and/or Phase III Property, as appropriate. The Phase II Units and Phase III Units, are to be as described in Paragraph VIII and IX. The designation of each Unit in Phase II and Phase III by Unit type and its proportionate interest in the common elements is set forth in Exhibit "I", which exhibit is attached hereto and made a part hereof. If Declarant elects to make the Phase II and/or Phase III Property a part of this Regime as herein provided, Declarant shall cause to be prepared and made a part of the Amendment by which the Phase II and/or Phase III Property is incorporated into Yacht Club Villas Horizontal Property Regime a schedule designating Unit types, reflecting each Unit's proportionate interest in the Common Elements, which schedule shall be similar in content and format to the Exhibit "I" schedule, prepared using the requirements and guidelines set forth in Paragraph VIII and IX hereof. Upon the recordation of the Amendments to make the Phase II Property, if appropriate, and the Phase III Property, if appropriate, a part of Yacht Club Villas Horizontal Property Regime, the provisions regarding revocation and amendment set forth in this Paragraph X shall have equal application thereto.

ARTICLE XI
PERCENTAGE OF INTEREST OF UNITS

Section 1. Percentage of Interest Based on Comparative Value:

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

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provided in ARTICLE VIII, IX and X with regard to the amendment of the Master Deed to admit Phase II and III Units.

ARTICLE XII
ADMINISTRATION AND BY-LAWS

Section 1. ASSOCIATION; BY-LAWS

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

Section 2. AUTOMATIC MEMBERSHIP IN ASSOCIATION

Each Unit owner shall automatically become and be a member of the Association so long as he continues to be a Unit owner and shall exercise such percentage of vote in all matters as shown upon Exhibit "I" attached hereto. In the event that a Unit is owned by more than one person, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all the record owners of the said Unit and filed with the Secretary of the Association. Further, should such Unit owner be a corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by the President or Vice President of the corporation and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. All such certificates shall be valid until revoked, superseded by a subsequent certificate, or until there has been a change in ownership of the Unit concerned.

ARTICLE XIII
HORIZONTAL PROPERTY REGIME CONSTITUTED

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

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ARTICLE XIV
DECLARANT SUBJECT TO MASTER DEED;
DECLARANT USE

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

ARTICLE XV
COMMON ELEMENTS NOT PARTITIONED

Except as provided, the common elements shall remain undivided and no co-owner shall bring any action for partition and/or division.

ARTICLE XVI
COMMON ELEMENTS NOT SEVERABLE FROM UNITS

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

ARTICLE XVII
RESERVATION OF RIGHTS RELATING TO PARKING AREAS

Declarant specifically reserves the right and authority in the Board of Directors of Yacht Club Villas Owners' Association to create rules and regulations with respect to parking and traffic regulation on the Property.

ARTICLE XVIII
PROVISIONS AND COVENANTS APPLICABLE TO UNITS

Each co-owner shall comply with the provisions of this Master Deed and authorized amendments thereto, the Declaration of Covenants, Restrictions of Greenwood Development Corporation which covenants are recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 342 at Page 1726, and Deed Book 365 at Page 1669, and re-recorded in Deed

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Book 367 at Page 631, and as may be amended; and the Association By-Laws, Decisions and Resolutions of Board or other representatives, as lawfully enacted from time to time, together with any lawfully adopted amendments thereto. The failure to comply with such provisions, decisions, or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief. The Units shall also be conveyed subject to the recorded plat and plans of the Property and amendments thereto.

ARTICLE XIX
NONUSE NOT EXEMPTION OF LIABILITY FOR
COMMON EXPENSES

No co-owner of a Unit may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by the abandonment of his Unit.

ARTICLE XX
ALL USERS OF PROPERTY SUBJECT TO MASTER
DEED

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

ARTICLE XXI
ASSESSMENTS SUBORDINATE TO MORTGAGEE
TAKING TITLE

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

ARTICLE XXII IN DEED - M BOOK 387 PAGE 1012
INSURANCE 153300 ON 02/02/84

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

ARTICLE XXIII
RECONSTRUCTION AND REPAIR

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

ARTICLE XXIV
CONDEMNATION

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

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

ARTICLE XXV
EASEMENT FOR ENCROACHMENT

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

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ARTICLE XXV RE 157300 ON 02/02/84
OTHER REGIME EASEMENTS

Each Unit Owner shall have an easement in common with the owners of all other Units to use all pipes, wires, ducts, flues, cables, conduits, public utility lines and other common elements, if any, located in any of the other Units and serving his Unit.

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

ARTICLE XXVII
SEVERABILITY

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

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ARTICLE XXVIII
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NON-WAIVER

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

ARTICLE XXIX
GENDER AND NUMBER

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

ARTICLE XXX
APPLICABLE LAW

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

ARTICLE XXXI
CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe

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the scope of this Master Deed or the intent of any provisions hereof.

ARTICLE XXXII
EXHIBITS

All exhibits to this Master Deed shall be an integral part of this instrument. Reference is made to Exhibit "J-1" and "J-2", the Joinder of Mortgagee relating to the construction and acquisition lender and to Exhibit "K", the Consent of Greenwood Development Corporation, relating to the requisite consent to the Master Deed and Declaration pursuant to the Covenants.

IN WITNESS WHEREOF, Declarant has executed this Master Deed, and the appropriate corporate seal affixed hereto this 25th day of January in the year of Our Lord One Thousand Nine Hundred and Eighty-four and in the Two Hundred and Eighth year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

LINCOLN-DELTA GROUP, A Joint
Venture

By: THE DELTA GROUP, Managing
Partner

By: KKV Enterprises, Inc.

By: K. K. Viswanathan
Kumar K. Viswanathan

Attest: Elizabeth J. Poirer

By: Reed Realty, Inc.

By: John P. Reed
John P. Reed

Attest: Michael E. Donohue

Sharon R. Arnold
Ray J. Goff
John A. Murphy

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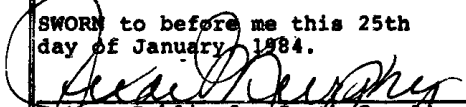
STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

PROBATE

PERSONALLY appeared before me Cary S. Griffin who, on oath, says, that he saw the within named LINCOLN-DELTA GROUP by its Managing Partner, sign the within Master Deed, and attest the same, and that said Joint Venture by said Managing Partners through its officers, seal said Deed, and as its act and deed, deliver the same and that he with Judi Murphy witnessed the execution thereof.


Cary S. Griffin

SWORN to before me this 25th day of January, 1984.


(L.S.)
Notary Public for South Carolina
My Commission Expires 8-10-90

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INDEX TO EXHIBITS

YACHT CLUB VILLAS HORIZONTAL PROPERTY REGIME

Exhibit "A"	-	Description of Land (Phase I Property)
Exhibit "B"	-	As-Built Survey of Land (includes Phase I and proposed Phases II and III Property)
Exhibit "C"	-	Site plan, Elevations and Floor Plans of Building and Units (Phases I, II and III)
Exhibit "D"	-	Architect's Certificate (Phase I)
Exhibit "E"	-	Description of Units ("Walk Through") (Phase I)
Exhibit "F"	-	Legal Description Phase II and Phase III Property
Exhibit "G"	-	By-Laws of Yacht Club Villas Horizontal Property Regime and Yacht Club Villas Property Owners' Association.
Exhibit "H-1" and Exhibit "H-2"	-	Form of Amendment to incorporate the Phase II and III Property into Yacht Club Villas Horizontal Property Regime
Exhibit "I"	-	Percentage of Interest applicable to Units FILED IN DEED - M BOOK 387 PAGE 1017 FILED AT 153300 ON 02/02/84
Exhibit "J-1"	-	Joinder of Mortgagee
Exhibit "J-2"	-	Joinder of Mortgagee
Exhibit "K"	-	Consent by Greenwood Development Corporation

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EXHIBIT "A" TO MASTER DEED OF
YACHT CLUB VILLAS HORIZONTAL PROPERTY REGIME
DESCRIPTION OF LAND PHASE I

All that certain piece, parcel or tract of land situate, lying and being in Shelter Cove, Palmetto Dunes Resort, Hilton Head Island, Beaufort County, South Carolina, shown and described as Phase I, having and containing 1.230 acres, more or less, on the plat entitled "Yacht Club Villas Horizontal Property Regime, Phases I, II and III" which plat was prepared by Sea Island Engineering, Inc., and certified to by Benjamin Wilson, R.L.S. (S.C.) #5424, which said plat is dated January 3, 1984, and revised January 17, 1984, and is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 31 at Page 246. The property is more particularly described by courses and distances, metes and bounds as follows, to-wit:

To find the Point of Beginning reference is made to that certain plat entitled "Phase I Shelter Cove Being a Portion of Palmetto Dunes Resort, Hilton Head Island, Beaufort County, South Carolina", said plat prepared by Roy Hussey, S.C. Reg. L.S. #2373, which plat is dated June, 1981, revised March 19, 1982, and further revised April 8, 1982, and is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 30 at Page 113 and subsequently revised on November 8, 1982, said revised plat being recorded in Plat Book 31 at Page 3. On said plat the within Phase I property is a portion of Lot Five (5). To find the Point of Beginning for the within Phase I property, utilize said reference plat of record and commence at a concrete monument marking the intersection of the easternmost right-of-way of U.S. Highway 278 with the southwesternmost point of that certain right-of-way known as Queen's Folly Road and thence proceeding N0°20'11"W for a distance of 220 feet to a point; thence proceeding S49°21'15"W for a distance of 955.49 feet to a point; thence proceeding N41°51'35"W for a distance of 167.29 feet to a point; thence proceeding N42°01'55"W for a distance of 1,009.38 feet to a point; thence proceeding S48°02'40"W for a distance of 210.17 feet to a point; thence proceeding S48°18'30"W for a distance of 231.66 feet to a point; thence proceeding N41°33'45"W for a distance of 1,286.53 feet to a point; thence proceeding N41°26'35"W for a distance of 518.41 feet to a point; thence proceeding N49°40'15"E for a distance of 135.95 feet to a point; thence proceeding S78°00'10"E for a distance of 216.02 feet to a point; thence proceeding S69°20'50"E for a distance of 580.93 feet to a point; thence proceeding S39°00'45"E for a

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distance of 199.92 feet to a point; thence proceeding N50°57'40"E for a distance of 248.83 feet to a point; thence proceeding S70°13'50"E for a distance of 14.59 feet to a point; thence proceeding N19°46'10"E for a distance of 25.70 feet to a point; thence proceeding S69°43'10"E for a distance of 111.93 feet to a point; thence proceeding S42°01'55"E for a distance of 201.67 feet to a point; thence proceeding S47°58'05"W for a distance of 1.19 feet to a point; thence proceeding S42°01'55"E for a distance of 23.95 feet to a point; thence proceeding S25°29'30"W for a distance of 106.69 feet to a point; thence proceeding S19°42'30"E for a distance of 108.01 feet to the point which marks the Point of Beginning. Said Point of Beginning is located at the northeasternmost boundary of the Phase I Property; from said Point of Beginning proceeding S42°14'25"E for a distance of 283.52 feet to a point; thence proceeding S48°18'00"W for a distance of 25 feet to a point; thence proceeding N41°42'00"W for a distance of 107 feet to a point; thence proceeding N29°08'51"W for a distance of 44.10 feet to a point; thence proceeding N42°14'25"W for a distance of 72 feet to a point; thence proceeding S47°45'35"W for a distance of 107.66 feet to a point; thence proceeding N42°08'14"W for a distance of 4.86 feet to a point; thence proceeding N87°01'10"W for a distance of 16.17 feet to a point; thence proceeding S47°51'46"W for a distance of 60.73 feet to a point; thence proceeding S42°08'14"E for a distance of 129.80 feet to a point; thence proceeding N48°18'00"E for a distance of 32.08 feet to a point; thence proceeding S41°42'00"E for a distance of 107 feet to a point; thence proceeding S48°18'00"W for a distance of 45 feet to a point; thence proceeding N74°47'25"W for a distance of 66.58 feet to a point; thence proceeding N42°09'15"W for a distance of 302.65 feet to a point; thence proceeding N29°39'40"E for a distance of 33.75 feet to a point; thence proceeding N60°20'20"W for a distance of 50 feet to a point; thence proceeding N11°13'35"E for a distance of 65 feet to a point; thence proceeding S82°00'55"E for a distance of 191.04 feet to a point; thence proceeding N75°08'30"E for a distance of 58.90 feet to the point which marks the Point of Beginning.

In case of conflict, if any, between the above described metes and bounds description and said plats of record, said plats shall be controlling.

ALSO, all that certain piece, parcel or tract of land situate, lying and being in Shelter Cove, Palmetto Dunes Resort on Hilton Head Island, Beaufort County, South Carolina, shown and described as Recreational Parcel, having and containing 0.278 acres, more or less, and being shown and described on the plat entitled "Yacht Club Villas Horizontal Property Regime, Phases I, II and

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III", said plat prepared by Sea Island Engineering, Inc., and certified to by Benjamin Wilson, R.L.S. (S.C.) #5424, said plat being dated January 3, 1984, and revised January 17, 1984, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 31 at Page 245. Said Recreational Parcel is more particularly described by courses and distances, metes and bounds as follows, to-wit:

To find the Point of Beginning, commence at the Point of Beginning of the aforementioned Phase I Property, which said point marks the northeasternmost point of the 1.230 acre Phase I parcel described hereinabove, and proceed S42°14'25"E for a distance of 283.52 feet to a point; thence proceeding S49°18'00"W for a distance of 25 feet to a point; thence proceeding N41°42'00"W for a distance of 107 feet to a point which marks the Point of Beginning; from said Point of Beginning S48°18'00"W for a distance of 97.88 feet to a point; thence proceeding N42°08'14"W for a distance of 114.03 feet to a point; thence proceeding N47°45'35"E for a distance of 107.66 feet to a point; thence proceeding S42°14'25"E for a distance of 72 feet to a point; thence proceeding S29°08'51"E for a distance of 44.10 feet to the point which marks the Point of Beginning.

In case of conflict, if any, between the above described metes and bounds description and said plat, said plat shall be controlling.

SAVE AND EXCEPT THEREFROM, the right of ingress and egress unto the Declarant herein, its successors and assigns and Grantees.

FURTHER, SAVE AND EXCEPT THEREFROM, the right of ingress and egress over and across all roads and walkways shown on the above described plat, said reservation being unto the Declarant herein, its successors and assigns and Grantees.

FURTHER, SAVE AND EXCEPT from the above described property, title to and ownership of all water and sewer lines located on said Parcel or hereafter installed thereon, together with all pipes, pumps, pumping stations, or other equipment or facilities located thereon, together with an easement to such lines, equipment or facilities to allow for the maintenance, repair or replacement of such lines, facilities or equipment or for the purpose of installing additional lines, equipment or facilities thereon from time to time.

FURTHER, the Declarant expressly reserves the right to improve the aforementioned property by clearing, constructing additional parking and recreational facilities pertaining to Yacht Club Villas Horizontal Property Regime.

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FURTHER, Declarant expressly reserves the right to install lines, equipment and facilities for utility purposes and to grant easements over the property for the installation of additional lines, equipment or facilities for utility and drainage purposes from time to time.

FURTHER, the above property is submitted to the Yacht Club Villas Horizontal Property Regime subject to that certain Declaration of Covenants, Conditions and Restrictions Running with Certain Land of Greenwood Development Corporation, Etc., said Declaration dated February 22, 1982, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 342 at Page 1726, as amended by that certain Supplemental Declaration of Rights, Restrictions, Covenants, Conditions, Etc. dated March 16, 1983, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 365 at Page 1669 and re-recorded in Deed Book 367 at Page 631.

FURTHER, the above property is submitted to the Yacht Club Villas Horizontal Property Regime subject to all easements as shown on the above plats of record and to all existing utility easements in favor of the Broad Creek Public Service District or Greenwood Development Corporation or Shelter Cove Harbour Company, of record in the Office of the Clerk of Court for Beaufort County, South Carolina.

EASEMENTS:

ALSO, the non-exclusive right in and to that certain non-exclusive Easement Appurtenant to the above described property over and across the roads within Palmetto Dunes Resort (including the roads constructed or to be constructed in the Shelter Cove portion of Palmetto Dunes Resort) which easement shall be subject to the terms and conditions of use established from time to time by Shelter Cove Harbour Company, which Easement Appurtenant having been recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 346 at Page 1568.

The property described above is a portion of the property conveyed to Lincoln-Delta Group, a Joint Venture, by Deed of Greenwood Development Corporation dated February 5, 1982, recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 346 at Page 1564.

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EXHIBIT "B"

YACHT CLUB VILLAS HORIZONTAL PROPERTY REGIME

PLAT/SURVEY OF PROPERTY

Attached hereto is a plat entitled "Yacht Club Villas Horizontal Property Regime, Phases I, II and III" dated January 3, 1984, revised January 17, 1984, prepared by Sea Island Engineering, Inc., Benjamin Wilson, R.L.S. (S.C.) #5424.

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EXHIBIT "C"

YACHT CLUB VILLAS HORIZONTAL PROPERTY REGIME PHASE I

ARCHITECTURAL DRAWINGS/FLOOR PLANS

Attached hereto are the floor plans and site plan for Phases I, II and III of Yacht Club Villas Horizontal Property Regime, said floor plans and site plan prepared by Westmoreland, McGarity & Pitts Architects, Inc., Sheets numbered: A-1, A-2, A-3, A-4, A-5, A-6, A-9, A-10, A-10a, A-11, A-11a, A-12, A-13, A-14, A-15, S-1, S-1A, S-2, P-2, P-3, P-4, P-5, M-1, M-2, M-3.

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EXHIBIT "D"

YACHT CLUB VILLAS HORIZONTAL PROPERTY REGIME PHASE I

ARCHITECT'S CERTIFICATE

This is to certify that Yacht Club Villas Horizontal Property Regime, Phase I, consisting of the fourteen (14) Units numbered as follows: 7517, 7518, 7519, 7527, 7528, 7529, 7537, 7538, 7539, 7547, 7548, 7549, 7557, 7558, are built substantially, to the best of our knowledge, in accordance with the floor plans attached to the Master Deed creating said Regime, as Exhibit "C" to be recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, except for minor variations which are customary in projects of this nature.

WESTMORELAND, MCGARITY, PITTS,
ARCHITECTS, INC.

By: C. John Pitts

S.C. Registration# 781

Certified to this 24th
day of January, 1984.

Lita R. Huff (L.S.)
Notary Public for South Carolina

My Commission Expires: APRIL 25, 1988
MY COMMISSION EXPIRES

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EXHIBIT "E"

TO MASTER DEED

YACHT CLUB VILLAS HORIZONTAL PROPERTY REGIME PHASE I

DESCRIPTION OF UNITS

The Yacht Club Villas project consists of three (3) five-story buildings containing a total of forty-three (43) Units. The North building which is included in Phase I consists of fourteen (14) Units. The Phase II West building contains fifteen (15) Units while Phase III's South building, which is a reverse plan of the North building, contains fourteen (14) Units. Access to the Units in each building is from open air corridors that lead from two exit stairways located remotely from each other. Located centrally at each building are both an elevator and a trash chute which serve all Units of that building. All square footages are net except the total gross heated area for each Unit.

Each "A" Unit, consisting of three (3) bedrooms, contains a total gross heated area of 1,472 square feet, except for first floor "A" Units in which the living room and a bedroom are extended to give these Units a total of 1,531 square feet. Within the Units are an entrance foyer, living/dining room, kitchen, master bedroom and bathroom, and two additional bedrooms each having a bathroom. The entrance door opens to the foyer of 66 square feet. Along one side are two closets, one for the heating/air conditioning unit of 7 square feet and the other containing the washer and dryer is 12.5 square feet. Leading off the foyer are both the master bedroom suite, containing the bedroom of 173.6 square feet, two closets of 13.8 square feet and 4.6 square feet, the master bath of 107 square feet and an exterior balcony of 40 square feet, and a second bedroom of 141.7 square feet with a closet of 8 square feet, an exterior balcony of 24.5 square feet, and a bath of 56.2 square feet, within which a water heater closet of 4 square feet is located. The master bedroom of the fifth floor "A" Unit in the North building (No. 7558) has an additional sloped ceiling alcove area containing an operable skylight. Also, off this bedroom is a sloped ceiling storage closet of approximately 75 square feet containing an additional water heater. A short hallway leads to the kitchen of 89.2 square feet and then on to the living/dining room area containing 338 square feet with an exterior balcony of 82 square feet at the first floor "A" Units the living/dining area is increased to 380.5 square feet with an exterior covered deck area of 228.3 square feet and 405 square feet of additional uncovered deck area. Adjacent to the living/dining room is a third bedroom of 135 square feet off of which is a bathroom of 60 square feet and a closet of 10.4 square feet. At the first floor "A" Units this bedroom is increased to 148.5 square feet. This bedroom also has access to the balcony off the living/dining area.

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A typical "B" Unit, consisting of two (2) bedrooms and a den contains a total gross heated area of 1,372 square feet, except for first floor "B" Units of the West building in which the living room and master bedroom are extended to give these Units a total of 1,418 square feet and all fourth floor "B" Units in which the den is increased 7 square feet to give a total of 1,379 square feet. Within the Units are an entrance foyer, living/dining room, den, kitchen, master bedroom and bathroom, an additional bedroom, and bathroom. The entrance door opens to the foyer of 50 square feet. Along one side is a closet of 10.8 square feet for the water heater and on the other side is another closet of 12.8 square feet containing the washer and dryer. Leading off the foyer are both the kitchen of 91 square feet and the living/dining area of 361 square feet. At the first floor "B" Units of the West building, this living/dining area is increased to 387 square feet. Off one side of the living/dining area are the heating/air conditioning closet of 7.5 square feet and the master bedroom suite, containing the bedroom of 155 square feet, two closets--one of 12 square feet and an owner's closet of 4 square feet, the master bath of 92 square feet and an exterior balcony of 34 square feet. The master bath also has access to an additional bathroom of 46 square feet which can be entered from the foyer. Off the other side of the living/dining area are an exterior balcony of 54 square feet and a pocket door leading to the den, an additional bedroom and bathroom. The bathroom is 46.7 square feet while the bedroom is 151 square feet with a closet of 9 square feet. The den is 130.4 square feet, has a closet of 15 square feet and also has access to the balcony off the living/dining area.

Each "C" Unit, consisting of two bedrooms, contains a total gross heated area of 1,240 square feet. Within the Units are an entrance foyer, living/dining room, kitchen, master bedroom and bathroom, and an additional bedroom having a bathroom. The entrance door opens to the foyer of 84.5 square feet. Along one side are two closets, one for the heating/air conditioning unit of 9 square feet and the other containing the washer and dryer is 12.5 square feet. Leading off the foyer is the second bedroom area, containing the bedroom of 132 square feet, a closet of 12 square feet in back of which are two additional closets, one for the water heater of 5 square feet and the other an owner's closet of 7 square feet, a bath of 60 square feet which can also be entered from the foyer, and an exterior balcony of 61.3 square feet. Also, off the foyer are the kitchen of 78.5 square feet and the living/dining room area containing 420 square feet with an exterior balcony of 74.7 square feet when located over an "E" Unit or 108 square feet when located over a "B" Unit, and access to the balcony off the second bedroom. Contained in the living/dining area is a window seat under an operable skylight. Adjacent to the living/dining room is the master bedroom suite including the bedroom of 150.4 square feet, the master bathroom of 91.6 square feet and a closet of 12 square feet. The bedroom also has access to the balcony off the living/dining area.

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Each "D" Unit, consisting of two bedrooms and a den, contains a total gross heated area of 1,416 square feet, except for the fifth floor "D'" Unit in which the bay window of the living room is straightened to the outer edge to give this Unit a total of 1,428 square feet. Within the Units are an entrance foyer, living/dining room, den, kitchen, master bedroom and bathroom, an additional bedroom and bathroom. The entrance door opens to the foyer of 59 square feet. Along one side is a closet of 6 square feet for the water heater. Leading off the foyer is the kitchen of 89.5 square feet which contains a closet of 12.5 square feet for the washer and dryer, and then on to the living/dining room area containing 344 square feet with an exterior balcony of 77 square feet. At the fifth floor "D" Unit, the living/dining area is increased to 356 square feet. Also, off the foyer is a heating/air conditioning unit closet of 7.5 square feet. Adjacent to the living/dining area is the master bedroom suite, containing the bedroom of 159.8 square feet, two closets--one of 10.5 square feet and the other an owner's closet of 4 square feet, the master bath of 92 square feet having access to an additional bathroom of 43 square feet which can be entered from the foyer, and access to the exterior balcony off the living/dining area. Also, adjacent to the living/dining room is a pocket door leading to a second bedroom of 170 square feet with a closet of 11 square feet, a bathroom of 50 square feet, and a den of 147 square feet with a closet of 14.7 square feet.

Each "E" Unit, consisting of two bedrooms, contains a total gross heated area of 1,312 square feet. Within the Units are an entrance foyer, living/dining room, kitchen, master bedroom and bathroom, and an addition bedroom having a bathroom. The entrance door opens to the foyer of 76.5 square feet. Along one side are two closets, one is an owner's closet of 7.7 square feet and the other containing 12.5 square feet for the washer and dryer. Leading off the foyer are both the kitchen of 77.8 square feet and then on to the living/dining area containing 344 square feet with an exterior balcony of 61 square feet. Also, off the foyer is a closet of 13.5 square feet for both the heating/air conditioning unit and water heater. Adjacent to the living/dining area is the master bedroom suite, containing the bedroom of 181.1 square feet, a closet of 12 square feet, the master bath of 55.5 square feet having access to an additional bathroom of 47 square feet which can be entered from the foyer, and access to the exterior balcony off the living/dining area. Also, off this area is a second bedroom of 186.3 square feet with a closet of 9 square feet, an exterior balcony of 46 square feet, a dressing area of 42.1 square feet with a closet of 9.5 square feet, and a bath of 30.7 square feet, within which a linen closet of 2.2 square feet is located.

EXHIBIT "F" TO MASTER DEEDYACHT CLUB VILLAS HORIZONTAL PROPERTY REGIMELEGAL DESCRIPTION OF PHASE II AND PHASE III PROPERTYPHASE II PROPERTY

All that certain piece, parcel or tract of land situate, lying and being in the Shelter Cove portion of Palmetto Dunes Resort, Hilton Head Island, Beaufort County, South Carolina, shown and described as the proposed Phase II (West Building) having and containing 0.214 acres, more or less, as shown on the certain plat entitled "Yacht Club Villas Horizontal Property Regime, Phases I, II and III", which plat is dated January 3, 1984, and revised January 17, 1984, prepared by Sea Island Engineering, Inc. and certified to by Benjamin Wilson, R.L.S. (S.C.) #5424, said plat being recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 11 at Page 245. Said Phase II property is more particularly described by courses and distances, metes and bounds as follows, to-wit:

Commencing at the Point of Beginning for the Phase I Property more particularly described on Exhibit "A" to the Master Deed hereinabove and from said Point of Beginning for Phase I proceeding S42°14'25"E for a distance of 283.52 feet to a point; thence proceeding S48°18'00"W for a distance of 162.94 feet to a point; thence N41°42'00"W for a distance of 107 feet to a point which marks the Point of Beginning for the Phase II Property; from said Point of Beginning S48°18'00"W for a distance of 32.08 feet to a point; thence proceeding N42°08'14"W for a distance of 129.80 feet to a point; thence N47°51'46"E for a distance of 60.73 feet to a point; thence proceeding S87°01'10"E for a distance of 16.17 feet to a point; thence proceeding S42°08'14"E for a distance of 118.89 feet to a point; thence proceeding S48°18'00"W for a distance of 40.06 feet to the point which marks the Point of Beginning.

In case of conflict, if any, between the above referenced description and the aforementioned plat of record, said plat shall be controlling.

PHASE III PROPERTY

All that certain piece, parcel or tract of land situate, lying and being in the Shelter Cove portion of Palmetto Dunes Resort, Hilton Head Island, Beaufort County, South Carolina, shown and described as proposed Phase III (South Building) having and containing 0.339 acres, more or less, as shown on that certain

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plat entitled "Yacht Club Villas Horizontal Property Regime, Phases I, II and III", which plat is dated January 3, 1984, revised January 17, 1984, prepared by Sea Island Engineering, Inc., and certified to by Benjamin Wilson, R.L.S. (S.C.) #5424, said plat being recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 31 at Page 245. Said proposed Phase III parcel is more particularly described as follows, to-wit:

Commencing at the point which marks the Point of Beginning for the Phase I Property more particularly described on Exhibit "A" to the Master Deed hereinabove and proceeding from said Phase I Point of Beginning S42°14'25"E for a distance of 283.52 feet to a point; thence proceeding S48°18'00"W for a distance of 25 feet to a point which marks the Point of Beginning for Phase III; from said Point of Beginning proceeding S48°18'00"W for a distance of 137.94 feet to a point; thence proceeding N41°42'00"W for a distance of 107 feet to a point; thence proceeding N48°18'00"E for a distance of 137.94 feet to a point; thence proceeding S41°42'00"E for a distance of 107 feet to the point which marks the Point of Beginning.

In case of conflict, if any, between the above referenced description and the aforementioned plat of record, said plat shall be controlling.

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Exhibit "F" p 2

EXHIBIT "G"

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BY-LAWS
OF
YACHT CLUB VILLAS HORIZONTAL
PROPERTY REGIME
AND
YACHT CLUB VILLAS OWNERS' ASSOCIATION

ARTICLE I

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PLAN OF UNIT OWNERSHIP

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

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

Section 3. BY-LAWS APPLICABILITY. The provisions of these By-Laws are applicable to the Property and the Regime.

Section 4. PERSONAL APPLICATION. All present or future co-owners, tenants, future tenants, or their employees, or any other person who 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 as they may be amended from time to time. The mere acquisition or rental of any of the Dwelling Units (hereinafter usually referred to as "Units") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Units will signify that these By-Laws, the provisions of the Master Deed, The Covenants as defined in ARTICLE IV(n) of the Master Deed and any authorized recorded amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. ELIGIBILITY. Any person who acquires title to an Unit in the Regime shall be a member of the Association. There shall be one membership for each Unit owned. Transfer of Unit ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee. If Unit ownership is vested in more than one person, then all of the persons so owning such Unit shall agree upon the designation of one of the co-owners of such Unit to act as a member of the Association. If Unit ownership is vested in a Corporation, said Corporation may designate an individual officer or employee of the Corporation to act as a member of the Association.

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

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

Section 4. QUORUM. Except as otherwise provided in Section 6 and elsewhere in these By-Laws, the presence in person or by proxy of a majority of co-owners as defined in Section 2 of this Article shall constitute a quorum.

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

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

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ARTICLE II
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YACHT CLUB VILLAS OWNERS' ASSOCIATION

Section 1. ASSOCIATION RESPONSIBILITIES. The co-owners of the Units will constitute the Association of Co-owners (hereinafter usually referred to as "Association") who will have the responsibility of administering the Property, electing the Board of Directors 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

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agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of co-owners.

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

Section 3. ANNUAL MEETINGS. The annual meetings of the Association shall be held at the call of the President once a year during the month of April or at such other time as a majority of the co-owners may agree upon. At such meetings there shall be elected by ballot of the co-owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. The co-owners may also transact such other business of the Association as may properly come before them.

Section 4. SPECIAL MEETINGS. It shall be the duty of the Secretary to call a special meeting of the co-owners as directed by resolution of the Board of Directors, at the request by a majority of the Directors, or upon a petition signed by a majority of co-owners and having been presented to the Secretary. A notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice except by consent of four-fifths (4/5) of the votes present, either in person or by proxy.

Section 5. FIRST MEETING. The first meeting of the Association shall be held within one hundred twenty (120) days from the date that seventy-five (75%) percent of the Units in the Regime, or the first Phase thereof as defined in the Master Deed, have been conveyed by the Declarant to individual co-owners.

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

Section 7. ADJOURNED MEETING. If any meeting of the Association cannot be organized because a quorum has not attended, the co-owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. Upon the reconvening of said meeting a quorum shall be constituted if co-owners holding at least 25% of the total value of the property in accordance with the percentages assigned in the Master Deed are present at said reconvened meeting.

Section 8. ORDER OF BUSINESS. The order of business at all Annual Meetings of the Association shall be as follows:

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- (a) Roll Call.
- (b) Proof of Notice of Meeting or Waiver of Notice.
- (c) Reading of Minutes of Preceding Meeting.
- (d) Reports of Officers.
- (e) Reports of Committees.
- (f) Election of Inspectors of Election.
- (g) Election of Directors.
- (h) Unfinished Business.
- (i) New Business.

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

ARTICLE IV
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 BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors (hereinafter referred to as the "Board") comprised of five (5) persons. Until succeeded by the Board Members elected by the Unit Owners, Members of the Board of Directors need not be Unit Owners. So long as the Declarant (as defined in the Master Deed) owns one or more Units, the Declarant shall be entitled to elect at least one member of the Board of Directors, who need not be an Unit Owner. After the Declarant has conveyed all Units and is no longer entitled to elect one member of the Board of Directors, all Board Members shall be Unit Owners.

Section 2. GENERAL POWERS AND DUTIES. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, or by these By-Laws, directed to be executed and done by the Association or individual co-owners.

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

- (a) Compliance with all of the terms and conditions of the Master Deed and any amendments thereto and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the Common Elements.
- (c) Collection, at the time of the closing of the sale of each Unit, at least two (2) month's estimated common expense assessments for the purpose of establishing a working capital fund for the

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Association. These funds shall be maintained in a segregated account for the use and benefit of the Association. The contribution to the working capital fund for each unsold Unit shall be paid to the Association within sixty (60) days after the date of the conveyance of the first Unit in each Phase of the Regime.

- (d) Establishment of the annual budget. The budget shall be distributed by the Board to all members of the Association at least thirty (30) days in advance of its effective date and at least thirty (30) days in advance of the Association's Annual Meeting. Notwithstanding the responsibilities and authority of the Board, the budget may be modified by the Association at the Annual Meeting or a Special Meeting of the Association by a two-thirds (2/3) vote of the co-owners present at such meeting, in person or by proxy.
- (e) As a part of the annual budget described in (d) above, establish and maintain on behalf of the Association an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the common elements.
- (f) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.
- (g) Collection of all assessments and fees from the co-owners, including all Shelter Cove Harbour Company assessments which shall be paid over to the Shelter Cove Harbour Company.
- (h) Performing repairs to common elements caused by any natural disaster or man-made damage from the reserve account and any special assessment, or causing the same to be done.
- (i) Obtaining of insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done as set forth in ARTICLE VIII hereof.
- (j) Grant or relocate easements which are not inconsistent with the owners' full use and enjoyment of the common properties.
- (k) Making of repairs, additions and improvements to or alterations of, the property and repairs to and restoration of the property in accordance with the other provisions of these By-Laws; provided, however, that the Board of Directors shall not

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undertake any repair covered by warranty without the consent of a majority of the Unit Owners.

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

Section 4. MANAGEMENT AGENT. The initial management agent shall be Property Administrators Incorporated, an independent professional management company not affiliated with the Declarant, whose contract extends for a period of one (1) year from the establishment of YACHT CLUB VILLAS HORIZONTAL PROPERTY REGIME. Thereafter, the Board may employ a management agent at the compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article. Any such Management Contracts shall be for a reasonable term and shall contain reasonable provisions regarding the right of the Association to terminate said Contracts. Since an independent professional management company is being employed from the outset, and if at any time during the management of the Property by this or some other professional management entity any holders, insurers or guarantors of mortgages on Units within the Regime shall require that professional management of Regime/Association matters be maintained, and the Association is so advised in writing, any decision thereafter by the Association to establish self management by the Association shall require the prior consent of Unit Owners holding sixty-seven (67%) percent of the votes in the Association and the approval of holders holding mortgages on Units within the Regime which have at least fifty-one (51%) percent of the votes of all Units in the Regime subject to holder mortgages.

Section 5. FIRST BOARD OF DIRECTORS. The first Board of Directors consisting of up to five (5) members shall be designated by the Declarant. These appointments will be temporary and will continue only until the first annual meeting of the Unit Owners held pursuant to the provisions of these By-Laws. At the first Annual Meeting of the Association, the initial term of office for two (2) members of the Board shall be fixed at three (3) years. The term of office of two (2) members of the Board shall be fixed at two (2) years, and the term of office of one (1) member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting. Any and all of said Board Members shall be subject to

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replacement, in the event of resignation or death, in the manner set forth in Section 6 of this Article. During the period in which the Declarant's designees constitute a majority of the Board of Directors, the Board of Directors shall not enter into any contract having a term which extends beyond the term of the Management Agreement with Property Administrators, Incorporated.

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

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

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

Section 9. REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least one (1) such meeting shall be held each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary-Treasurer or other designated person, to each Board member, personally or by mail, telephone, or telegraph, at least ten (10) days prior to the day named for such meeting.

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

Section 11. WAIVER OF NOTICE. Before or at any meeting of the Board, any member of the Board may, in writing, waive

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notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board Member at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof. If all members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

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

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

Section 14. COMPENSATION. No member of the Board of Administrators shall receive any compensation from the Regime for acting as such.

Section 15. LIABILITY OF THE BOARD OF DIRECTORS. The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Master Deed or of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible for the original Board of Directors, who are members of or employed by Lincoln-Delta Group, to contract with Lincoln-Delta Group and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors, shall be limited to such proportions of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements. Every agreement made by the Board of Directors or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board of Directors, or the managing agent, or the manager, shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

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managing agent, or the manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interest of all Unit Owners in the common elements.

ARTICLE V
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OFFICERS

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

Section 2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. No officer shall continue to serve as such if, during his term of office, he shall cease to be an Unit Owner.

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

Section 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties when the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

Section 6. SECRETARY-TREASURER. The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct; and he shall have responsibility for Association funds and securities and

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shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. He shall, in general, perform all the duties incident to the office of the Secretary and Treasurer.

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NOTICES

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

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

ARTICLE VII

OBLIGATIONS OF THE CO-OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All co-owners shall be obligated to pay the periodic assessments imposed by the Association to meet all Association common expenses, which shall include, among other things, liability insurance policy premiums and an insurance policy premium to cover repair and reconstruction work in case of hurricane, fire, earthquake and other hazards. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Property and any authorized additions thereto. Such may include without limitation, any amount for general working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any 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 Unit Owners with a copy of the budget for the next fiscal year and shall likewise advise them of the amount of the common charges payable by each of them, respectively, as determined by the Board as aforesaid. Declarant will be liable for the amount of any assessment against completed Units within the Association which have not been sold and Declarant shall have all voting rights attendant to the ownership of said apartment until said

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Units are sold. Payment of the periodic assessment shall be in equal monthly or quarterly (as determined by the Board) installments on or before the first day of each month or quarter, as appropriate, or in such other reasonable manner as the Board shall designate.

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

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

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

Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES. The Board shall take prompt action to collect any common charge due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Unit Owner in paying to the Board the common charges as determined by the Board, such Unit Owner shall be obligated to pay a late charge of one and one-half (1 1/2%) percent of the delinquent amount per month on such unpaid common charge from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 27-31-210, Code of Laws of South Carolina, 1976. With regard to the subordinate nature of such liens as it relates to mortgages recorded prior to the recording of any evidence of such lien, the provisions of Section

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27-31-210, Code of Laws of South Carolina, 1976, as amended, shall be controlling.

Section 5. STATEMENT OF COMMON CHARGES. The Board shall, for a reasonable fee not to exceed Ten (\$10.00) Dollars, promptly provide any purchaser, Unit Owner, encumbrancer or prospective encumbrancer of an Unit so requesting the same in writing, with a written statement of all unpaid common charges due from the Owner of that Unit and the purchaser's liability therefor shall be limited to the amount as set forth in the statement. Any encumbrancer holding a lien on an Unit may pay any unpaid common charges payable with respect to such Unit and upon such payment such encumbrancer shall have a lien on such apartment for the amounts paid of the same rank as the lien of his encumbrance. Any encumbrancer holding mortgages on more than five (5) Units within the Association shall be entitled, upon request, to receive a statement of account on the Units securing all of said Mortgages once each calendar year without any fee or charge.

Section 6. MAINTENANCE AND REPAIR.

(a) Each Co-owner must perform work within his own Unit, which, if omitted, would affect the Property in its entirety or in a part belonging to another co-owner, 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 Units such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, interior doors, windows, lamps, and all other accessories belonging to the Unit shall be at the expense of the co-owner, reference being made to Section 3(f) of Article V of the Master Deed for specific itemization of the co-owners' responsibilities.

(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 charged to all the Unit Owners as a common expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of the Unit Owner, in which such case the expense shall be charged to such Unit Owner.

Section 7. WATER CHARGES AND SEWER RENTS. Water shall be supplied and sewer services shall be supplied to all Units and the common elements through one or more meters by the utility company or district serving the area and at the option of the Board, either each Owner shall be required to pay for all charges for water consumed and sewer services in his Unit, promptly after the bills for the same have been rendered or, the Board shall pay all bills for such services as a common expense and bill the owners accordingly. The water supply and sewer service to the

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common elements shall be separately metered and the Board shall pay all bills for such services as a common expense.

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

Section 9. USE OF UNITS - INTERNAL OR EXTERNAL CHANGES

(a) All Units shall be utilized for residential purposes only. This shall expressly include the right of the Owner to rent such Units to others for residential purposes in accordance with the provisions of Article V in the Master Deed and of Article XII of these By-Laws. Moreover, so long as any Units remain unsold by Declarant, Declarant or its agent shall be authorized to maintain a sale model within the Association for purposes of promoting the sale of Units.

(b) A co-owner shall not make structural modifications or alterations in his Unit 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.

(c) A co-owner shall make no changes or additions whatsoever to the exterior of the Unit, any stairs, decks, patio or balconies appurtenant thereto, or to any of the limited common elements without prior written approval of the Board. The Board may also approve minor additions to landscaping and other exterior minor changes or additions of this nature which in its sole discretion will not interfere or conflict with the overall scheme and appearance of the common areas. If any changes as described herein are approved by the Board, the co-owner requesting such change shall be totally financially responsible for the cost of such change and the incurred costs, if applicable, of the maintenance and repair of such change. The Board, through its agent, may include this additional maintenance cost in the periodic assessment for the Unit in question.

(d) ALL BLINDS, LEVELERS, SHADES, SCREENS, DRAPERIES OR DRAPERY BACKING WHICH ARE VISIBLE THROUGH THE EXTERIOR WINDOWS SHALL BE AN UNPATTERNED, NEUTRAL IVORY/WHITE COLOR UNLESS OTHERWISE APPROVED BY THE BOARD.

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

Section 11. RIGHT OF ENTRY.

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

(b) A co-owner shall permit other co-owners, or their representatives, when so required, to enter his Unit for the purpose of performing installations, alterations, or repairs to the mechanical or electrical services, provided that such requests for entry are made in advance and that such entry is at a time convenient to the co-owner. In case of emergency, the right of entry shall be immediate.

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

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

(b) No co-owner of the Property shall:

- (1) Post any advertisements or posters of any kind in or on the Property except as authorized by the Association;
- (2) Hang garments, towels, rugs, or similar objects from the windows or balconies or from any of the facades of the Property;

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- (3) Clean dust mops, rugs or similar objects from the windows or balconies by beating on the exterior part of the Property;
- (4) Throw trash or garbage outside the disposal installation provided for such purpose in the service areas;
- (5) Act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Units in the Property;
- (6) Maintain any pets which cause distress to co-owners through barking, biting, scratching or damaging of property.
- (7) Operate or utilize any charcoal or gas grills, either permanent or portable, on the decks or balconies or in the close proximity of the Units, it being understood that such use is a violation of local fire ordinances.

(c) No Co-owner, resident, or lessee shall install wiring for electrical or telephone installations, television or radio antenna, air conditioning fixtures, or similar objects outside of his dwelling or which protrudes through the walls or the roof of his Dwelling Unit except as authorized by the Board.

Section 13. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS. The violation of any rules or regulations adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provisions of the Master Deed, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the Unit in which or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition, that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorneys fees, and until such expense is recovered it shall be a lien upon said Unit which lien shall be inferior to the lien of all prior Mortgages.

ARTICLE VIII

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 INSURANCE AT 153300 ON 02/02/84

The Board of Directors shall be required to obtain and maintain, as set forth below, in forms and amounts as hereinafter prescribed and which are also satisfactory to any mortgagee holding mortgages on five or more apartments, the following

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insurance, without prejudice of the right of the co-owner to obtain additional individual insurance at his own expense:

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

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

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

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

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

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