HORIZONTAL PROPERTY REGIME

MASTER DEED

PLAN OF APARTMENT OWNERSHIP

At Hilton Head Island, County of Beaufort, and State of South Carolina, on this _____ day of _____, 1965, Frank J. Schaefer whose principal office is situated in the City of Winchester, state of Virginia, hereinafter referred to as Grantor, does hereby state:

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

> ALL that certain piece, parcel, or lot of land situate, lying and being on Hilton Head Island, in Beaufort County, South Carolina, shown and designated as Section Three on a plat dated June, 1965, and entitled "Plat Showing a Portion of Golf Fairway Block 5-22, 2.30 acres, Sea Pines Golf Villas Horizontal Property Regime Three" and recorded in the Office of the Clerk of Court for Beaufort County in Plat Book 15, at Page 17 and more particularly described as follows:
>
> Beginning at a corner marker designated as the point of curvature on the SW side of Cross Island Avenue as shown on referenced plat S 26° 11'E a distance of 397.42' to a corner marker; thence S 69 ° 37' W a distance of 93.52' to a corner marker; thence S 14° 59' W a distance of 149.88' to a corner marker; thence S 61° 57' W a distance of 103.46' to a corner marker; thence N 29° 06' W a distance of 46.60' to a corner marker; thence N 17° 35' E a distance of 114.02' to a corner marker; thence N 30° 47' W a distance of 328.98' to a corner marker; thence N52° 53' E a distance of 249.74' to the point of beginning.

SECOND: That Grantor (intending to create a Horizontal Property Regime that shall be known as SEA PINES GOLF VILLAS HORIZONTAL PROPERTY REGIME III hereinafter called the "Regime") has constructed on the parcel of land described above certain buildings and other improvements (which together with the land described in Paragraph First, all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto are hereinafter usually referred to as the "Property") according to the plans attached hereto and identified as Exhibit B, which were certified to by Richard E. Collins, A.I.A., an Architect duly authorized and licensed to practice in the State of South Carolina, on the 19th day of October, 1964, and which are made a part hereof.

THIRD: That the Property includes four buildings containing sixteen (16) individual dwelling units (hereinafter referred to as "Apartments") all of which

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

FOURTH: That the Property has a total area of 2.30 acres of which 24,359.26 square feet will constitute Apartments, and 75,828.74 square feet will constitute common elements.

FIFTH: That the Apartments and common elements of the Property will be as follows:

1. Apartments: In the A Buildings, there are ten (10) apartments, and in the B Buildings, there are six (6) apartments, numbered consecutively B-28 through B-33 and A-34 through A-43 respectively, and hereinafter usually referred to as Apartments B-28, B-29, B-30, B-31, B-32, B-33, and A-34, A-35, A-36, A-37, A-38, A-39, A-40, A-41, A-42, and A-43.

Each Apartment in the A Buildings is equipped with a 2 - ton Lennox heat pump. Each Apartment in the B Buildings is equipped with a 3- ton Lennox heat pump.

The Apartments are described hereibelow. The Apartments include (A) the space enclosed by the unfinished surfaces of perimeter and interior walls, ceiling, 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) excepting those interior walls and partitions shown on the Plans of the Property (attached hereto and identified as Exhibit B) as enclosing the commonpipe chases; and (C) the decorated inner surfaces of said perimeter and interior walls (including the decorated inner surfaces of all interior load bearing walls and walls enclosing the commonpipe chases) 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 Apartment commencing at the point of disconnection from the structural body of the building and from the utility lines, pipes or systems serving the Apartment. 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 Apartment or building, nor any structural members or portions of any Apartment or 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.

(a) Apartments in the A Buildings: The Apartments in the A Buildings measure 34.33 feet deep and 35.58 feet wide, with a screened porch 8.58 feet deep projecting at the rear 8.92 feet from each side. The porch is 17.75 feet wide. Each has a total area of 1,373.74 square feet. Their boundaries are shown on the plat attached hereto and identified as Exhibit A. The Apartments each have their own access to the common elements.

Each Apartment in the A Buildings contains a total area of 1.373.74 square feet. Each Apartment is entered through a foyer with an area of 18.4 square feet. To the side is a guest closet with 16.1 square feet of storage space. To the other side is the mechanical closet which contains the heating and cooling system. This closet has an area of 31.2 square feet.

The foyer opens into the living-dining area. This is an area of 418.2 square feet. To the rear of this area is the kitchen. It has an area of 67.2 square feet and is equipped with a sink, a JSF 5A Westinghouse garbage disposal, a Westinghouse SRE 40 dishwasher, a Westinghouse KF 3E electric range, and a Westinghouse RNF 35 electric refrigerator.

A foyer leads from the living area to the two bedrooms and to a bath of 35.5 square feet. Along one wall of the foyer is a linen closet. The master bedroom is 192.2 square feet in area and has a private bath of 40 square feet. There are two closets in the master bedroom having a total area of 28.75 square feet. The second bedroom has an area of 166.75 square feet and a closet with an area of 16.1 square feet.

The rear of the dwelling unit opens to the screened porch with an area of 136 square feet.

(b) Apartments in B Buildings: The Apartments in the B Buildings consist of two levels and measure at ground level 33.75 feet deep and 26.33 feet wide with a screened porch 13.67 feet deep projecting at the rear 8.90 feet from the corner. The porch is 17.44 feet wide. Each has a total area of 1,770.31 square feet. Their boundaries are as shown on the plat attached hereto and identified as Exhibit A. The Apartments each have their own access to the common elements.

Each Apartment in the B Buildings contains a total area of 1,770.31 square feet. Each Apartment is entered through a foyer of 13.2 square feet. A guest closet to the side of the foyer has an area of 7.5 square feet. The foyer opens into the living room which has an area of 340.0 square feet. A bedroom and/or den is to the rear of the living room and is 144.0 square feet in area. This has a closet 21.5 square feet in area.

The kitchen is entered through a passage at the rear of the living room. It is 69.6 square feet in area and contains a sink, a Westinghouse KF 3E electric range, a Westinghouse RNF 35 electric refrigerator, a Westinghouse JSF 5A garbage disposal and a Westinghouse SRE 4G dishwasher. A powder room is adjacent, and beyond this is a shower and laundry room of 55.9 square feet. The dining area opens off the kitchen and living room and is 68 square feet in area. The living area is two levels high. The second floor level is reached by a stairway which is visible from the living room. This stairway leads to a balcony on the second floor. A bath 41.5 square feet in area is reached from the balcony. The balcony also leads to two bedrooms on this level. The larger of the two bedrooms has an area of 151.2 square feet and had a closet with an area of 24 square feet. The smaller bedroom has an area of 128.5 square feet and a closet with 12.5 square feet in area. A linen closet adjacent to the bath on the second level.

The rear of the dwelling unit opens to the screened porch with an area of 204 square feet.

2. Common Elements:

(a) The general common elements are as follows:

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

(2) Parking facilities located on the Property, which parking facilities consist of approximately 18,800 square feet, and are shown in the plat of the Property attached hereto and identified as Exhibit A.

(3) All roads, walkways, paths, trees, shrubs, yards, gardens, etc., located or to be located on the Property.

(4) All other elements of the Property constructed or to be constructed on the Property, rationally of common use or necessary to the existence, upkeep and safety of the Property and in general all other devices or installations existing for common use.

(b) The limited common elements are as follows:

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

SIXTH:

1. That the title and interest of each co-owner of an Apartment in the common elements listed in subparagraph 2 of paragraph "FIFTH" and their proportionate share in the profits and common elements (both general and limited), as well as the proportionate representation for voting purposes in the meeting of the Council of Co-owners (hereinafter usually referred to as "Council") of the Regime is based on a proportionate value of each Apartment to the total value of the property as follows:

(a) Apartments A-35, A-38, A-41, and A-42: 5.92 per cent each for Apartments A-35, A-38, A-41, and A-42 respectively, based on a value of $19,800 for each of said Apartments and a total value of $334,600 for the Property;

(b) Apartments A-34, A-36, A-37, A-39, A-40, and A-43: 6.07 per cent for Apartments A-34, A-36, A-37, A-39, A-40, and A-43, based upon a value of $20,300 for each of said Apartments and a total value of $334,600 for the Property;

(c) Apartments B-29, B-30, B-31, and B-32: 6.60 per cent each for Apartments B-29, B-30, B-31, and B-32 based on a value of $22,100 for each of said Apartments and a total value of $334,600.00 for the Property;

(d) Apartments B-28 and B-33: 6.75 per cent each for Apartments B-28 and B-33 based on a value of $22,600 for each of said Apartments and a total value of $334,600 for the Property;

2. The proportionate representation for voting purposes provided in subparagraph (1) hereof shall not be altered without the acquiescence of the co-owners representing all the Apartments.

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

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

NINTH: That so long as the Grantor owns one or more of the Apartments, the Grantor shall be subject to the provisions of this Deed and of Exhibit A, B, and C, attached hereto; and the Grantor covenants to take no action which will adversely affect

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

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

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

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

THIRTEENTH: That each co-owner shall comply with the provisions of this Master Deed, the Declaration of Covenants, Restrictions, and Affirmative Obligations Applicable to all Class "B" Multi-Family Residence Areas by the Sea Pines Plantation Company, dated July 9, 1964, and recorded in the Office of the Clerk of Court of Beaufort County at Book 124 of Deeds, Page 35, the Regime By-Laws, decisions and resolutions of the Council of Co-owners, Board of Administration, or their representatives, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action to recover sums due for damages or for injunctive relief; Provided that nothing contained herein shall limit the rights of the Sea Pines Plantation Company as set forth in the aforesaid Declaration.

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

FIFTEENTH: That no co-owner of an Apartment may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his Apartment.

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

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

EIGHTEENTH: That, where a mortgagee or other purchaser of an Apartment obtains title by reason of foreclosure of a mortgage covering an Apartment, such acquirer of title, his successors or assigns, shall not be liable for assessments by the Regime which became due prior to the acquisition of title by such acquirer, it being understood, however, that the above shall not be construed to prevent the Regime from filing and claiming liens for such assessments and enforcing same as provided by law, and that such assessment liens shall be subordinate to such mortgage.

NINETEENTH: That the Board of Administration of the Regime or the Management Agent, or Manager shall obtain and continue in effect blanket property insurance in form and amounts satisfactory to mortgagees holding first mortgages covering Apartments but without prejudice to the right of the co-owner to obtain additional individual Apartment insurance.

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

SIGNED BY:

FRANK J. SCHAEFER