

STATE OF SOUTH CAROLINA) MASTER DEED ESTABLISHING
) SHOREWOOD III
COUNTY OF BEAUFORT) HORIZONTAL PROPERTY REGIME NO. 2

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WHEREAS, GRAVES-REED PARTNERSHIP, a South Carolina Partnership, is the sole owner of the fee simple title to property located in the County and State aforesaid and desires to submit such of that property as specifically described herein to a Horizontal Property Regime according to the laws of the State aforesaid and subject to the conditions and restrictions contained herein;

NOW, THEREFORE, in consideration of the promise and the benefit expected to flow to it as a result of the submission of the property to a Horizontal Property Regime:

KNOW ALL MEN BY THESE PRESENTS that GRAVES-REED PARTNERSHIP, for itself, its successors and assigns, hereby submits the land and all improvements thereon, and to be constructed thereon, described in Exhibit A, attached hereto and, by reference, incorporated herein, to a Horizontal Property Regime according and subject to the terms, provisions and definitions of S. C. Code Ann., §§27-31-10 - 27-31-300 (1976), Horizontal Property Act (Act) as it is now constituted and as it may from time to time be amended; provided, however, that such submission shall be and is further subject to the conditions, provisions and restrictions contained herein, all of which shall run with the land.

1. NAME: The Property shall hereafter be named the Shorewood II Horizontal Property Regime No. 2 (Regime).

2. DESCRIPTION OF PROPERTY AND BUILDING: The land is described in Exhibit A. The Building is described in the plans prepared by Vann and Partners, Inc. AIA, a copy of which is attached hereto as Exhibit B and, by reference, incorporated herein. The Building is a multi-unit structure containing five (5) floors of apartments and contains approximately _____ square feet divided into thirty (30) apartments and general and limited common elements.

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3. DESCRIPTION OF GENERAL COMMON ELEMENTS: In addition to those defined in the Act, the following shall be general common elements:

(a) All lobbies, common storage areas, roads, driveways, parking areas, non-load bearing walls (except for those located entirely within an apartment), swimming pool, decks (except for those portions of the decks hereinafter declared to be limited common elements), and common mailbox facilities;

(b) Compartments for, and installations of, common telephone, television and/or cable television, sewer and/or irrigation lines and equipment and/or heating and trash disposal facilities.

4. DESCRIPTION OF LIMITED COMMON ELEMENTS: The limited common elements appurtenant to each apartment are as follows:

(a) The surface areas and railings of all decks accessible by normal means solely from the apartment;

(b) All material, including but not limited to, studs, sheetrock and plywood, attached to or on the inside surface of perimeter walls, floors and ceilings of the apartment;

(c) All doors, windows, screens, ventilation fans and vents located in the perimeter walls, floors or ceilings thereof;

(d) All air-handling units, condensers, ducts and components and all water, power, telephone, television and cable television, electricity, plumbing, gas and sewage lines located in the apartment, provided, however, that the portion of said lines located in a common compartment for, or installation of, such lines shall be general common elements as described above.

5. DESCRIPTION OF APARTMENTS: An apartment (as defined in the Act) is generally described and each type of apartment is specifically described in Exhibit C, attached hereto and, by reference, incorporated herein. The graphic description and area of each apartment is shown on Pages of Exhibit B. The location within the Building and number of each apartment is shown in Exhibit E, attached hereto and, by reference, incorporated herein.

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6. PLOT PLANS AND FLOOR PLANS: The plot plan showing the location of the apartments and other improvements is attached as Page 7 of Exhibit B. The floor plans showing the dimensions and area of each type of apartment are attached hereto as Pages. of Exhibit B. The floor plans showing the dimensions, area and locations of general common elements affording access to each apartment are shown by Exhibit B.

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7. PERCENTAGE OF OWNERSHIP: The value of each apartment, the value of all apartments and the percentage of ownership for purposes of ownership of the general common elements and liability for common expenses, assessments and voting are shown in Exhibit D, attached hereto and, by reference, incorporated herein.

8. COUNCIL OF CO-OWNERS; LIEN FOR UNPAID ASSESSMENTS: The Horizontal Property Regime shall be administered by a Council of Co-Owners (Council) which can be constituted as an eleemosynary corporation formed under the laws of South Carolina under a name designated by the Council of Co-owners. The Bylaws of that Corporation are attached hereto as Exhibit F and, by reference, incorporated herein. If a lien for unpaid assessments is enforced by the Council, either by suit for damages or foreclosure, the Council shall be entitled to collect all costs of that action, including attorneys' fees. Should any first mortgage Lienholders take title to any apartment in the Regime by foreclosure or deed in lieu of foreclosure, the Lienholder shall not be liable for any unpaid or delinquent assessments attaching to such apartment.

9. FORECLOSURE: Where the mortgagee of any mortgage of record or other purchaser of an apartment obtains title at the foreclosure sale of such a mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the co-owners chargeable to such apartment accruing after the date of recording such mortgage but prior to the acquisition of title to such apartment by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the apartment owners, including such acquirer, his successors and assigns.

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10. INSURANCE: The Council shall insure the Property against flood, fire, liability, windstorm and all other risks normally insured against in connection with the Property hereby submitted to a Horizontal Property Regime.

11. ASSESSMENTS FOR INSURANCE PREMIUMS: The periodic contribution of Co-Owners toward the expenses of administration and of maintenance and repair of the general common elements shall include an amount equal to the current premium for blanket fire and extended coverage insurance in the face amount of the sum of the valuation placed on each apartment for purposes of the South Carolina Valued Policy Statute and the premium for all other insurance secured by the Council divided by the number of periodic assessments remaining in the initial calendar year of operation and thereafter by the number of periodic assessments each year. This amount shall be set aside and accumulated for the specific purpose, and no other, of paying the premium on such insurance as it becomes due. In any year in which

there is an excess of assessments received over amounts actually used or payable for the purposes described in this Master Deed or Bylaws, such excess shall, unless otherwise determined by the Board, be deposited in a capital reserve account for use in replacement, repair or maintenance of the general common elements.

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12. DISBURSEMENTS OF CASUALTY INSURANCE PROCEEDS:

In the event it should be proper under the Act to repair or reconstruct the damaged portion of the general common elements, the proceeds of insurance, together with funds sufficient to defray all expenses of repair or reconstruction above the insurance proceeds, shall be placed in a separate bank account and disbursed by the Treasurer of the Council only upon receipt of AIA requests and certifications for payment signed by the architect supervising said repair or reconstruction and general contractor in the case of hard construction costs, or invoices approved for payment by the President and Secretary of the Council in the case of nonconstruction invoices and, if no supervisory architect is employed, by the President, Secretary and general contractor in the case of hard construction costs. Should it not be proper to proceed with repair or reconstruction of the general common elements, the insurance proceeds shall be disbursed to the Co-Owners on a pro-rata basis according to their percentage of ownership. Provided, however, that insurance benefits shall be applied in accordance with the provisions of the South Carolina Horizontal Property Act. Any first mortgage Lienholder of record with the Board of Directors of the Regime shall be given notice of any disbursement of insurance proceeds to the Co-owners under the provisions herein.

13. EASEMENTS WITHIN REGIME: Each apartment and all general and limited common elements are hereby subjected to an easement for the repair, maintenance, expansion, reduction, inspection, removal, relocation or other service of or to all gas, electricity, television, telephone, water, plumbing, sewer, utility, drainage or other lines or other common elements, whether or not the cause of any or all of those activities originates in the apartment in which the work must be performed.

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Each apartment owner shall have an easement in common with the other owners of all other apartments to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other apartments and serving his apartment. Each apartment shall be subject to an easement in favor of the owners of all other apartments to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other apartments and located in such apartment.

The Board may hereafter grant easements or licenses for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone and television wires and equipment and electrical conduits, and wires over, under, along and on any portion of the apartments and/or general and limited common elements; and each apartment owner hereby grants to the Board, or its designee, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each apartment

owner such instruments as may be necessary to effectuate the foregoing.

In the event any portion of the general common elements encroaches upon any apartment, a valid easement for the encroachment and maintenance of same is hereby created. No easement which may adversely effect the mortgagee interest of any first mortgage Lienholder shall be granted without the prior consent of such first mortgage Lienholder. 743

14. MAINTENANCE AND INSURANCE OF LIMITED COMMON ELEMENTS: Without limiting the insurance coverage carried by the Regime on limited common elements, the owner of an apartment shall be responsible for the maintenance, repair and replacement with comparable material of equal quality all limited common elements appurtenant to his apartment. The owner of an apartment may insure those limited common elements for his own interest. All parts of a condominium apartment shall be kept in good condition and repair by and at the expense of the owner. The apartment shall be maintained by the owner in a clean and safe condition, free of nuisance. Each apartment owner will promptly comply with any requirements of the insurance underwriters of the insurance for the common areas and facilities when so requested by the Board or its designated agent. If an owner fails to repair, maintain or replace any limited common element appurtenant to his apartment as may be required pursuant to the condominium documents or a determination by the board or its designated agent that such failure will endanger or impair the value of the common areas and facilities or any apartment belonging to another member or its common elements, said limited common elements may be

repaired or replaced by the association at the expense of the apartment owner to be collected by special assessments as herein provided. Such assessments may include all costs, including attorneys' fees, the association incurred in the abatement of any nuisance maintained by the apartment owner therein.

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15. STRUCTURAL ALTERATIONS: Upon two-thirds vote of the Co-Owners, after submission to the Board of detailed plans and specifications and a fixed price contract for the proposed work at a duly called meeting of the Council, the board may be authorized to make, or have structural alterations made, in the general common elements and/or limited common elements; provided, however, that any structural alteration of all or part of the limited common elements shall be uniform. No Co-Owner may make any alteration in the general common elements or structural alteration of his apartment and/or the limited common elements appurtenant thereto without first having the plans and specifications therefor approved by the Board and depositing with said Board an amount of money sufficient, in the sole distretion of the Board, to defray all costs of modifying this Master Deed and recording said modification, including attorneys' fees. Notwithstanding any of the above provisions, no alteration or improvement of any of the common elements shall hinder or encroach upon the lawful rights of any Co-Owners or violate any provision of the South Carolina Horizontal Property Act.

16. MANAGEMENT AGENT:

A. Interim Management Agent and Assessments. From the date of the first conveyance of title by the grantor to

an owner until the date of the first Council meeting, the grantor or its designee may serve as the Interim Management Agent with responsibility for coordinating all normal management services of the Council. During such period, the Interim Management Agent or its designee may receive from each owner his monthly pro-rata share of the total projected operating expenses. During such period, the grantor shall be responsible for all actual operating expenses above funds collected from the owners.

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B. Regular Management Agent and Assessments.

Upon selection by the Board of a Regular Management Agent and the adoption of the annual Regime budget by the Board, any excess of interim assessments over total actual operating expenses shall be deposited by grantor to the account of the Council. The Interim Management Agent shall provide to the Regular Management Agent an accounting of operating revenues and expenses. After adoption of the annual budget, the grantor shall be subject to all assessments for any apartments still owned by it.

C. Time of Payment. Each owner's pro-rata share of the operating expenses for the first quarter shall be payable at the time of conveyance of title to the owner. Subsequent payments shall be due on the first day of each quarter or as determined by the Board. Payments not received when due shall bear interest at the maximum legal rate.

17. REGIME WORKING CAPITAL: At the time title is conveyed to an owner by the grantor, such owner shall contribute to the working capital reserve established by the

Interim Management Agent an amount equal to one-fourth of one percent (.250%) of the base purchase price of the apartment set forth in the Contract of Sale for his apartment. Such funds shall be used solely for initial operating and capital expenses of the Property, such as prepaid insurance supplies and the common space furnishings and equipment. At the time of selection of the Regular Management Agent, the Interim Management Agent shall pay to the account of the council all unused funds and shall provide an accounting of all revenues and expenditures.

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18. REGULATORY DOCUMENTS: The Regime shall be administered in accordance with the Master Deed, Bylaws of the Council and such other regulations as may from time to time be promulgated by the Council and/or Board.

19. RIGHT OF ACCESS: The association shall have the irrevocable right, to be exercised by its duly authorized officer or agent, to have access to each apartment and any common elements from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the common elements therein or accessible therefrom, and at any time for making emergency repairs therein necessary to prevent damage to the common elements or to another apartment or apartments.

20. AGREEMENTS BINDING UPON PROPERTY: All agreements and determinations lawfully made by the Council in accordance with the voting percentages established in this Master Deed shall be deemed to be binding on all owners of apartments, their successors and assigns.

21. UNITS SUBJECT TO MASTER DEED AND RELATED DOCUMENTS: All present and future owners, tenants and occupants of apartments and their guests or invitees, shall be subject to, and shall comply with, the provisions of the Master Deed and related documents as amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any apartment shall constitute an agreement that the provisions of the Master Deed and related documents are accepted and ratified by such owner, tenant or occupant; and all of such provisions shall be deemed and taken to be covenants running with the lands and shall bind any person having at any time any interest or estate in such apartment as though such provisions were made a part of each and every deed of conveyance or lease. Failure to comply with the provisions of those documents shall entitle the Council or any owner to seek legal and/or equitable relief. 747

22. AMENDMENT OF MASTER DEED: Except as to provisions required by the Act, this Master Deed may be amended by the vote of sixty-six and two-thirds (66-2/3%) percent of the Co-Owners cast at a meeting duly held in accordance with the provisions of the bylaws. No such amendment shall be effective until recorded in the Office of the Registrar of Deeds for the County wherein the Property is located. In no event may the Master Deed be amended so as to deprive the grantor of any rights granted herein. Grantor reserves the right to make corrective changes in this Master Deed by recording an appropriate document.

23. ACTUAL LOCATION CONTROLS: In interpreting any and all provisions of this instrument, the exhibits attached

hereto, and subsequent deeds and mortgages to individual apartments, the actual location of the apartment shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered notwithstanding any minor **748** deviations, either horizontally or vertically, from the proposed locations as indicated on exhibits attached hereto. To the extent that such minor variations in location of the apartment shall exist, a valid easement therefor, and for the maintenance thereof, does and shall exist.

24. USE OF COMMON ELEMENTS: Each Co-Owner, tenant or occupant of an apartment may use the elements held in common in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Co-Owners, tenants or occupants.

25. INVALIDITY: The invalidity of any provisions of this Master Deed shall not impair or affect the validity and enforceability of the remainder of this Master Deed; 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.

26. WAIVER: No provisions 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.

27. LAW CONTROLLING: this Master Deed and the bylaws attached hereto shall be construed under and controlled by the laws of the State of South Carolina.

28. RECOMMENDATION OF RENTAL AGENTS: At the annual meeting of the Council, or such other meeting of the Council as is designated by the Board, the Board may, upon notice to the co-Owners, recommend for the approval of the Council one or more agents for the rental of apartments during the forthcoming year. Prior to recommending agents for the approval of the Council, the Board shall have authority to require any agent desiring to qualify as an approved agent to submit a copy of the proposed rental agreement to be used by such agent, together with such other information as the Board may reasonably require. The Board may require, as a condition of approval, that all rental agreements incorporate such standard procedures as may be required to minimize problems of security, maintenance, quality and operation of the common areas and facilities of the Property. Neither the Council nor the Board shall have, or attempt to impose as a condition of approval, any control over the commission schedule or fees charged by any approved rental agent, the permissible period of rental, all of which shall be for the sole determination of the approved rental agent and any Co-Owner selecting such agent. Each Co-Owner shall have the absolute right to enter into any direct rental, lease or sales arrangement with renters, lessees and purchasers which shall be consistent with the Master Deed, Bylaws of the Council and such other regulations as may from time to time be promulgated by the Council and/or Board. Nothing herein shall be construed as creating or authorizing any rental pooling or as requiring the rental of an apartment by a Co-Owner or as restricting the Co-Owner's use of his apartment. If any court of law, governmental regulatory body having appropriate jurisdiction or approved legal counsel to the Council determines that any portion of

this provision is unlawful or would require registration of the offering of any apartment as a security, then such portion of this provision shall be invalid until such requirement is eliminated.

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29. NOTICE TO LENDER: Aiken-Speir, Inc. shall be notified of all Regime meetings until such a time that Aiken-Speir, Inc. is no longer the mortgagee of any of the original owners of apartments in the Regime.

30. PERCENTAGE OWNERSHIP OF SWIMMING POOL PARCEL: The Shorewood II Horizontal Property Regime No. 2 is conveyed by this instrument a 30/126th interest in the swimming pool parcel referenced in Exhibit A. However, the Grantors reserve the right to readjust this percentage interest in the swimming pool parcel, depending on the final number of apartments actually built by the Grantors as part of the Shorewood development. The percentage interest of the Regime in the swimming pool parcel will not be more than 30/106 or less than 30/126.

31. WARRANTIES: Grantor acknowledges that all contractual warranties in its favor set forth in the Building's construction contract, for material and equipment in the apartment, shall accrue to the benefit of the owner of such apartment, along with all warranties, if any, provided by the manufacturer or supplier of appliances, air-conditioning, heating and utility systems in the apartment.

THE ACCEPTANCE OF CONVEYANCE OF TITLE OR OCCUPANCY OF THE APARTMENT SHALL CONSTITUTE AN ACKNOWLEDGMENT BY THE APARTMENT OWNER THAT GRANTOR MAKES NO OTHER IMPLIED OR EXPRESS WARRANTIES RELATING TO THE APARTMENT OR THE COMMON AREAS AND

FACILITIES, EXCEPT FOR SUCH WARRANTIES AS ARE SET FORTH IN
THE GENERAL WARRANTY DEED TO THE APARTMENT.

IN WITNESS WHEREOF, GRAVES-REED PARTNERSHIP,
South Carolina Partnership, by the Hands and Seals of its
General Partners, has set its Hand and Seal this _____ day
of _____, 1980.

GRAVES-REED PARTNERSHIP, a
South Carolina Partnership

(Seal)

JPR, Inc.

By: *J. Reed*
John P. Reed

By: *R. Graves*
Robert L. Graves

R. L. Graves

BEAUFORT COUNTY DEVELOPMENT STANDARDS

This is to certify that the Beaufort County Joint
Planning Commission has found that the plan shown
herein is in accordance with the Beaufort County
Development Standards and has authorized
issuance of a development permit.

Date of Commission/Commission approval April 3, 1979

Developed by 0163
Certified by Thomas E. Bowles

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) PROBATE

PERSONALLY APPEARED before me _____

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and made oath that she saw the within-named GRAVES-REED PARTNERSHIP sign, seal and, as its act and deed, deliver the within-written Master Deed for the uses and purposes therein mentioned and that she, with _____, witnessed the execution thereof.

William A. Quail

SWORN to before me this _____
day of May, 1980.

(L.S.)
Notary Public for South Carolina

My commission expires: _____.

EXHIBIT "A"
SHOREWOOD II
HORIZONTAL PROPERTY REGIME NO. 2

Parcel 3

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ALL that certain piece, parcel or tract of land containing 1.265 acres, more or less, situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, as shown on a plat of "Parcel 3, Shorewood, Phase III, Graves-Reed Partnership", prepared by Jerry L. Richardson of Coastal Surveying Co., Inc., dated July 30, 1979, recorded in the Office of the Clerk of Court for Beaufort County South Carolina, in Plat Book 28 at Page 30, which property is more particularly described as follows:

Commencing at a point defined as the point of beginning, being 996.00 feet S 63°52'00" W from the southwestern corner of the intersection of South Forest Beach Drive and Coligny Circle, which corner is defined as the point of commencing;

Thence running from the point of beginning S 26°18'57" E for a distance of 29.00 feet to a concrete monument;

Thence turning and running S 63°50'51" W for a distance of 143.98 feet to a concrete monument;

Thence turning and running S 26°08'00" E for a distance of 151.85 feet to a point;

Thence turning and running S 64°06'20" W for a distance of 67.65 feet to a point;

Thence turning and running S 26°29'22" E for a distance of 122.74 feet to a concrete monument;

Thence turning and running N 63°52'32" E for a distance of 122.97 feet to a concrete monument;

Thence turning and running S 25°49'39" E for a distance of 136.39 feet to a concrete monument;

Thence turning and running S 63°52'00" W for a distance of 172.96 feet to a concrete monument;

Thence turning and running N 26°03'23" W for a distance of 439.76 feet to a concrete monument;

Thence turning and running N 63°52'00" E for a distance of 260.91 feet to the point of beginning.

Expressly included within this conveyance is a 30/126 undivided interest that certain swimming pool parcel shown and designated on a plat prepared by E. H. Freiesleben, entitled Re-Plat of SHOREWOOD DEVELOPMENT, dated March 10, 1977, and recorded in Plat Book 25 at Page 133 in the Office of the Clerk of Court for Beaufort County, South Carolina.

Not sure on this?

SAID PROPERTY is conveyed subject to all Covenants, Restrictions and Easements, Obligations applicable to Hilton Head Company properties, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, Deed Book 78 at Page 306 and as may be amended, and any easements of:

Does SWII allow SWII pool access Parcel B described above?

ALSO, a non-exclusive easement for ingress and egress is granted to the Shorewood II Horizontal Property Regime No. 2 from Parcel 3 over View Easement Area No. 2 to Parcel B, such Parcels and View Easement Area shown and designated on a plat prepared by E. H. Freiesleben, entitled Re-Plat of SHOREWOOD DEVELOPMENT, dated March 10, 1977, and recorded in Plat Book 25 at Page 133 in the Office of the Clerk of Court for Beaufort County, South Carolina. Such non-exclusive easement is for the purpose of allowing the residents of the Shorewood II Horizontal Property Regime No. 2 access to the swimming pool located on Parcel B described above.

EXHIBIT B

SHOREWOOD II

HORIZONTAL PROPERTY REGIME No. 2

See Plans on record in the Office of the Clerk of Court for Beaufort County in Plat Book 28 at Page 193.

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The undersigned, Vann and Partners, Inc., Architects, authorized and licensed in the State of South Carolina hereby certifies that the Plans of Shorewood II Horizontal Property Regime No. 2 identified above, fully and accurately, within reasonable construction tolerances, depicts the layout and dimensions of the building common elements, limited common elements, and apartments shown therein.

VANN AND PARTNERSS, INC.

James Alfred Wilson
Notary Public

BY: John E. Vann
Its: President

STATE OF South Carolina)
COUNTY OF Beaufort) PROBATE

PERSONALLY appeared before me J. Simon Fraser who made oath that s/he saw the within-named VANN AND PARTNERS, INC., by John E. Vann, its President and attested by _____, its _____, sign, seal and as its act and deed, deliver the foregoing certificate and that s/he with James Alfred Wilson witnessed the execution thereof.

SWORN TO BEFORE ME THIS
11th day of June, 1980.
James Alfred Wilson (SEAL)
Notary Public
My Commission Expires: 1982

EXHIBIT "C"
SHOREWOOD III
HORIZONTAL PROPERTY REGIME

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

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The SHOREWOOD III building contains thirty (30) apartments, twenty (20) of which are two-bedroom, and ten (10) of which are three-bedroom.

TWO-BEDROOM INTERIOR UNITS

The two-bedroom units are all interior units and are substantially identical. Each contains 1109 square feet of floor space and 108 square feet of balcony area. The two-bedroom interior units are those apartments designated as 108, 109, 110, 111, 208, 209, 210, 211, 308, 309, 310, 311, 408, 409, 410, and 411.

EXHIBIT "D"
SHOREWOOD II
HORIZONTAL PROPERTY REGIME NO. 2

<u>APARTMENT</u>	<u>VALUE OF APARTMENT</u>	<u>UNDIVIDED INTEREST IN COMMON ELEMENTS</u>
107	123,500	3.74%
108	94,500	2.87%
109	94,500	2.87%
110	94,500	2.87%
111	94,500	2.87%
112	123,500	3.74%
207	129,500	3.93%
208	95,500	2.89%
209	95,500	2.89%
210	95,500	2.89%
211	95,500	2.89%
212	124,500	3.77%
307	126,500	3.83%
308	97,500	2.95%
309	97,500	2.95%
310	97,500	2.95%
311	97,500	2.95%
312	126,500	3.83%
407	131,500	3.98%
408	101,500	3.08%
409	101,500	3.08%
410	101,500	3.08%
411	101,500	3.08%
412	131,500	3.98%
507	151,500	4.59%
508	111,500	3.38%
509	111,500	3.38%
510	111,500	3.38%
511	111,500	3.38%
512	129,787	3.93%
		<u>100.00%</u>

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The Total Value of the Property is \$3,300,287.00.

THREE-BEDROOM UNITS

The three-bedroom units are all end units and are substantially identical. Each contains 1437 square feet of floor space and 117 square feet of balcony area. The three-bedroom units are those apartments designated as 107, 112, 207, 212, 307, 312, 407 and 412.

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TWO-BEDROOM PENTHOUSE UNITS

The four (4) two-bedroom penthouse units are located on the fifth (5th) floor of the building. Each contains 1150 square feet of floor space, and 120 square feet of balcony area. The two-bedroom penthouse units are those apartments designated as 508, 509, 510 and 511.

THREE-BEDROOM PENTHOUSE UNITS

The fifth floor penthouse level contains two (2) three-bedroom end apartments designated as apartments 508 and 512. Each penthouse level three-bedroom apartment contains 1476 square feet of floor space and 143 square feet of balcony area.

507 not 508

Jimmy

EXHIBIT "E"
SHOREWOOD II HORIZONTAL PROPERTY REGIME NO. 2

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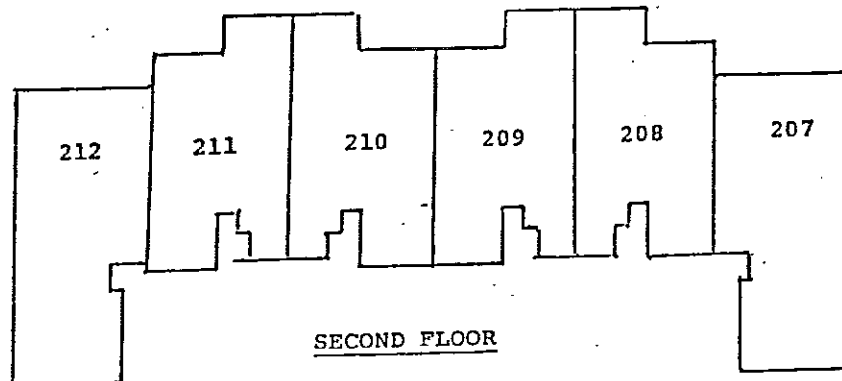
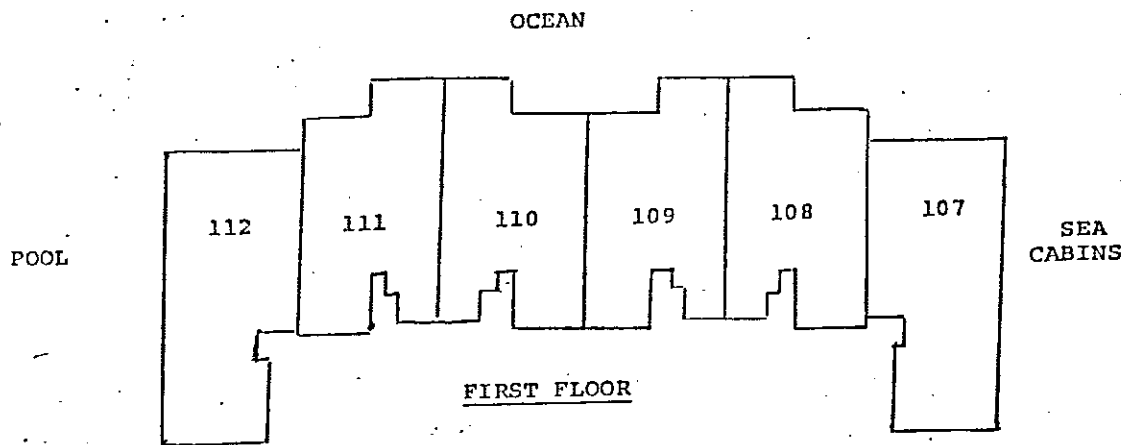


EXHIBIT "E" (cont'd)

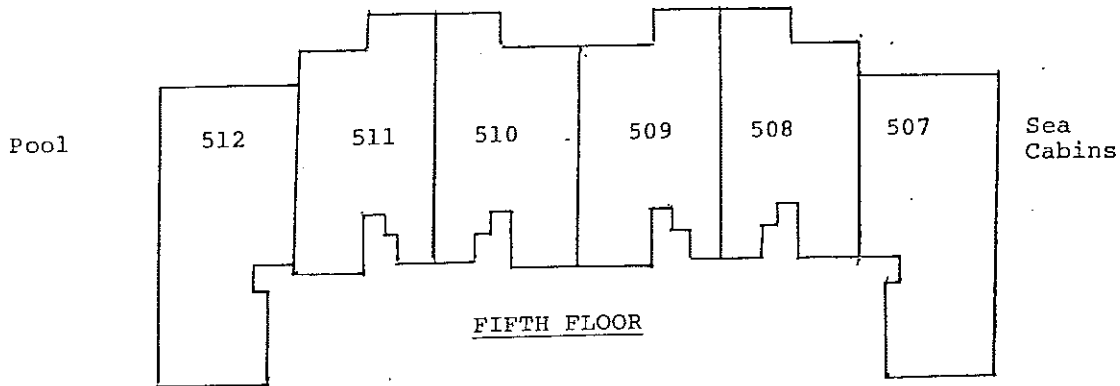
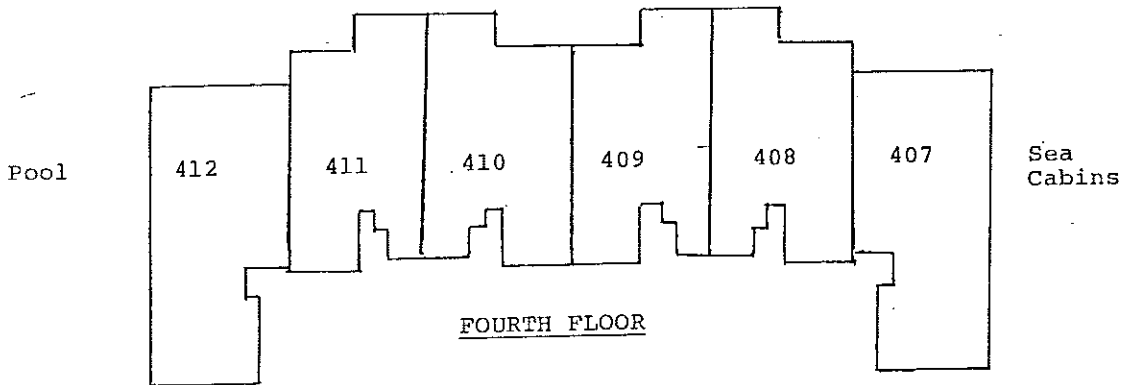
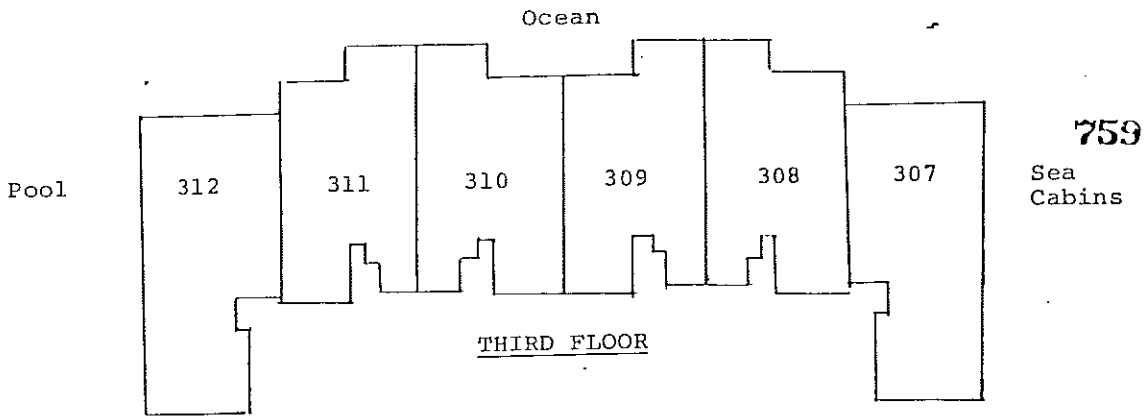


EXHIBIT "F"
BY-LAWS OF SHOREWOOD II
HORIZONTAL PROPERTY REGIME No. 2

ARTICLE I
PLAN OF APARTMENT OWNERSHIP

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Section 1. Horizontal Property Regime. The Property (the Term "Property" as used herein means and includes the land, the buildings, all improvements and structures thereto) located on Hilton Head Island, Beaufort County, South Carolina, known as SHOREWOOD II HORIZONTAL PROPERTY REGIME No. 2 has been submitted, by Master Deed, to the provisions of the Horizontal Property Act of South Carolina, and is to be henceforth known as "SHOREWOOD II HORIZONTAL PROPERTY REGIME No. 2" (hereinafter referred to as the "Regime").

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

Section 3. Personal Application. All present or future Co-Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws in the Master Deed establishing said Regime. For the purpose of this document, a "Co-Owner" is defined and shall mean an owner or owners of an individual Apartment within the Regime. The mere acquisition or rental of any of the Apartments (also referred to herein as "Dwelling Unit(s)" or Dwelling(s)") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Apartments will signify that these By-Laws, the provisions of the Master Deed and the provisions of the Declaration of Restrictions will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the Co-Owner is entitled is the percentage assigned to the Apartment or Apartments in the Master Deed.

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

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

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

ARTICLE III

ADMINISTRATION

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

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

Section 3. Annual Meetings. The annual meetings of the Council shall be held at the call of the Regime President once a year. Annual meeting date shall be established at the original meeting. 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 Council as may properly come before them.

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Section 4. Special Meetings. It shall be the duty of the Regime President to call a special meeting of the Co-Owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of Co-Owners and having been presented to the Regime Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the votes present, either in person or by proxy.

Section 5. Notice of Meetings. It shall be the duty of the Regime Secretary to mail a notice of each annual 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 ten but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Adjourned Meeting. If any meeting of the Council cannot be organized because a quorum has not attended, the Co-Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

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

- (a) Roll Call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meetings.

- (d) Reports of officers.
- (e) Report of committees.
- (f) Review financial statement and monthly Regime charges.
- (g) Election of administrators.
- (h) Election of Management Agent.
- (i) Unfinished business.
- (j) New business.

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

Section 8. Incorporation of Council of Co-Owners. By a majority vote of the Co-Owners present at a duly called meeting of the Council of Co-Owners as either a non-profit or regular corporation.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Council shall be governed by a Board of Directors (hereinafter referred to as the "Board") comprised of five persons, all of whom must be Co-Owners of Apartments in the Property.

Section 2. General Powers and Duties. In addition to duties imposed by these By-Laws or by resolutions of the Council, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the common elements.
- (c) Collection of assessments from the Co-Owners.
- (d) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.

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

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the common elements. 764
- (c) Collection of assessments from the Co-Owners.
- (d) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.

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

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

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

Section 7. Removal of Members of the Board. At any regular or special meeting of the Council duly called, any one or more of the members of the Board may be removed with or without cause by a majority of Co-Owners and a successor may then and there be elected to fill the vacancy thus created. Any member of the

Board whose removal has been proposed to the Council shall be given an opportunity to be heard at the meeting.

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

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

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

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

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

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

ARTICLE V

OFFICERS

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

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

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

Section 4. Officers

(a) President. The President shall be the chief executive officer of the Regime. He shall preside at all Council meetings of the Regime and of the Board. He shall have all of the general powers and duties which are usually

vested in the office of a President of a Regime, including, but not limited to, the power to appoint committees from among the Co-Owners from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Council.

(b) Vice President. The Vice President shall take the place of ⁷⁵⁷ the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

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

ARTICLE VI

OBLIGATIONS OF THE CO-OWNERS

Section I. Assessments.

(a) Upon notice from the Board, all Co-Owners are obligated to pay periodic assessments imposed by the Regime to meet all Regime Expenses, which shall include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake, and other hazards. The assessments shall be made pro-rata according to the value of the Apartment owned, and as stipulated in the Master Deed.

(b) If the assessments are not paid on the date when due (being the date specified by the Board), then such assessment shall become delinquent and shall (together with the cost of collection as hereinafter provided) become a charge and continuous lien on the property, against which each such assessment is made. If the assessment is not paid when due, the Association may bring an action at law against the Co-Owners personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment a reasonable attorney's fee and in the event a judgment is obtained, such judgment shall include a reasonable attorney's fee to be fixed by the Court together with the costs of the action. 768

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

Section 2. Maintenance and Repair.

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

(b) All the repairs of internal installations of the Apartment, such as water, lights, gas, power, sewage, telephone, air conditioning, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Apartment shall be the expense of the Co-Owners.

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

Section 3. Use of Apartments - Internal Changes.

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

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

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

Section 5. Right of Entry.

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

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

Section 6. Rules of Conduct.

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

(b) No Co-Owner, resident or lessee of the Property shall:

(1) post any advertisements, or posters of any kind, in or on the property except as authorized by the Regime:

(2) hang garments, rugs, or similar objects, from the windows, balconies or from any of the facades of the Property;

(3) dust rugs, mops or similar objects by beating on the exterior part of the Property;

(4) throw garbage or trash outside the disposal installations provided for such purposes in the service areas;

(5) act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Apartments in the Property.

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

ARTICLE VII

AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by the Council in a duly constituted meeting held for such purpose, and no amendment shall take effect unless approved by Co-Owners representing at least two-thirds (2/3) of the total value of the Property as shown in the Master Deed.

ARTICLE VIII

MORTGAGES

Section 1. Notice to Board. A Co-Owner who mortgages his Apartment shall notify the Board through the management agent, if any, or the President if there is no management agent of the name and address of his mortgagee; and the Regime shall maintain such information in a book entitled "Mortgagee of Apartments."

Section 2. Notice of Unpaid Assessments. The Board shall, at the request of a mortgagee of an Apartment, report any unpaid assessments due to the Regime from the Co-Owner of such Apartment.

ARTICLE IX

COMPLIANCE

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

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RECORDED THIS 18th DAY
OF June 19 80
IN BOOK 4 PAGE 45
FEES, \$ _____
Margaret H. Harris
AUDITOR, BEAUFORT COUNTY, S. C.

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FILED AT	BEAUFORT COUNTY S.C.	RECORDED IN BOOK PAGE
<u>11:10</u> <u>DELOEK</u>	<u>JUN 17 1980</u>	<u>302</u> <u>736</u>
<u>Clarence B. Davis</u> CLERK OF COURT OF BEAUFORT COMMON PLEAS		