

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF BEAUFORT )

**MASTER DEED OF  
AVALON AT INDIGO RUN  
HORIZONTAL PROPERTY REGIME**

38  
400000  
Smart  
7321

This Master Deed is made by Avalon at Indigo Run, LLC (hereinafter referred to as "Declarant"), a limited liability company duly organized and existing under the laws of the State of South Carolina with its principal offices and place of business at Columbia, South Carolina, this 30th day of January, 2001.

WITNESSETH

Article 1  
Establishment of Horizontal Property Regime

1.1 The purpose of this Master Deed is to establish, pursuant to the Horizontal Property Act of the State of South Carolina, a horizontal property regime to be known as Avalon at Indigo Run Horizontal Property Regime (hereinafter referred to as "Regime"). The land and improvements to be submitted to the provisions of the Horizontal Property Act and to the terms of this Master Deed are described in their totality in Article 3 as the Condominium Property. Declarant, by filing of record this Master Deed, publishes and declares that the Condominium Property shall be owned, occupied, used, conveyed, encumbered, leased and improved in accordance with the provisions of the Horizontal Property Act of the State of South Carolina and in accordance with the covenants, restrictions, encumbrances and obligations set forth or incorporated by reference in this Master Deed, all of which shall be deemed to be covenants and obligations running with the Land.

1.2 The buildings and improvements constituting the Regime will be constructed in one phase.

Article 2  
Definitions

Certain terms when used in this Master Deed and its exhibits shall have the following meanings unless the context clearly requires otherwise:

2.1 "Assessments" means that portion of the common expenses which is to be paid by each Villa Owner in proportion to his percentage interest in the Common Elements.

2.2 "Association" means and refers to Avalon at Indigo Run Owners Association, Inc., a South Carolina Non-Profit corporation (hereinafter referred to as the "Association"), and shall be the incorporated entity responsible for operation and management of the Common Elements reserved unto the Council of Co-Owners as same is defined in the Horizontal Property Act.

2.3 "By-Laws" means the rules and procedures prescribed for government of the Association which are attached to this Master Deed as Exhibit "D". All references to By-Laws shall be construed to include amendments to the By-Laws duly adopted from time to time.

2.4 "Board of Directors" means the body of Persons selected, authorized and directed to manage and operate the Common Elements and the affairs of the Association as provided by this Master Deed and the By-Laws (hereinafter referred to as "Board").

2.5 "Common Elements" means all those portions of the Condominium Property not included within the Villas.

2.6 "Common Expenses" means the actual and estimated expenses of operating and managing the Common Elements, including reasonable reserves as determined by the Board.

2.7 "Common Surplus" means the excess of all receipts of the Association including, but not limited to, assessments, rents, profits and revenues from the Common Elements over the amount of Common Expenses.

2.8 "Condominium Property" means the Land described in Exhibit "A", the buildings, Villas and other improvements constructed on the Land, real, personal or mixed property, intended for use in connection with the Regime.

2.9 "Horizontal Property Act" means the Horizontal Property Act of the State of South Carolina, Title 27, Chapter 31, Code of Laws of South Carolina, 1976, as amended. All references to the "Horizontal Property Act" shall be construed to include any amendments to the Horizontal Property Act adopted and enacted from time to time.

2.10 "Land" means the tract of land designated as the Regime and described by courses and distances in Exhibit "A".

2.11 "Plans" means the floor plans and elevations depicting the design, layout and dimensions of the Villas, which have been prepared and certified by an architect duly authorized and licensed to practice in the State of South Carolina and which are attached hereto and made a part hereof as Exhibit "C".

2.12 "Plat" means the physical survey of the completed improvements of which the Regime is composed, prepared by Coastal Surveying Co., Inc. showing the dimensions and site locations of the buildings, the forty-four (44) Villas, the parking areas, roads, walkways and other improvements in the Regime as reflected on Exhibit "B" attached hereto and made a part hereof.

2.13 "Person" means a natural person, a corporation, a limited liability company or partnership, a partnership, trustee or other legal entity.

2.14 "Regime" means the Land; the twenty-two (22) buildings constructed upon the Land covering a ground area of 161,524 square feet, situated as shown on the Plat; the forty-four (44) Villas enclosed within such buildings which are described verbally in this Master Deed and which are portrayed graphically on the Plans; and all other elements of the Condominium Property constructed or to be constructed on the Condominium Property, rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property and in general all other devices or installations existing for common use, which are made part of Regime by this Master Deed.

2.15 "Villa" means one of the condominium units enclosed within the boundaries defined in Article 3, Paragraph 3.2, which is subject to separate ownership.

2.16 "Villa Owner" means the Person or Persons owning one or more of the Villas.

### Article 3 The Condominium Property

3.1 Land. Declarant owns in fee simple the Land subject to various covenants, restrictions, and easements as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina.

3.2 Villas. Declarant has constructed upon the Land twenty-two (22) buildings containing forty-four (44) condominium units (the "Villas"). The site locations of the buildings and Villas are shown on the Plat and the Villas also are described verbally in Article 6 of this Master Deed. Each Villa is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings and building materials enclosed within the following boundaries:

- (i) The horizontal (upper and lower) boundaries of each Villa shall extend to the interior unfinished surfaces of the floors and ceilings of each Villa.
- (ii) The vertical or perimeter boundaries of each Villa, extended to an intersection with the upper and lower boundaries, are as follows: (a) as to all Villa exterior walls which physically divide the Villa from Common Elements of the building, it shall be the vertical plane of the interior surface of the exterior sheathing and the vertical plane of the centerline of all insulated glass windows and all doors; (b) as to all Villa exterior walls which physically divide one Villa from another Villa, it shall be the vertical plane of the centerline of said partition walls; (c) all vertical planes of each Villa shall extend to intersections with each other.
- (iii) The boundaries of each Villa shall extend also to include the area enclosed or bounded by the screens, partitions, railings, balustrades or fences of any deck, terrace, balcony, stoop and steps, porch, courtyard or patio which is an integral and exclusive part

of that particular Villa. If any such area is not thus bounded or enclosed, the boundaries of the Villas shall be extended to include the area defined or actually covered by any such deck, terrace, balcony, stoop and steps, porch, courtyard or patio.

(iv) Each Villa shall also encompass and include and each Villa Owner shall be responsible for maintenance and repair of the following: (a) the doorways, windows, vents and other structural elements in walls, floors and ceilings of the Villa which are regarded as enclosures of space; (b) the doors opening into the Villa and into any mechanical area or courtyard integral to the Villa, including the frames, casings, hinges, handles and other fixtures which are part of the doors; (c) the window glasses, screens, frames, wells and casings which are part of the windows opening from the Villa; (d) the metal flue and plumbing and mechanical vents which exclusively serve the Villa; (e) the appliances, air conditioning and heating units, hot water heaters, lavatories, bath trim, ceilings, non perimeter walls, and other fixtures, furnishings and building materials which are part of the Villa when delivered to the initial Villa Owner; (f) the screens, partitions, railings, balustrades or fences bounding or enclosing any deck, terrace, balcony, courtyard or service area that is integral and exclusive to the Villa, and the treated wood decking or concrete surface within any such area; (g) all pipes, wires, electrical appurtenances which are integral and exclusive to the Villa, including lamps attached to the exterior of the Villa, and including water pipes serving the Villa extending to the meter, sewer pipes serving the Villa extending five feet from the Villa; and (h) the windows, interior walls, doors, door mechanisms, lights, storage area, and storage doors located in each garage which serves the Villa.

3.3 Common Elements. The Common Elements, either general or limited, of the entire Condominium Property, exclusive of the Villas, are shown on the Plat.

3.3.1 The general Common Elements shall include, without limitation, the following:

(i). The Land upon which the buildings enclosing the Villas are situated containing approximately 161,524 square feet; the paved parking area containing 77,496 square feet; the walkways containing 3,476 square feet; the remaining common areas surrounding the Villas containing 711,860 square feet; all easements, rights and hereditaments appurtenant to the Land and shown on the Plat.

(ii). All improvements, exclusive of the Villas and limited Common Elements, erected upon the Land including without limitation: (a) the roofs covering the Villas, including shingles, roofing felt, sheathing and flashing; (b) the exterior siding, fascia, sheathing and building paper on the buildings enclosing the Villas; (c) the framing, floor joists, trusses, beams, insulation, structural slab and fill, pipes, wires, conduits, pumps, motors and other equipment installed to provide

utility service to the Villas or to portions of the Common Elements; (d) the roads, streets, parking areas, street signs, storm draining, guttering, retaining walls, walkways, paths, trees, gardens and landscaping located upon the Land; (e) any swimming pool, bath house and other recreational facilities which may now or hereafter be located upon the Land; (f) all other elements of the Condominium Property rationally of common use or necessary to its existence, maintenance and safety.

(iii) All those certain areas as shown on the Plat as roads, parking areas, and recreation areas shall be for the use and enjoyment of all the Villas as may be developed on the entire site.

3.3.2 The limited Common Elements shall include the rear and front yards and service areas shown on the Plat if any, adjacent to each Villa, the storage cabinets, if any, located in the service areas and the fences screening the service areas and the garage and/or carport located immediately adjacent to each Villa.

#### Article 4

##### Avalon at Indigo Run Owners Association, Inc.

4.1 Formation. Every Villa Owner shall be a member of the Association. The Association shall be managed by a Board of Directors elected by and from the Villa Owners.

4.2 By-Laws. The affairs of the Association and the administration of the Condominium Property shall be governed by the provisions of this Master Deed and the By-Laws. The By-Laws may be amended from time to time, but only in the manner expressly provided in the By-Laws and Article 12 of this Master Deed.

4.3 Voting. On all matters relating to the Association or to the Condominium Property upon which a vote of the Villa Owners is taken, the Villa Owners shall vote in proportion to their respective interests in the Common Elements as set forth in Exhibit "E". Any motion shall carry if it receives the affirmative vote of a simple majority of Villa Owners, unless a different majority is specified in this Master Deed or in the By-Laws. A simple majority of the Villa Owners shall consist of fifty-one per cent or more of the total interest in Common Elements.

4.4 Binding Effect. All agreements, decisions and resolutions legally made by the Association in accordance with the provisions of this Master Deed and the By-Laws shall be binding upon all Villa Owners.

4.5 Management Agent. The responsibility for administration of the Condominium Property may be delegated by the Association to a professional management agent. By proper resolution of the Association, such a management agent may be authorized to assume any of the functions, duties and powers assigned to the Board in the By-Laws or in this Master Deed.

Article 5  
Ownership and Use

5.1 Ownership of Villas. Each Villa, together with its undivided interest in the Common Elements, shall constitute a separate parcel of real property, and each Villa Owner shall be entitled to exclusive ownership and possession of his Villa, subject to (a) the provisions of this Master Deed and the easements, restrictions, covenants and encumbrances set forth herein or as may be recorded in the Office of the Register of Deeds for Beaufort County, South Carolina; (b) by By-Laws of the Association as they may be amended from time to time, together with the regulations and resolutions that may be adopted by the Association or its Board pursuant to the By-Laws; and (c) the Horizontal Property Act.

5.2 Legal Description. Every Villa shall be sufficiently described for purposes of deeds, mortgages, leases and other conveyances by referring to its designated unit number and letter(s) and by reciting that it is part of Regime as established by this Master Deed. The conveyance of an individual Villa shall be deemed to convey the undivided interest in the Common Elements appurtenant to that Villa. The ownership of an undivided interest in the Common Elements appurtenant to a Villa shall be inseparable from the Villa, and no such undivided interest may be conveyed or encumbered except as an appurtenance to the Villa.

5.3 Maintenance and Repair. Each Villa Owner shall be responsible at his own expense for maintaining, repairing and decorating all walls, ceilings, floors and other elements of his Villa as defined in Article 3, Section 3.2. However, no Villa Owner shall make structural modifications or alterations to his Villa nor shall any Villa Owner alter any door, window, vent, flue, terrace, deck, balcony, garage, or courtyard without obtaining the prior written approval of the Board. Written notice of any intended modification shall be given to the Board setting forth details and requesting approval. The Board shall consider the request and decide whether approval shall be granted. The Board shall advise the Villa Owner of its decision in writing within thirty (30) days from its receipt of the request. Nothing in this section shall relieve any Villa Owner from obtaining approval for alterations required by other applicable covenants, restrictions or easements. No Villa Owner shall undertake to modify any portion of the Common Elements, save and except as may be provided for hereinelsewhere.

Article 6  
Location and Description

6.1 Villa Location. The Villas in the Regime are enclosed within the following buildings, to wit:

6.2 Villa Description. Each Villa is described as follows:

"A" Villa - Entrance into Villa A is gained into a 5'-0" x 5' -0" foyer with a 12'-0" x 12'-0" dining room to your left open straight ahead to a 16'-6" x 18'-0" living room with a

fireplace on the right hand exterior wall and a wet bar and book shelf on the left hand interior wall. Back to the left of the dining room you pass by a coat closet on your left and enter into a 11'-6" x 13'-3" bedroom that has a private bathroom on the right with a tub/shower, toilet, vanity and a linen closet. Back to the dining room and straight ahead into a vestibule there is a bathroom on the left with a tub/shower, toilet and a pedestal sink. Back to the vestibule and straight ahead is a 11'-3" x 11'-9" bedroom. Leaving the vestibule and entering the dining room heading up to the living room the kitchen is on the left with a 2 seat bar counter open to the living and dining room. Passing through the kitchen is the utility room with the washer and dryer on the right and a counter and linen closet on the left. Back through the kitchen turning left through the living room and taking another left at the end of the living room is the door to the 13'-0" x 17'-9" master bedroom with a tray ceiling. Passing through the master bedroom to your left is the door to the master bathroom. There are 2 vanities on your right with a separate tub and shower straight ahead. To your left is a separate toilet room and a walk in closet. Back through the master bedroom and into the living room on your left at the end of the living room is a 10'-0" x 15'-9" screened in porch.

"AR" Villa - The AR type Villa is a mirror image of the "A" type Villa.

"B" Villa - With Carolina Room - Entrance into villa A into a 5'-0" x 5'-0" foyer with a 12'-0" x 12'-0" dining room to your left open straight ahead to a 16'-6" x 18'-0" living room with a fireplace on the right hand exterior wall and a wet bar and book shelf on the left hand interior wall. Back to the left of the dining room you pass by a coat closet on your left and enter into a 11'-6" x 13'-3" bedroom that has a private bathroom on the right with a tub/shower, toilet, vanity and a linen closet. Back to the dining room and straight ahead into a vestibule there is a bathroom on the left with a tub/shower, toilet and a pedestal sink. Back to the vestibule and straight ahead is a 11'-3 x 11'-9" bedroom. Leaving the vestibule and entering the dining room heading up to the living room the kitchen is on the left with a 2 seat bar counter open to the living and dining room. Passing through the kitchen is the utility room with the washer and dryer on the right and a counter and a linen closet on the left. Back through the kitchen turning left through the living room and taking another left the end of the living room is the door to the 13'-0 x 17'-9" master bedroom with a tray ceiling. Passing through the master bedroom to your left is the door to the master bathroom. There are 2 vanities on your right with a separate tub and shower straight ahead. To your left is a separate toilet room and a walk in closet. Back through the master bedroom and into the living room on our left at the end of the living room is a 10'-0" x 15'-9" Carolina room with 2 10" wood columns at the entrance.

"BR" Villa - The BR type Villa is a mirror image of the "B" type Villa.

### 6.3 Villa Designation:

Villa 33 is an "A" type Villa, Villa 22 is an "AR" type Villa, Villas 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, 23, 25, 27, 29, 31, 35, 37, 39, 41, and 43 are "B" type Villas, Villas 2, 4, 6, 8, 10, 12, 14, 16, 18, 20, 24, 26, 28, 30, 32, 34, 36, 38, 40, 42 and 44 are "BR" type Villas.

## Article 7

Common Elements: Ownership and Use

7.1 Ownership of Common Elements. Each Villa Owner shall own as an appurtenance to his Villa the undivided interest in Common Elements specified in Exhibit "E". The percentage interests set out in this Exhibit represent the values of each Villa in proportion to the total value of all Villas in the Regime.

7.2 No Partition. So long as this Master Deed has not been terminated in accordance with the provisions of Article 13 and so long as two-thirds (2/3) of the Condominium Property has not been substantially destroyed within the meaning of Article 11, the Common Elements shall remain undivided; and no Villa Owner shall have the right to bring any action for partition or division of the Common Elements.

7.3 Use of Common Elements. Each Villa Owner shall have the right to use the Common Elements for their intended purposes in common with all other Villa Owners. Each Villa Owner shall have also a non-exclusive easement appurtenant to his Villa for ingress and egress over the Common Elements for access to and from his Villa, which shall extend to the family members, agents, servants, and guests of the Villa Owner. All rights to use and enjoy the Common Elements shall be subject to the provisions of the Horizontal Property Act, this Master Deed, the easements, restrictions, covenants and encumbrances described in Article 5, Section 1, the By-Laws of the Association, and all rules and regulations adopted by the Association pursuant to the By-Laws.

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

## Article 8

Common Expenses

8.1 Enumeration of Expenses. Each Villa Owner shall bear in proportion to his respective interest in the Common Elements the following expenses:

- (i) Expenses incurred in operating, maintaining, improving, repairing, and replacing the Common Elements.
- (ii) Expenses incurred in administering the affairs of the Association including salaries, wages, and any compensation paid to a managing agent for such purpose.
- (iii) Expenses incurred in providing public liability insurance and hazard insurance adequate to cover the Condominium Property, exclusive of Villa contents and



furnishings, as provided in Article 7 of this Master Deed.

(iv) Contributions to provide sufficient working capital and general reserves to operate the Common Elements and to administer the affairs of the Association.

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

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

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

8.3 Liability of Villa Owner. No Villa Owner may exempt himself from liability for Common Expenses by waiving the use or enjoyment of the Common Elements or by abandoning his Villa.

8.4 Liability of Declarant. For all Villas owned by Declarant, the assessment owed for each such Villa shall be the lesser of the cumulative total of all assessments on all unsold and un conveyed Villas or the sum equal to the operating deficit experienced by the Association during the applicable calendar year, including, however, no amount held in reserve for the replacement of Common Elements shall be included in the above referenced sum. The above referenced sum which is equal to the above described operating deficit shall be determined at the end of annual accounting period adopted by the Association, and the amount of any deficit shall be determined by subtracting the cash expenses of the operations of the Association from the total revenues received by the Association from the payment of any and all assessments. The assessments as may be owed on any Villas owned by the Declarant shall be due and payable on the last day of each year.

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

attorney's fees and other costs of collection.

8.6 Sale of Villa. Upon the sale or conveyance of a Villa, all unpaid Assessments against a Villa Owner shall first be paid out of the sales price or by the purchaser or grantee in preference over any other assessments, charges, or liens, except the following:

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

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

8.8 Records. The Board, or a managing agent which it employs, shall keep accurate and detailed records, in chronological order, of receipts and disbursements connected with the operation, administration, maintenance, repair, and replacement of the Common Elements. Such records, together with the vouchers authorizing payment, shall be available for examination by the Villa Owners at convenient hours on working days, with the appropriate hours being set and announced for general knowledge.

## Article 9

### Restrictions, Covenants, Easements

9.1 Covenant to Comply with Restrictions and Obligations. Each Villa Owner by acceptance of a deed to a Villa in the Regime ratifies and covenants to observe on behalf of himself, his heirs, successors, and assigns, this Master Deed, the By-Laws, decisions and resolutions of the Association, the Board, or their representatives, as lawfully amended from time to time, and the easements, covenants and restrictions, and failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief; provided that nothing contained herein shall limit the rights of Declarant as set forth in any of these documents.

9.2 Utility Easements. Each Villa Owner shall have a non-exclusive easement appurtenant to his Villa for the use in common with other Villa Owners of all pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements serving his Villa. Each

Villa shall be subject to an easement in favor of the Villa Owners of all other Villas to use the pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements serving other Villas which are located in such Villa.

9.3 Encroachments. There shall be an easement in favor of the Association to the extent any portion of the Common Elements encroaches upon any Villa, and there shall be an easement appurtenant to any Villa to the extent any portion of the Villa encroaches upon the Common Elements or upon another Villa, whether such encroachment presently exists or occurs hereafter as a result of (i) settling or shifting of any part of the Condominium Property, (ii) repair, alteration, or reconstruction of the Common Elements made by the Association or with its consent, (iii) repair or reconstruction necessitated by condemnation of any part of the Condominium Property. Any such easements shall be permitted and maintained so long as this Master Deed remains in effect and the Condominium Property remains subject to the Horizontal Property Act.

9.4 Right of Access. The Association shall have the right of access to each Villa during reasonable hours and with reasonable notice for maintaining, repairing, or replacing any Common Elements located within or accessible through the Villa, or for making emergency repairs within the Villa necessary to prevent damage to the Common Elements or to another Villa. This easement and right of access may be exercised by the Board, by its agents and employees, or by a managing agent to whom the responsibility of maintenance has been delegated. Damages resulting to any Villa because of such maintenance or repairs shall be corrected promptly at the expense of the Association, unless the damage was caused by the Villa Owner in which event the expense for such repair shall be borne by the responsible Villa Owner.

9.5 Public Utility Easements. The Condominium Property is subject to utility easements for installation, operation and maintenance of electric, cablevision and telephone distribution lines, and for installation, operation, and maintenance of water and sewer lines. The Board may grant easements and relocate existing easements for installation of utilities if such easements are beneficial to the operation of the Condominium Property. If the location or nature of any utility easement is adverse to the Condominium Property or of doubtful benefit, the Board may grant such easements only when authorized by a majority vote of the Villa Owners.

9.6 Sewer Easement. Declarant reserves unto itself, its successors and assigns an alienable and releasable easement to enter the Common Property for purposes of repairing, relocating, or reconstructing the existing utility improvements; however, nothing contained herein shall obligate the Declarant to make such repairs or to relocate or reconstruct such utility improvements. Should Declarant repair, relocate, or reconstruct the existing utility improvements, the cost of maintenance of same after such repair, relocation or reconstruction shall be a Common Expense.

## Article 10 Insurance

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

(i) All hazard insurance policies obtained by the Board shall designate the Board as the named insured as insurance trustee for the benefit of all the Villa Owners and their mortgagees collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the Board as Insurance Trustee under the provisions of this Master Deed.

(ii) All hazard insurance policies obtained by the Board shall provide for the issuance of Certificates of Insurance to each Villa 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 Villa is located. If a Villa is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

(iii) If obtainable, all hazard insurance policies upon the Condominium Property shall include provisions waiving (i) any rights of the insurer to subrogation against the Association, its agents and employees and against the individual Villa Owners and their [servants, agents and guests] and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Villa Owners upon the contents and furnishings of their Villas.

10.2 Public Liability Insurance. The Board shall obtain comprehensive public liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Association to an individual Villa Owner and to liabilities of one Villa Owner to another Villa Owner.

10.3 Worker's Compensation Insurance. The Board shall obtain Worker's Compensation Insurance to meet the requirements of law.

10.4 Premiums. All premiums upon insurance policies purchased by the Board shall be assessed as Common Expenses and paid by the Board.

10.5 Insurance by Villa Owner. Each Villa Owner shall be responsible for obtaining at his sole expense insurance covering the personal property, decorations, and furnishings within his own Villa, and the additions and improvements made by him to the Villa. Each Villa Owner shall also be responsible for obtaining at his own expense insurance covering his liability for the

safety of the premises within his Villa. All such insurance policies shall, to the extent possible, include provisions waiving (i) any right of the insurer to subrogation to claims against the Association and against individual Villa Owners, as well as their [agents, servants, employees, and guests], and (ii) any right of the insurer to contribution or proration because of the master hazard policy.

10.6 Substitution of Insurance Trustee. The Board in its discretion may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in Beaufort County, South Carolina. Any substitute insurance trustee appointed by the Board shall succeed to all of the powers and responsibilities vested in the Board as insurance trustee under the terms of this Master Deed.

## Article 11 Reconstruction and Repair

11.1 Reconstruction. In the event of casualty loss or damage to the Condominium Property, the Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Condominium Property in accordance with the provisions of this Article. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Condominium Property is destroyed or substantially damaged. If two-thirds (2/3) or more of the Condominium Property is destroyed or substantially damaged, unless the Villa Owners unanimously agree to reconstruction, the insurance indemnity received by the Board shall be distributed pro rata to the Villa Owners and their mortgagees jointly in proportion to their respective interests in the Common Elements. The remaining portion of the Condominium Property shall be subject to an action for partition at the suit of any Villa Owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and distributed pro rata among all Villa Owners and their mortgagees jointly in proportion to their respective interests in the Common Elements. If less than two-thirds (2/3) of the Condominium Property is destroyed or substantially damaged, the Condominium Property shall be reconstructed or repaired in the following manner:

- (i) Any reconstruction or repair must follow substantially the original plans and specifications of the Condominium Property unless the Villa Owners holding seventy-five percent (75%) or more of the total interest in the Common Elements vote to adopt different plans and specifications and all Villa Owners whose Villas are affected by the alterations unanimously consent.
- (ii) The Board shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include professional fees and premiums for bonds as the Board deems necessary.
- (iii) If the insurance proceeds paid to the Board are insufficient to cover the cost of

reconstruction, the deficiency as to each Villa shall be paid as a special assessment by the Villa Owners whose units are directly affected by the damage in proportion to the damage done to their respective Villas, and as to the Common Elements, the deficiency shall be paid as a special assessment by all Villa Owners.

(iv) The insurance proceeds received by the Board and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board shall disburse payment of the costs of reconstruction and repair. It shall be presumed that the first disbursements from the construction fund are insurance proceeds; and if there is a balance in the fund after payment of all costs of reconstruction and repairs, it shall be distributed to the Villa Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be that of the Association.

11.2 Insurance Trust. In the event of casualty loss to the Condominium Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Board as insurance trustee. The Board, acting as insurance trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this Article, and for the benefit of the Association, the Villa Owners, and their respective mortgagees in the following shares:

- (i) Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interest in the Common Elements which are appurtenant to each of the Villas.
- (ii) Insurance proceeds paid on account of loss or damage to less than all of the Villas, when the damage is to be restored, shall be held for the Villa Owners of the damaged Villas in proportion to the costs of repairing each damaged Villa.
- (iii) Insurance proceeds paid when the Condominium Property is not to be restored shall be held for the benefit of all Villa Owners and their mortgagees, the share of each being equal to the undivided share in Common Elements appurtenant to his Villa.
- (iv) In the event a Certificate of Insurance has been issued to a Villa Owner bearing a mortgagee endorsement, the share held for a Villa Owner shall be held in trust for the mortgagee and the Villa Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds paid jointly to the Villa Owners and their respective mortgagees pursuant to the provisions of this Master Deed.

11.3 Adjustment. Each Villa Owner shall be deemed to have delegated to the Board his right to adjust with insurance companies all losses under policies purchased by the Association,

subject to the rights of mortgagees of such Villa Owners.

Article 12  
Amendments

The dedication of the Land 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 Villa Co-owners and the mortgagees of all the mortgages covering the Villas unanimously agree to such revocation, or amendment, or removal of the Property from the Horizontal Property Regime by duly recorded instrument.

Article 13  
Termination

13.1 Casualty or Condemnation. If two-thirds (2/3) or more of the Condominium Property is substantially destroyed or taken by condemnation, the Condominium Property may be removed from the provisions of this Master Deed and the Horizontal Property Act in accordance with Article \_\_\_\_\_ or Article \_\_\_\_\_, as the case may be.

13.2 Voluntary Termination. The Regime may also be terminated, removing the Condominium Property from the provisions of this Master Deed and the Horizontal Property Act, if the record owners of title to the Villas and the record owners of mortgages upon the Villas agree in a written instrument to termination unanimously or in such percentage as may then be required for termination by the Horizontal Property Act. Termination shall become effective upon recordation of such written instrument, duly executed by the requisite number of Villa Owners and mortgagees.

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

13.4 Partition. After termination, the Condominium Property shall be subject to an action for partition by any Villa Owner or any mortgagee, in which event the net proceeds from the judicial sale shall be divided among all Villa Owners in proportion to their respective undivided interests in the Common Elements had no such termination occurred and paid to each Villa Owner and mortgagee.

Article 14

Miscellaneous Provisions

14.1 Conflicts. This Master Deed is made and declared in compliance with the Horizontal Property Act. In the event of any conflict between this Master Deed and the provisions of the Horizontal Property Act, the provisions of the statute shall control.

14.2 Applicable Law. The provisions of this Master Deed shall be construed under the laws of the State of South Carolina.

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

14.4 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.

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

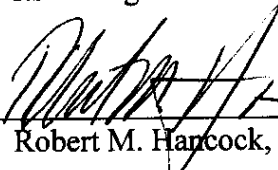
14.6 Captions. Captions are inserted in this Master Deed for convenience only, and are not to be used to interpret the provisions of this instrument.

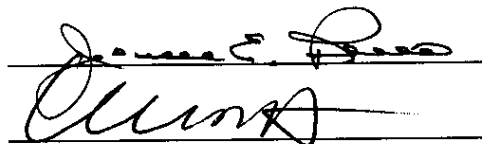
WITNESS our hands and seals the date first above written.

Signed, sealed and delivered in the presence of:

AVALON AT INDIGO RUN, LLC

BY: Hancock Development Company, Inc.  
Its Manager

BY:   
Robert M. Hancock, President

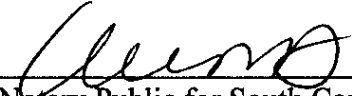




STATE OF SOUTH CAROLINA )  
 ) ACKNOWLEDGMENT  
COUNTY OF BEAUFORT ) under S.C. Code § 30-5-30(C)

I the undersigned notary public, do hereby certify that the within named, Robert M. Hancock, President of Hancock Development Company, Inc., Manager of Declarant, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness to before me, this 30 day of January 2001.

  
\_\_\_\_\_(L.S.)  
Notary Public for South Carolina  
My Commission Expires: 2/6/01

(SEAL)

**EXHIBIT "A"**

**TAX MAP NUMBER: R510-008-000-0484-0000**

ALL that certain piece, parcel or tract of land situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, containing 21.909 acres, more or less, and being shown as Lot "B" on a plat entitled "A Boundary Plat of LOT 'B', a Section of PARCEL I, INDIGO RUN," and prepared by Mack W. Thomas, III, SC RLS #14531, dated March 14, 2000, and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Plat Book 74 at Page 9.

Subject, however, to all applicable covenants, restrictions, and easements of record.

This being the same property conveyed to the within named Mortgagor(s) by deed recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Official Record Book 1287 at Page 388.

Exhibit "B"

Plat recorded in Plat Book 77 at Page 172, Beaufort County records.

171

172

173

174

175

176

177

178

EXHIBIT "C"

To whom it may concern:

This is to certify that The Avalon at Indigo Run Horizontal Property Regime has been substantially completed in accordance with the plans and specifications attached as Exhibit "C" to the Master Deed.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Clint Burdett". The signature is written in a cursive style with a large, stylized initial "J".

J. Clint Burdett AIA, NCARB  
SC Registered Architect  
License No. 05248