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**MASTER DEED  
THE 1188 CENTRE  
HORIZONTAL PROPERTY REGIME**

**BY  
BLACK DIAMOND, LLC**

**MAY 26, 2004**

CHANGE DMP Record 6/23/2004 08:52:10 AM  
BEAUFORT COUNTY TAX MAP REFERENCE

Dist	Map	SMap	Parcel	Block	Week
R600	040	000	0801	0000	00

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BEAUFORT COUNTY TAX MAP REFERENCE

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R600	040	000	0802	0000	00

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BEAUFORT COUNTY TAX MAP REFERENCE

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R600	040	000	0803	0000	00

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R800	040	000	0804	0000	00

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BEAUFORT COUNTY TAX MAP REFERENCE

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BEAUFORT COUNTY TAX MAP REFERENCE

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R800	040	000	0806	0000	00

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ATTORNEYS AND  
COUNSELORS AT LAW

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**INDEX OF EXHIBITS**

- Exhibit "A" - Description of Land (Phase I Property) and Future Phase Property
- Exhibit "B" - Proposed Site Plans, Elevation and Building Plans of Units A, G and W
- Exhibit "C" - By-Laws of The 1188 Centre Horizontal Property Regime and The 1188 Centre Property Owners' Association.
- Exhibit "D" - Statutory Percentage of Interest applicable to Units per South Carolina Horizontal Property Act.
- Exhibit "E" - Joinder of Mortgagee

STATE OF SOUTH CAROLINA )  
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 SOUTH CAROLINA )  
 )  
 BLACK DIAMOND, LLC ) MASTER DEED ESTABLISHING  
 )  
 ) THE 1188 CENTRE  
 )  
 ) HORIZONTAL PROPERTY REGIME  
 )  
 THE 1188 CENTRE HORIZONTAL )  
 PROPERTY REGIME )

At Hilton Head Island, County of Beaufort, State of South Carolina, on this 26th day of May, in the year of our Lord Two Thousand and Four, Black Diamond, LLC, a South Carolina limited liability company with its principal place of business at 5 Dunmore Court, Hilton Head Island, South Carolina 29926, hereinafter referred to as "Declarant", does hereby declare:

1. **LAND.** Declarant is the sole owner of the land described in Exhibit "A" attached hereto and made a part hereof which is more particularly shown on the plat thereof, said plat being described in Exhibit "A" and being recorded in the Official Land Records for Beaufort County, South Carolina, in Plat Book 98 at Page 43.

2. **PROPERTY; REGIME; ASSOCIATION.** Declarant does hereby, by duly executing this Master Deed, submit the land referred to in Section 1, together with any improvements thereon, together with the buildings and improvements to be erected thereon, and all easements, rights and appurtenances belonging thereto (hereinafter referred to as the "Property") to the provisions of the Horizontal Property Act of South Carolina, and does hereby state that it proposes to create and does hereby create, with respect to the Property, a Horizontal Property Regime that shall be known as The 1188 Centre Horizontal Property Regime (hereinafter sometimes referred to as the "Regime") to be governed by and be subject to the provisions of this Master Deed and the provisions of the Horizontal Property Act of South Carolina as it is now constituted and as it may from time to time be amended (the "Act"). Declarant does further declare that it has caused to be incorporated under the laws of the State of South Carolina an association known as The 1188 Centre Owners' Association, Inc. which shall, pursuant to the provisions of Section 27-31-90 of the Act, constitute the incorporated Council of Owners of the Regime and shall be governed by this Master Deed and the By-Laws attached hereto. The Property described above shall include all easements, rights and other appurtenances as described on Exhibit "A" and shall be subject to all of the restrictions, covenants, and conditions described hereinafter in this Master Deed and/or set forth on Exhibit "A".

3. **IMPROVEMENTS.** The improvements on and forming a part of the Property are either constructed or are to be constructed in the approximate locations depicted on the survey described in Exhibit "A" which survey was prepared by Ward Edwards, Inc., Donald R. Cook, Jr., S.C.R.L.S. No. 19010 (the "Plat"), and generally in accordance with floor plans described below.

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

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

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 & GRIFFIN, P.A.  
 ATTORNEYS AND  
 COUNSELORS AT LAW

(ii) Assessment means an Owner's prorata share of the Common Expenses which from time to time is assessed against an Owner by the Association.

(iii) Association means the Council of Owners as defined by the Act, and also means The 1188 Centre Owners' Association, Inc., the corporate form by which the Council of Owners shall operate the Regime.

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

(v) Building means a structure located on a Unit, comprising a part of the Property. "Buildings" shall also refer, on a general basis, to buildings which may eventually comprise the Regime once the Future Phase Property is annexed to the Regime.

(vi) Building Site means a portion of the Unit designated as a site for a Building, which presently may have certain horizontal improvements, or which may be totally unimproved, and is shown and described as a Proposed Building Site on the Plat.

(vii) Common Elements means the general and limited Common Elements, as defined herein in Section 7 and in the Act.

(viii) Common Expenses means the expenses for which the Unit Owners are liable to the Association and include:

(1) Expenses of administration, expenses of maintenance, insurance, operation, repair or replacement of the Common Elements, and of the portions of Units which are the responsibility of the Association, if applicable.

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

(ix) Condominium means The 1188 Centre Horizontal Property Regime.

(x) Condominium ownership means the individual ownership of a particular Unit and the common right to a share, with other Owners, in the general and limited Common Elements of the Property.

(xi) Council of Owners means the Association as herein defined.

(xii) Declarant means Black Diamond, LLC, a South Carolina Limited Liability Company with its principal place of business located in Hilton Head Island, South Carolina, and its successors and assigns.

(xiii) Future Phase Property means the land designated as such on the Plat referenced and described in Exhibit "A" which may be added as a future phase or phases to the Regime pursuant to Declarant's general plan of development more fully discussed at Section 8 herein.

(xiv) Majority of Owners means the Owners owning fifty-one (51%) percent or more of the statutory value of the Property as a whole as shown on Exhibit "D".

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

(xvi) Owner means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a Unit.

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

(xviii) Property means and includes the land, the Buildings, all improvements and structures thereon or to be erected, and all easements, rights and appurtenances belonging thereto.

(xix) Regime means The 1188 Centre Horizontal Property Regime created by the Master Deed and reference to the Association, as herein defined, shall likewise include reference to the Regime and vice versa.

(xx) "Unit" as used herein has the same connotation as the term "Apartment" as used in the Act and means a part of the Property intended for any independent business use including a Building Site, and with a direct exit to a public street or highway, or to a common area or areas leading to such street or highway. As of the filing of this Master Deed, a Unit will consist primarily of unimproved acreage and will be subsequently improved with a Building, parking areas, sidewalks, landscaping and other site improvements.

(xxi) Utility Service means and shall include, but shall not be limited to, water, sewer, electric power, irrigation water, and drainage facilities.

## 5. DESCRIPTION OF UNITS; USE; ALTERATION.

### 5.1 GENERAL DESCRIPTION OF UNITS AND USE.

The Property includes three (3) individual Units (hereinafter referred to as "Units") all of which are to be used for business or commercial purposes only as more specifically hereinafter prescribed said Units referred to as Unit A, Unit G and Unit W. The Buildings to be constructed on Units A, G and W in Phase 1 will be of varying types of construction. The exterior of the Buildings may vary and can be brick, stucco, wood, hardiplank or similar exterior types, or combinations thereof. The roofs of all Buildings may also vary and may be metal, tile, shingle, etc. The Future Phase Buildings may vary as to number of stories and construction type.

The Units will be capable of individual utilization on account of having their own exits to the Common Elements of the Property and a particular and exclusive property right thereto, and also an undivided interest in the general and limited Common Elements of the Property, as hereinafter listed in this Master Deed, necessary for the adequate use and enjoyment of all of the above in accordance with the Act.

5.2 **INDIVIDUAL UNITS.**

The Unit number, layout, location and approximate area of each Unit is shown on the Plat referred to in Section 3 above. The above three (3) Units on the Property shall be as follows:

<b><u>Unit Designation</u></b>	<b><u>Approximate Site Square Footage</u></b>	<b><u>Approximate Future Building Size</u></b>	<b><u>Mailing Address</u></b>
Unit G	2.50 Acres	11,000	1196 Fording Island Road
Unit W	1.59 Acres	6,700	1188 Fording Island Road
Unit A	1.00 Acres	7,000	1180 Fording Island road

5.3 **IMPROVEMENTS UNDER CONSTRUCTION.** The improvements, both horizontal and vertical, to the Property being made part of the Regime currently are, as of the filing of this Master Deed, either under construction or are proposed for construction. Accordingly, the description of the general and limited Common Elements and Units are proposed descriptions and, as referenced above, are depicted on the Plans and Plat. Attached hereto as Exhibit "B", and incorporated herein, are certain building plans and elevations prepared by architects licensed to practice in the State of South Carolina, depicting the proposed Buildings to be constructed on the Proposed Building Sites within each of Units A, G and W. In interpreting the Plat, or any deed or other instrument affecting any of the improvements or Unit, the boundaries of any Building constructed on a Unit constructed in substantial accordance with the Plat and Plans shall be conclusively presumed to be the actual boundaries rather than the description expressed in the Plat, regardless of the settling or lateral movement of the Building, and regardless of minor variances between boundaries shown on the Plat and those of the Building or Unit.

5.4 **BOUNDARIES; GENERAL RULE.**

(i) As of the filing of this Master Deed, the boundaries of each Unit are shown on the Plat and are depicted by metes and bounds, courses and distances on said Plat. There are no upper or lower boundaries of each Unit as each Unit is an open and unenclosed space.

(ii) Nonetheless, subsequent to the filing of the Master Deed, each Owner of a Unit will be improving the aforementioned Unit with both vertical and horizontal improvements, including one or more Buildings as described herein.

(iii) Ultimately, each Unit will contain a stand-alone Building and perhaps accessory vertical improvements and will include not only the exterior finished surfaces of the exterior wall and roof of such Building, but also the underside of the slab on grade foundation of said Building and also the remaining acreage of the Unit, which may be improved with parking, landscaping, etc. as more fully shown and depicted on a plat to be prepared once the improvements are constructed.

(1) As each Building will be a part of the Unit, therefore, all lath wallboard, tiles, paint, finished flooring, carpet, and any other materials constituting any part of the finished surfaces of the walls, floors, and ceilings which are within



the boundaries of a Building, together with all telephones, and all built-in light fixtures, wires, service outlets, vent outlets, heating and cooling equipment and duct work, electrical switches, thermostats, toilet and other bathroom fixtures and any and all other similar mechanical or physical fixtures, including, e.g. the mechanical rooms serving the Building or, in the case of the heating, air conditioning and ventilation system, located on the roof of, or adjacent to, the Building and in the equipment closet, will be a part of the Unit. Further, all utility lines, such as electric, water, sewer, etc. servicing a Building or a Unit, shall be considered a part of the Unit and within the Unit's boundaries from the point of connection with a main line or meter for the particular Building.

(2) In general, all spaces, interior non-bearing partitions, and other fixtures and improvements within the boundaries of a Unit, whether as a part of the original construction or as a part of subsequent construction, will be considered a part of the Unit.

(iv) As each Building Site of a Unit is improved by an individual owner with a Building as contemplated herein, at the conclusion of the construction of the Building, said Owner shall cause an "as built" survey of all improvements within the Unit to be prepared and shall submit same to Declarant so that Declarant, together with the said Owner, is able to file same to supplement this Master Deed, said filing to be in the form of an Amendment to Master Deed describing the specific improvements which comprise a part of the Unit. The Building Sites shown on the Plat are referenced to as "Proposed" intentionally so as to allow each Owner flexibility for adjustment as needed during construction. Declarant has reserved the specific right to file such an amendment to Master Deed per Section 10.3 below.

#### 5.5 **OWNER'S RESPONSIBILITIES FOR MAINTENANCE AND REPAIR.**

(i) While generally an Owner is responsible for the maintenance and repair of the area described above in Section 5.4 as being included in a Unit, notwithstanding the generality of the foregoing description of Unit boundaries, each Unit Owner shall also be responsible for maintenance, repair and replacement of the following items, most of which relate to Buildings to be constructed or Units, whether it shall be defined as within a Unit or not:

(1) the doorways, windows, vents, and other structural elements in the walls, floors, and ceilings of the Building which are regarded as enclosures of space;

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

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

(4) the plumbing and mechanical vents which exclusively serve the Building;

(5) the appliances, air conditioning and heat pump units, (compressors, air handlers and condensers), located on or adjacent to any of the Buildings water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, flooring, trim,

ceilings, walls, insulation, and other fixtures, furnishings, and building materials which are part of the Unit at the time of initial closing from Declarant to the Unit Owner, and any subsequent replacements thereof;

(6) the screens, lattice work, partitions, railings, or balustrades bounding or enclosing any deck, walkways, lobby, or service area that is integral and exclusive to the Building, and the concrete surface, and/or topping within any such area;

(7) all pipes, wires, lines, ducts, and other plumbing, mechanical, and electrical appurtenances which are integral and exclusive to the Unit, including lamps attached to the exterior of the Building on the Unit;

(8) the foundation for the Building, all service areas, concrete pads, loading areas or similar facilities;

(9) all asphalt surfaces, curbing, landscaping, etc. that may be located within the Unit or in an area designated as a Limited Common Element per Section 7.3 or so designated on the Plans or Plat recorded with the Master Deed or any amendments thereto;

(10) all signs which are integral and exclusive to the Unit, including those signs designated as Limited Common Elements, if any.

(11) the roofs and exteriors of said Buildings;

(12) any damage to the Unit itself or to a contiguous (i.e. adjacent) Unit caused by a negligent action or inaction within the Owner's Unit, which directly or indirectly causes damage to the other Unit or to the Unit itself. Such damage shall specifically include, but shall not be limited to, any damages resulting from environmental contamination of land due to the use of a Unit, Limited Common Elements, or General Common Elements by a Unit Owner.

(13) all Limited Common Elements applicable to the Owner's Unit, if any.

(ii) In the event that the Association reasonably determines that any Owner has failed or refused to discharge properly his obligations with respect to the maintenance, cleaning, repair, or replacement of items for which he is responsible under this Master Deed, and which adversely affects other Units, e.g., failure to repair utility lines, or failure to maintain a Building which results in an unsightly condition, then, in that event, the Association, except in the event of an emergency situation, shall give such Owner written notice of the Association's intent to provide such necessary maintenance, cleaning, repair, or replacement at such Owner's sole cost and expense, and setting forth with reasonable particularity the maintenance, cleaning, repair, or replacement deemed necessary. Except in the event of emergency situations, such Owner shall have thirty (30) days in which to complete said maintenance, cleaning, repair, or replacement in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said thirty (30) day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete said maintenance, cleaning, repair, or replacement in a good and workmanlike manner. In the event of emergency situations or the failure

of any Owner to comply with the provisions hereof after such notice, the Association may provide any such maintenance, cleaning, repair, or replacement at such Owner's sole cost and expense, and said cost shall be added to and become a part of the assessment to which such Owner and his Unit are subject and shall become a lien against such Unit as provided herein.

**5.6 SUBDIVISION AND RELOCATION OF BOUNDARIES BETWEEN UNITS.**

(i) Recognizing that a Building may ultimately be used for multi-tenant purposes and certain of the Units may be configured with separate rental spaces, Declarant intends to provide a flexible and certain method consistent with the Act in the best interest of the Association and all of its members by which individual Units may be subdivided into two or more Units. Subject to the provisions of this Master Deed and other provisions of law, a Unit Owner may apply to subdivide a Unit subject to the conditions and procedures described below in Section 5.6(ii) et seq. Provided further, however, nothing contained in this Section 5.6 shall be construed to restrict or limit a Unit Owner from partitioning its Unit (including a demising wall) for multi-tenant use.

(ii) The Owner of a Unit or Owners of adjoining Units may, at any time, deliver a letter to the President of the Association stating their intentions to subdivide or relocate the boundaries between their Units, together with a plan of their Units which conforms with Sections 27-31-100, 27-31-110 and 27-31-120 of the Act showing the proposed relocated boundaries of those Units. In such case, with respect to every proposed Unit which will result from the proposed subdivision or relocation:

(1) each Unit must comply with all applicable laws, rules, regulations, codes and/or ordinances, including, but not limited to, those relating to health, fire, safety and parking, and adequate provision must be made for any required fire and emergency exits, mechanical and support systems of the Buildings, utilities, as well as assurance that there is no impairment of the structural integrity of the Unit and/or Building or that there is no increase in any Owner's insurance costs.

(2) All expenses of the Association, including legal fees, architectural, surveying and consultant's fees, shall be borne by the requesting Unit Owner(s).

(iii) Within thirty (30) days after receipt of a letter from a Unit Owner pursuant to Section 5.6(ii), the President shall:

(1) cause an amendment to the Master Deed to be prepared which conforms to this Master Deed and the Act, together with a certified amendment to the plans which conforms to the requirements of the Act. The amendment to the Master Deed shall reallocate the assigned appurtenant interests among all the Units resulting from the subdivision or relocation of boundaries in proportion to the relative sizes of those Units but shall not affect in any manner the percentage of interest appertaining to the other Units not otherwise redefined. The Amendment to Master Deed shall, to the extent necessitated by the subdivision, take into consideration potential redefinition of boundaries of the newly constituted Unit(s) as compared to the definition above in Section 5.4. In the event that the subdivision of a Unit results in the creation of what would normally be a Common Element within the Building so subdivided (e.g. the roof, foundation, structural elements, mechanical systems, exterior walls) such Common Element shall be a Limited Common Element to those resulting Units within said subdivided Unit/Building;

provided, in no event shall the Owner(s) of the other Buildings or Units within other Buildings be responsible for the costs of operation, maintenance, repair or replacement of any such limited Common Element appurtenant to such a subdivided Unit; and

(2) upon payment by the affected Unit owners of all permit, recording, legal, architectural and other fees incurred by the Association, the President of the Association shall execute the Amendment to the Master Deed and record same including the plats and plans subdividing or relocating the Unit(s) and showing the altered boundaries of the Units and their dimensions and identifying numbers.

(iv) The amendments to the Master Deed and plans to reallocate Units are only effective when executed in the manner required by this Section, and recorded. The consents to the amendment by the mortgagees of the affected Units shall also be recorded.

(v) In the event of a subdivision per Section 5.6(ii) above, and to further Declarant's intent of providing a flexible and certain method consistent with the Act and the best interests of the Association and all its members, by which the boundaries of or between Units may be adjusted to meet the needs of individual Unit owners, subject to the conditions and procedures described in Section 5.6(ii), Unit Owners are entitled to relocate the boundaries between adjoining Units and reallocate the assigned appurtenant interests of those Units accordingly.

#### 5.7 **PERMITTED USES OF UNITS; PROHIBITED USES.**

##### **General**

(i) Each Unit is restricted as to use by the Owner or Owners thereof, their lessees and invitees, it being the intent of the Declarant that the Units be used only for such purposes which are consistent with and appropriate to the design of the Building on the Unit and which do not adversely restrict or burden the other Units of the Regime.

(ii) Each individual Unit shall be used for commercial use and such other uses which: (1) are permitted pursuant to applicable laws, rules, regulations, codes ordinances, and rules, (2) are permitted under the terms and provisions of any applicable covenants, (3) do not interfere with the use of the Common Elements (including, without limitation, the common and cross-eased parking areas) by the Unit Owners, and their respective lessees and invitees, and (4) do not in any way (A) violate any requirements of public authorities, (B) make void or voidable any fire or liability insurance policy then insuring the Units or Common Elements, (C) make unobtainable from reputable insurance companies authorized to do business in the State of South Carolina any fire insurance with extended coverage, or liability, or other coverage to be furnished under mortgages affecting any portion of the Property at standard rates, (D) cause, or in the Association's reasonable opinion are likely to cause, physical damage to the Common Elements, or other Units, or any part thereof, (E) constitute a public or private nuisance, (F) impair, in the reasonable opinion of the Association (exercised in good faith), the appearance, character or reputation of the Condominium, (G) discharge objectionable fumes, vapors, or odors, (H) impair or interfere with any of the utilities servicing the Units or the proper functioning of the mechanical systems servicing each Building, or (I) tend to impair or interfere with the use of any of the Property by the other Unit Owners or any of the lessees or invitees of the Buildings, the existence of any such impairment or interference to be determined in the reasonable discretion of the Board of Directors.

(iii) Without limiting any other provision of this Master Deed, no Unit and no portion of the Property may be occupied or used, directly or indirectly, for the following uses: mini-warehouses; massage parlor; sexual apparatus sales; adult book store, adult only, "X" rated or unrated films; topless entertainment or so-called "gentlemen's club"; bingo parlors; flea markets; trailer court, junk yard, waste material collection facility, auction house; funeral home; facility for the sale of paraphernalia for use with illicit drugs; drug or alcohol rehabilitation or treatment center; abortion clinic; any place of religious worship, such as a church, temple, synagogue, mosque, or the like; carnival, amusement park or circus; banquet hall, auditorium or other place of public assembly; training or educational facility catering primarily to student or trainees rather than customers; businesses or activities involving unusual fire or explosive hazards; businesses or activities involving the use or discharge of firearms of any type, including without limitation, BB guns or pellet guns; generation, discharge or storage of hazardous waste in violation of applicable law; businesses or activities involving noise or sound that is objectionable because of its volume, duration, intermittent beat, frequency or shrillness; uses which cause or permit noxious, disturbing or offensive odors, fumes or gases, or any smoke, dust, lint, steam, heat, vapors or glare, or any loud or disturbing noise or vibrations; uses which create or may create an unreasonable danger to human health, safety or welfare; and uses not in compliance with all requirements of the terms of any state or federal statute or local ordinance or regulation applicable to the Property or which constitute a nuisance; provided, however, that restaurant use is contemplated for the Units and as such these restrictions contained in these subparagraphs (ii) and (iii) and are not intended to prevent or inhibit the normal and businesslike operations of a restaurant, which by their very nature may result in odors, fumes, gases, smoke, steam and the like; provided, further, the foregoing provisions of subparagraphs (ii) and (iii) are not intended to prohibit the normal operation of either a retail automobile parts store, including the sale, display or rental of automotive parts, accessories, supplies and/or maintenance items or of a retail tire store and installation center services facility, including but not limited to, tire sales and installation, oil changes, wheel sales and service, general automotive service including lubrication, air conditioning services, and the normal odors, fumes, gases, dust, vapors, noises or sounds which are associated with or emitted from such operations.

(iv) Each Owner shall not cause or permit any Hazardous Substance to be used, stored, generated, or disposed of on, in, or about the Units (except those commonly or properly used in connection with the business operated within a Unit in accordance with all applicable governmental laws and regulations), without obtaining Declarant's prior written consent. If a Unit becomes contaminated in any manner as a result of any breach of the foregoing covenant or any act or omission of an Owner or any of its agents, employees or contractors, said Owner shall indemnify, defend and hold harmless Declarant, the Association and the other Owners from any and all claims, demands, actions, damages, fines, judgments, penalties, costs (including reasonable attorneys', consultants' and experts' fees), liabilities, losses and expenses arising as a result of such contamination. This indemnification includes, without limitation, any and all costs incurred due to any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision. Without limitation of the foregoing, if an Owner causes or expressly permits the presence of any Hazardous Substance on, in, or about its Unit that results in contamination, such Owner, at its sole expense, shall complete all required clean up, removal and remediation. Such Owner shall first obtain Association's approval for any such remedial action.

### **Specific**

(v) Unit G. No portion of Unit G shall be used for any of the following uses:

(1) The operation of an automotive parts retail or wholesale facility including, but not limited to, the sale, display or rental of automotive parts, lubricants, fluids, supplies and accessories.

(2) The operation of a retail tire store and automobile services facility, including, but not limited to, tire sales and installation, oil changes, wheel sales and service, general automotive services, including, but not limited to, lubrication, air conditioning services, transmission system servicing, and cooling system servicing.

(vi) Unit W. No portion of Unit W shall be used for any of the following uses:

(1) The operation of an automotive parts retail or wholesale facility including, but not limited to, the sale, display or rental of automotive parts, lubricants, fluids, supplies and accessories.

(2) The operation of a retail tire store and automobile services facility, including, but not limited to, tire sales and installation, oil changes, wheel sales and service, general automotive services, including, but not limited to, lubrication, air conditioning services, transmission system servicing, and cooling system servicing.

(3) A restaurant which is primarily a buffet style food service facility such as a Golden Corral, Ponderosa, Ryan's, or Shoney's. However, any other type of restaurant is permitted, including one which has a buffet service and/or salad bar as a secondary use, e.g., Pizza Hut, Ruby Tuesday. The restrictions provided herein in this paragraph (vi)(3) shall expire and no longer be binding upon the Owner of Unit W at such time as the Owner of Unit G, for whom the benefit of this provision runs, has discontinued operations as a restaurant for a period of one hundred eighty (180) consecutive days (other than for temporary closures for reasonable periods of time for repairs, renovation or remodeling).

(vii) Unit A. No portion of Unit A shall be used for any of the following uses:

(1) The operation of a retail tire store and automobile services facility, including, but not limited to, tire sales and installation, oil changes, wheel sales and service, general automotive services, including, but not limited to, lubrication, air conditioning services, transmission system servicing, and cooling system servicing; provided, however, that said restriction shall not prohibit the operation of a retail auto parts store or incidental automotive services (e.g., replacement of batteries, replacement of wiper blades, etc.) provided by such auto parts store on Unit A;

(2) A restaurant which is primarily a buffet style food service facility such as a Golden Corral, Ponderosa, Ryan's, or Shoney's. However, any other type of restaurant is permitted, including one which has a buffet service and/or salad bar as a secondary use, e.g., Pizza Hut, Ruby Tuesday. The restrictions provided herein in this paragraph (vii)(2) shall expire and no longer be binding upon the Owner of Unit A at such time as the Owner of Unit G, for whom the benefit of this provision runs, has discontinued operations as a restaurant for a period of one hundred eighty (180) consecutive days (other than for temporary closures for reasonable periods of time for repairs, renovation or remodeling).

(viii) Future Phase Units. No Future Phase Units shall be used for any of the

following uses:

BETHEA, JORDAN  
& GRIFFIN, P.A.  
ATTORNEYS AND  
COUNSELORS AT LAW

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(1) The operation of an automotive parts retail or wholesale facility including, but not limited to, the sale, display or rental of automotive parts, lubricants, fluids, supplies and accessories.

(2) A restaurant which is primarily a buffet style food service facility such as a Golden Corral, Ponderosa, Ryan's, or Shoney's. However, any other type of restaurant is permitted, including one which has a buffet service and/or salad bar as a secondary use, e.g., Pizza Hut, Ruby Tuesday. The restrictions provided herein in this paragraph (viii)(2) shall expire and no longer be binding upon the Owner of Future Phase Units at such time as the Owner of Unit G, for whom the benefit of this provision runs, has discontinued operations as a restaurant for a period of one hundred eighty (180) consecutive days (other than for temporary closures for reasonable periods of time for repairs, renovation or remodeling).

The Declarant hereby declares and affirms that the general and specific use restrictions described herein shall be deemed restrictive covenants running with the land and are imposed as a limitation and burden upon each Unit and upon the Declarant and upon all future owners of said Units. Provided however, that the aforementioned specific restrictions may be modified, in whole or in part, in the future so long as all Unit Owners approve any such modifications.

By acceptance of a deed, each Unit Owner acknowledges its agreement that the covenants contained in this section are of material importance, and in the event of a Unit Owner's breach (or that of its lessee or invitees) hereof, the other Unit Owners and the Association will be irreparably harmed.

#### 5.8 ALTERATIONS IN AND TO UNITS.

(i) Subject to the approval of the Association per the subdivision procedures established in Section 5.6, a Unit Owner may make any improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems, or lessen the support of, any portion of any other Unit. A Building within a Unit may be partitioned and used by separate businesses. The intent of Declarant herein is to allow maximum flexibility to the Owner(s) of such Units to construct, raze, reconstruct, the Building on the Unit (including a Building of a different size) as well as to repartition/subdivide/consolidate interior portions of such Building. Further, as referenced above in Section 5.6, a Unit Owner may more formally subdivide such Unit into separate condominium Units.

(ii) An Owner may change the appearance of the exterior of a Building on a Unit, without permission of the Association so long as any such modifications comply with applicable municipal regulations and this Master Deed.

(iii) Subsequent to a subdivision of a Unit pursuant to Section 5.6, in the situation where a Unit Owner owns adjoining Units, after giving notice to the Association, a Unit Owner may alter a partition wall between such adjoining Units owned by him to create an opening in that wall. Such an alteration does not constitute a relocation of boundaries between Units as defined in Section 5.6.

(iv) Any Unit Owner altering a Unit pursuant to this Section or Section 5.6 shall: (1) provide for waivers of all mechanics lien rights which may arise as a result of the alteration; (2) provide certificates of insurance insuring against all losses commonly insured against arising out of the work naming the Association as an additional insured; (3) indemnify and hold the Association and other Unit Owners harmless from the effect of the work and the acts or omissions of anyone under such Unit Owner's direction

or control; (4) minimize the disturbance of other Unit Owners and their business activities during the work; and (5) reimburse the Association for any expenses incurred by the Association, including but not limited to legal and other consulting fees.

(v) When any such alterations are completed, the affected Unit Owners shall deliver to the Association a copy of the 'as built' plans and specifications certified to by an architect licensed to practice in South Carolina.

#### 5.9 DEEDS TO UNITS.

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

#### 5.10 ASSESSMENTS FOR COMMON EXPENSES; RESPONSIBILITIES FOR MAINTENANCE.

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

#### 6. AREA COMPRISING PROPERTY.

The Property, as submitted, has a total of approximately 8.153 acres on which is situate the three (3) Units occupying approximately 221,593 square feet and the remaining approximate 133,558 square feet is made up of ingress and egress areas, outside landscape areas and other Common Elements, both general and limited.

#### 7. COMMON ELEMENTS.

The Common Elements of the Property are as follows;

##### 7.1 THE GENERAL COMMON ELEMENTS.

The General Common Elements will be as follows:

- (i) The Property, excluding the Limited Common Elements and the Units.
- (ii) The ingress/egress, off of Fording Island Road, portions of the transition access area and common signs (except such as are designated as Limited Common Elements) depicted on the Plat referenced in Exhibit "A" (e.g. said common signs referenced on said Plat as "proposed sign location").
- (iii) All trees, shrubs, (except such as are on the Units or are designated as Limited Common Elements), landscaped planter areas, etc.
- (iv) All installations and area occupying same, outside of the Unit's boundaries serving the Units and/or Common Elements for common services such as power, water and other similar utilities.



(v) All common sewer, storm sewer, drainage and irrigation pipes related and infrastructure outside of the connection point serving the Units, and excluding those which are the property of the utility company.

(vi) All wetland areas and detention areas depicted on the Plat.

(vii) Such easements through a Unit for conduits, pipes, ducts, plumbing, wiring and other facilities and/or infrastructure for the furnishing of utility services to other Units and Common Elements and easements for access, maintenance, repair, reconstruction or replacement of structural members, equipment, installations and appurtenances, and for all other services necessary or convenient to the existence, maintenance, safety and use of the Property, whether or not such easements are erected during construction of the Units on the Property, a subsequent subdivision pursuant to Section 5.6 above or during re-construction of all or any part thereof, except such easements as may be defined as "Limited Common Elements", if any.

(viii) The Access Easement referenced in Exhibit "A" and depicted on the Plat which are both appurtenant to, and of benefit to, the Property.

(ix) All areas not designated as a Limited Common Element and not described as lying within the boundary of a Unit as described in Section 5.4 hereof and all other elements of the Property constructed or to be constructed on the Property, rationally of common use or necessary to the existence, upkeep and safety of the Property and in general all other devices or installations existing for common use.

**7.2 FUTURE MODIFICATIONS OF COMMON ELEMENTS.** In addition to all of the rights reserved to Declarant hereunder, it is noted in Section 8 the Declarant reserves the right to amend this Master Deed for purposes of adding Future Phases. In addition to the rights referenced therein, because of the fact that improvements are planned to the Common Elements, Declarant specifically reserves the right to improve, upgrade, expand, modify, enlarge and otherwise add to the Common Elements described above, as well as to any Common Elements in Future Phases, including the addition of certain easement rights in favor of the Regime which may be considered Common Elements and including, but not limited to, the right to construct storm detention facilities, access and parking areas and an access to the rear of the Property to interconnect with the proposed Bluffton Parkway extension.

In addition, certain improvements made, or to be made on Future Phase Property during the time of construction of the initial Phase of the Regime will be utilized, and will benefit the Property. Examples of this are parking areas, detention areas, outdoor lighting, etc. The operational costs of maintaining these areas will, for budgetary purposes, be considered a Common Expense as that term is defined above in Section 4 and further described in Article VII of the Bylaws.

**7.3 THE LIMITED COMMON ELEMENTS.**

The Limited Common Elements are as follows:

(i) Those portions of the signs, existing and future, freestanding and located on Common Elements, which portions are integral and exclusive to the Unit. An example of this would be a panel on a monument sign.

(ii) All other areas depicted as Limited Common Elements to the Units on the plans attached as Exhibit "B", or on the plat referenced in Exhibit "A".

(iii) There are minimal Limited Common Elements as of the time of filing of this Master Deed because, as referenced above, the Buildings to be constructed on the Units are to be constructed as "stand alone" commercial/retail buildings. Accordingly, signage, parking areas, etc. which might ordinarily be considered limited common elements are really part of the Unit. However, in the event of a subdivision of Unit as set forth above in Section 5.6, Declarant intends that certain portions of those respective Buildings be considered Limited Common Elements as it relates to the newly subdivided Units within that specific Building. Accordingly, e.g. in the event of such a subdivision, the roof and exterior sheathing of the perimeter walls shall be considered Limited Common Elements for those subdivided Units within each of the Buildings. (N.B. Prior to subdivision, such portions of the Building shall be deemed part of the Unit).

#### 7.4 MANNER AND USE OF COMMON ELEMENTS.

(i) At each Unit Owner's sole cost and expense, each such Unit Owner shall promptly comply with all present and future laws, orders, regulations, rules, codes and ordinances of all state, federal, municipal and local governments, departments, commissions and boards and any direction of any public officer pursuant to law and all others, rules and regulations of the applicable fire underwriters or insurance services office, or any similar body which shall impose any violation, order or duty upon the Owner or lessee of such Unit, whether or not arising out of the use or manner of use of the Unit. Each Unit Owner shall not do, or permit any act or thing to be done, in or to a Unit which is contrary to law or which will invalidate or be in conflict with public liability, fire or other policies of insurance at any time carried by or for the benefit of other Unit Owners or the Association. The subject Unit Owner shall pay all costs, expenses, and fines levied upon other Unit Owners by reason of the subject Unit Owner's failure to comply with the provisions of this Section. If the fire insurance rate be increased as a result of the use of a Unit in conflict with the other provisions of this Master Deed, the portion of fire insurance premiums which has been charged because of such failure to comply shall be paid by the subject non-complying Unit Owner to the other Unit Owner(s) or the Association, as the case may be.

(ii) Except where signs exist as of the recordation of this Master Deed and except with the prior municipal approvals obtained in each instance, no signs of any kind shall be displayed to public view. It is noted that as of the filing of this Master Deed, the following signs are planned to be installed:

- (1) the two project monument signs which are depicted on the Plat as proposed project entrance signs;
- (2) signs on all future Buildings with backlighting;
- (3) project monument sign(s) at the rear of the Property if, at some point in the future, there is an interconnection with Bluffton Parkway, the proposed location of which sign(s) is depicted on the Plat;

Each of the Owners of the Units shall have the right, and the obligation to maintain, repair and replace the signs on their respective Buildings and to maintain, repair, and replace the painted directions on the surface of the paved areas surrounding their respective Building. The Association shall be responsible for the repair, maintenance and replacement of the two freestanding project signs as noted on the Plat but may assess the Owners utilizing such signage for the costs of maintenance, etc. As of the filing of this Master Deed, the three panels on each of these two project signs are reserved as follows: the top panel (approximately sixty percent (60%) of the space) on the easternmost directory sign to Unit G, the intent being that the owner of Unit G shall have prominence on said directory sign; remaining panels reserved to

Declarant. The remaining panels on the directory signs shall be generally consistent with the design of the prominent panel for Unit G.

(iii) There shall be no obstruction of the Common Elements nor shall anything be stored on the Common Elements without the prior consent of the Association. Garbage and rubbish shall not be dumped or allowed to remain on any Common Elements, but shall be disposed of by Unit Owners in receptacles as located on the Unit, and in accordance with the regulations of applicable governmental authorities.

#### 7.5 CROSS-EASEMENTS

As each Unit, once improved, will include the surrounding parking areas, sidewalks and ingress and egress areas located within its own Unit boundary, each Unit Owner, by taking title to the Unit, will do so subject to an easement of access, ingress and egress over certain portions of the Unit in order for the tenants, employees and customers of the other Unit Owners to obtain access to all of the Buildings of Units within the Regime. Accordingly each of the Units is subject to the following:

(i) Each Unit is burdened by an easement in favor of all other Unit Owners, their successors and assigns, and Declarant does create and establish an easement for the benefit of the other Unit Owners, the Unit Owners' tenants, invitees, agents, employees, assigns, as well as the Declarant and the Association, said easement being a perpetual, appurtenant, non-exclusive easement for access, ingress and egress and parking over and across the portion of each of the Units shown and depicted as "Cross Easement Area" on the Plat referenced in Exhibit "A" (the "Cross Easement Areas"). These "Cross Easement Areas" consist, in essence, of all portions of each Unit not occupied by the Building and Limited Common Elements, if any. The easements herein reserved shall be appurtenant to each of the Units and shall run with the ownership of each Unit, as said easements are essential and necessary for the use of each Unit.

(ii) To ensure that the easement rights will be effective for the purposes granted and will be utilized in accordance with the intention of the parties, the Unit Owners do hereby covenant and agree as follows:

(1) Each Unit Owner and their licensees, agents, tenants, employees and invitees, shall at all times comply with reasonable traffic and parking rules and regulations promulgated by the Association which governs the use of the Cross Easement Areas, including, without limitation, compliance with all traffic control devices; provided, however, that such rules and regulations shall not unreasonably interfere with the use of said Cross Easement Area as a parking lot or as an ingress and egress area.

(2) In addition to the easement rights granted to the other Unit Owners, the Cross Easement Area of each particular Unit may be utilized by that Unit Owner, its successors and assigns, for the benefit of their Unit. Each Unit Owner reserves rights to use the Cross Easement Area located within their Unit in any reasonable manner so long as said use does not unreasonably interfere with the intended purpose of the Cross Easement Area.

(3) While each Unit Owner is granted a non-exclusive right to utilize the entire Cross Easement Area, each Unit Owner will only be entitled to designate the parking spaces located within its Unit boundary for purposes of any development or building permit applications.

(4) Each Unit Owner will use all reasonable efforts to have the employees of the retail premises operating out of a Unit park within their own Cross Easement Area.

(5) Each Unit Owner shall be responsible for the maintenance, repair, replacement, cleaning, sweeping, and in general, the upkeep of the Cross Easement Area within each Owner's Unit. The failure to do so shall allow the Association the right to take remedial action, including, but not limited to, the actions described in Section 5.5(ii) above and in Article VII of the By-Laws.

(6) Each Owner of a Unit acknowledges that the Cross Easement Area on said Unit is critical to the operations and success of the owners and of the users/tenants of all Units within the Regime. The Owner of a Unit shall not materially alter the Unit Cross Easement Area, including curb cuts, drives, barriers, parking areas to the extent that there would be a material adverse impact on the other Unit Owners or which would result in a materially adverse effect in the functionality of the Unit Cross Easement Area, or a portion thereof.

(7) Notwithstanding anything to the contrary, each Unit Owner agrees that no changes to this Section 7.5 of the Master Deed may be made unless such change is approved by all Owners.

(iii) The Cross Easement Areas depicted on the Plat filed herein are proposed; and once construction of a Building on a Building Site is completed, per Paragraph 5.4 (iv), the "as built" plat to be filed by the Owner with the Amendment to Master Deed is intended to refine the legal description of the Cross Easement Areas on each Unit and to show and delineate Limited Common Elements, if any.

## 8. GENERAL PLAN OF DEVELOPMENT.

8.1 **General.** The Declarant and/or the Unit Owner(s) intend to construct Buildings on Units A, G and W which comprises a portion of the Property described herein (which, together with the Common Elements, shall sometimes be referred to as The Phase 1 Property). Declarant is the owner of adjacent parcels totaling approximately 15.65 acres; and another adjacent parcel of approximately .685 acres is owned by a third party. This additional property shall be referred to as the Future Phase Property, and is shown on the site plans of said property attached hereto whereon it is labeled as Future Phase Property. The Future Phase Property is described in Exhibit "A" attached hereto and made a part hereof and is as shown on the plat referenced above.

8.2 **Future Phases.** With regard to the Future Phase Property herein referred to, Declarant reserves the right, in the manner more particularly hereinafter set forth, to cause the Future Phase Property to become an integral part of the Regime once an appropriate amendment to this Master Deed has been filed as hereinafter provided. The timing and staging of same is at Declarant's discretion.

The subsequent phases may contain unimproved acreage, or one or more buildings in similar form, design, and general valuation as the Phase 1 Property, it being understood however that floor plans and other design criteria may be modified by Declarant or its successors. Currently, Declarant contemplates the potential of three additional phases, Phase 2, Phase 3, and Phase 4, each of which are described on Exhibit "A".

The designation of arabic numbers for purposes of phasing is for convenience and generally in accordance with Declarant's overall development and construction plan as it currently exists. Declarant may include sub-stages of the phasing which may be referred to as Phase 2A, 2B, etc.

8.3 The Declarant further reserves the right to develop all or a portion of the Future Phase Property apart from and not as part of the Regime and to allow certain rights of use and access to the Common Elements. Further, in the event Declarant elects to develop all or a portion of the Future Phase Property apart from the Regime, the Owners of Units within the Regime shall have certain rights of use of the Future Phase Property, as necessary, such as cross easement rights relating to utilities, drainage, access, and the like. Provided however, in both examples referenced above, there shall be a mutually agreeable cost sharing arrangement adopted as to the maintenance, repair and replacement costs.

9. **RESERVATION OF RIGHT OF DECLARANT FOR FUTURE PHASES.**

Declarant, its successors and assigns, hereby expressly reserves the right, to be exercised in its sole discretion, to submit the Future Phase Property either all together, or in phases or sub-phases or sub-stages, to the provisions of this Master Deed and thereby cause the Future Phase Property to become and forever be a part of the Regime in the same manner as if made a part thereof in every particular upon the initial execution and filing of this Master Deed. This right may be exercised by Declarant, its successors, grantees and assigns only upon the execution by it or them of an amendment or amendments to this Master Deed, which amendment shall be filed in the RMC Office Beaufort County, South Carolina not later than December 31, 2025. Any such amendment shall conform to the various provisions and conditions precedent established in this Master Deed and shall expressly submit the Future Phase Property to all of the provisions of this Master Deed and the By-Laws of the Regime, as either or both may be amended between the date of said Master Deed and By-Laws, and the filing of said Amendment to this Master Deed to include the Future Phase Property. Upon the exercise, if any, of this right to include the Future Phase as a part of this Regime, the provisions of this Master Deed and all exhibits hereto shall then be understood and construed as embracing the Phase 1 Property (The basic "Property" herein defined) and the Future Phase Property, if applicable, as appropriate, together with all improvements then constructed thereon. Should this right of inclusion or annexation not be exercised within the time herein prescribed and in the manner herein prescribed, such right shall in all respects expire and be of no further force or effect. Notwithstanding anything to the contrary contained herein, prior to any such amendment, the Future Phase Property shall not be subject to the provisions of this Master Deed.

10. **REVOCATION AND AMENDMENT.**

10.1 **AMENDMENTS FOR FUTURE PHASE PROPERTY.** The dedication of the Property to the Regime herein shall not be revoked (nor shall any Owner commence a suit or proceeding for partition of the Property), or the Property removed from the Regime, and none of the provisions herein shall be amended, except as otherwise provided herein, in Section 5 and elsewhere, unless all of the Owners and the mortgagees of all the mortgages covering the Units unanimously agree to such revocation, or amendment, or removal or amendment of the Property from the Regime by duly recorded instrument; provided, however, that without the consent of the Unit Owners or Mortgagees, the Declarant, or its successors in title to all or any portion of the Future Phase may at any time prior to the termination of the reservation of rights period specified in Section 9 herein, amend this Master Deed in the manner set forth in Sections 8 and 9 so as to subject the Future Phase Property to the provisions of this Master Deed and the Act so as to make the Future Phase Property an integral part of the Regime. Any such amendments shall, when read in concert with this Master Deed, contain all of the particulars required by the Act as the same is now constituted or may hereafter be amended and from and after the recording of such amendment, the Regime shall include all of said Future Phase Property, as appropriate. The Future Phase Units are to be as described in Sections 5, 8 and 9. The

designation of each Unit in the Future Phase, by its proportionate interest in the Common Elements is set forth in Exhibit "D", which exhibit is attached hereto and made a part hereof. If Declarant elects to make the Future Phase Property a part of this Regime as herein provided, Declarant shall cause to be prepared and made a part of the Amendments by which the Future Phase Property is incorporated into the Regime a schedule reflecting each Unit's proportionate interest in the Common Elements, which schedule shall be similar in content and format to the Exhibit "D" schedule, prepared using the requirements and guidelines set forth in Sections 8 and 9 hereof. Upon the recordation of the Amendments to make the Future Phase Property, if appropriate, a part of the Regime, the provisions regarding revocation and amendment set forth in this Section 10 shall have equal application thereto.

10.2 **AMENDMENTS BY OWNERS.** Unless otherwise stated herein or prohibited by law, this Master Deed may be amended at any regular or special Association meeting called and convened in accordance with the By-Laws, by the affirmative vote of seventy-five percent (75%) of the total statutory percentage interests of the Regime. Each such amendment of this Master Deed shall be evidenced by an instrument in writing, signed and acknowledged by any two (2) officers of the Association, setting forth the full text of such amendment, the appropriate recording data of this Master Deed, and certifying that such amendment has been approved by the affirmative vote of seventy-five percent (75%) of the total statutory percentage interests. The amendment shall become effective on the recordation of the amendment in the Official Records for Beaufort County, South Carolina. No amendment which materially affects the rights and privileges of the Declarant, as determined by the Declarant in its reasonable discretion, shall become effective unless and until approved in writing by the Declarant. Notwithstanding the foregoing, no amendment as set forth in this Section 10.2 shall have any effect on the established statutory percentage interest unless such change is approved by all Owners, other than those amendments called for by Section 5.4(iv) herein. The amendments called for by Section 5.4(iv) herein shall not require any approval by the Association, but rather may be filed by the Declarant pursuant to the right reserved in said Section 5.4(iv).

10.3 **AMENDMENTS BY DECLARANT.** In addition to Declarant's reserved rights to amend the Master Deed to add Future Phase Property, Declarant reserves the right to unilaterally amend this Master Deed as may be necessary to conform the Master Deed to the requirements of law or to make clerical corrections or clarifications; or for purposes of the phasing as more fully set forth in Section 8. In addition, because this Master Deed is being filed pursuant to the provisions of Section 27-31-30 of the Act at a time where all of the improvements have not yet been constructed, Declarant, consistent with Section 5.4 (iv) above, reserves the right to amend the Master Deed at the time that the improvements described herein have been completed. Said amendment to include the filing, at Declarant's option, of an as built survey of said improvements so as to supplement the Master Deed and to confirm the completion of the Phase 1 Property or any subsequent Future Phase Property added to the Regime pursuant to the said provisions of the Act. Any amendments to this Master Deed which may be unilaterally made by Declarant shall become effective on the recording in the Office of the Official Land Records for Beaufort County, South Carolina of an instrument executed solely by Declarant, setting forth the text of such amendment in full, together with the appropriate recording data of this Master Deed. The Declarant may also make other amendments as may be reserved elsewhere in the Master Deed.

11. **PERCENTAGE OF INTEREST OF UNITS.**

11.1 **PERCENTAGE OF INTEREST BASED ON COMPARATIVE VALUE.**

The percentage of title and interest appurtenant to each Unit and the Unit Owner's title and interest in the Common Elements of the Property and the proportionate share in the Common Expenses as well as the proportionate representation for voting purposes in the meeting of the Association is based on the proportionate value of each Unit to the value of the total Property as set forth in Exhibit "D" attached hereto

and made a part hereof. The proportionate representation for voting purposes and the percentage of the undivided interest in the Common Elements provided in this paragraph and in Exhibit "D" shall not be altered without the acquiescence of the Owners representing all of the Units expressed in an amendment to this Master Deed duly recorded as required by Section 10 hereof or except as provided in Section 5.6 herein with regard to the amendment of this Master Deed for purposes of subdividing Units or relocating Unit boundaries or except as provided in Sections 8, 9 and 10 with regard to the amendment of the Master Deed to admit the Future Phase Units.

11.2 **REALLOCATION OF PERCENTAGES IN CASE OF RELOCATION OF UNIT BOUNDARIES.**

If this Master Deed is amended as provided in Section 5.6 by reason of the subdivision or relocation of Unit boundaries, the percentage of interest applicable to the affected Unit or Units as provided in Exhibit "D" shall be reallocated among the Units resulting from the subdivision or relocation of boundaries in proportion to the relative sizes of those Units: provided, however, that the percentage of interest applicable to unaffected Units shall not be changed as a result of such amendment.

12. **ADMINISTRATION AND BY-LAWS.**

12.1 **ASSOCIATION; BY-LAWS.**

As noted in Section 2 hereof, Declarant has caused to be incorporated under the laws of the State of South Carolina a corporation known as The 1188 Centre Owners' Association, Inc., which shall be an incorporated Council of Owners to serve as the body by which the Unit owners will manage the affairs of the Regime. Each Unit Owner shall have voting rights in said Association in the same percentage as the percentage of interest his Unit has in the Common Elements. The administration of the Regime, and consequently of the Association, consisting as aforesaid of the Property described in Sections 1, 2 and 3, shall be in accordance with the provisions of the By-Laws which are incorporated herein, made a part hereof and are attached hereto as Exhibit "C".

12.2 **AUTOMATIC MEMBERSHIP IN ASSOCIATION.**

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

13. **HORIZONTAL PROPERTY REGIME CONSTITUTED.**

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

14. **DECLARANT SUBJECT TO MASTER DEED; DECLARANT USE.**

So long as the Declarant owns one or more of the Units, the Declarant shall be subject to the provisions of this Master Deed and the Exhibits attached hereto. Declarant, as in the case with any other Unit Owner, shall have the absolute right and privilege of leasing any or all of the Units owned by it on a short or long term basis for the uses permitted by this Master Deed and applicable laws, rules and regulations, and that Declarant's and/or any Unit Owner's lessees, invitees, guests, etc., shall be entitled to all of the privileges /and rights, (including enforcement rights), and be subject to the requirements hereunder, of an Owner with respect to the use of the Property, excluding voting rights which shall remain with the Owner.

15. **GENERAL CONDITIONS/MISCELLANEOUS MATTERS.**

15.1 **COMMON ELEMENTS NOT PARTITIONED.** Except as provided, the Common Elements shall remain undivided and no Owner shall bring any action or proceeding for partition and/or division. Should a Unit Owner institute such an action or proceeding, such Owner shall indemnify and hold harmless all other Owners and the Association for any and all losses, damages, costs, fees and/or expenses resulting from a breach of such covenant.

15.2 **COMMON ELEMENTS NOT SEVERABLE FROM UNITS.** The undivided interest in the Common Elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

15.3 **NON-USE NOT EXEMPTION OF LIABILITY FOR COMMON EXPENSES.** No Owner of a Unit may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

15.4 **ALL USERS OF PROPERTY SUBJECT TO MASTER DEED.** All present or future Owners, tenants, future tenants, or any other person that might use the facilities of the Property in any manner, including, without limitation, those who may lease from the Declarant, are subject to the provisions of this Master Deed and any authorized amendments thereto, and that the mere acquisition or rental of any of the Units shall signify that the provisions of this Master Deed and any authorized amendment thereto are accepted and ratified.

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



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

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

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

The Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the General Common Elements, or part thereof. The Association shall not act, or fail to act in a manner which would diminish the Unit Owners' respective rights relating to their individual claims with respect to the Units. In the event of a taking or acquisition of part or all of the General Common Elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or the Insurance Trustee, for the use and benefit of the Unit Owners and their mortgagees as their interests may appear. Nothing contained herein shall be deemed a delegation of authority with regard to negotiations, settlements, and/or agreements relating to the Units.

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

15.10 **OTHER REGIME EASEMENTS.** In addition to the easement rights referenced in Section 7, each Unit Owner shall have an easement in common with the owners of all other Units to use all pipes, wires, cables, conduits, public utility lines and other Common Elements, if any, located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use the pipes, wires, cables, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit.

15.11 **SEVERABILITY.** The provisions hereof shall be deemed independent and severable and the invalidity in whole or in part of any section, sub-section, sentence, clause, phrase or word, or other provision of the Master Deed and the By-Laws or any authorized amendment hereto shall not impair or affect in any manner the validity or enforceability of the remaining portions hereof 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 herein.

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

15.13 **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.

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

15.15 **CAPTIONS**. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Master Deed or the intent of any provisions hereof.

15.16 **EXHIBITS**. All exhibits to this Master Deed shall be an integral part of this instrument.

16. **PROVISIONS APPLICABLE TO UNITS**.

Each Owner shall comply with the provisions of this Master Deed and authorized amendments thereto; and the Association By-Laws, Decisions and Resolutions of Board or other representatives, as lawfully enacted from time to time, together with any lawfully adopted amendments thereto. The failure to comply with such provisions, decisions, or resolutions (a) shall be grounds for an action to recover sums due for damages and/or for injunctive relief and (b) shall entitle the Association and the Owners who have complied with the right to recover reasonable attorneys' fees and disbursements for such action. The Units shall also be conveyed subject to the recorded plat and plans of the Property and amendments hereto.

All of the provisions of this Master Deed and the Exhibits hereto, as amended from time to time, shall be construed to be covenants running with the land and the Property and with every part thereof, and interest therein, and every Unit Owner and claimant of the Property or any part thereof, or interest therein, and his heirs, legal representatives and successors and assigns, shall be bound by all of the provisions of this Master Deed, Exhibits and Amendments.

17. **JOINDER/CONSENT**. Attached hereto and incorporated herein as Exhibit "E" is a Joinder of the existing mortgagee of Declarant, to wit, Carolina First Bank.

IN WITNESS WHEREOF, Declarant has executed this Master Deed, and the appropriate corporate seal affixed hereto this 26 day of May in the year of Our Lord Two Thousand and Four and in the Two Hundred and twenty-eighth year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF

BLACK DIAMOND, LLC, a South Carolina Limited Liability Company

By: Red Rocks, LLC, its Manager

[Signature]  
[Signature]

By: [Signature]  
J. Chris Lindgren, President

STATE OF SOUTH CAROLINA )  
  )  
COUNTY OF BEAUFORT        )

ACKNOWLEDGMENT

I, the undersigned Notary Public, do hereby certify that J. Chris Lindgren, as President of **Red Rocks, LLC, the Manager of BLACK DIAMOND, LLC**, a South Carolina limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 26 day of May, 2004.

[Signature] (SEAL)  
Notary Public for South Carolina  
My Commission Expires: 9-5-2011

BETHEA, JORDAN  
& GRIFFIN, P.A.  
ATTORNEYS AND  
COUNSELORS AT LAW

**INDEX OF EXHIBITS**

**The 1188 Centre Horizontal Property Regime**

- Exhibit "A" - Description of Land (Phase I Property) and Future Phase Property
- Exhibit "B" - Proposed Site Plans, Elevation and Building Plans of Units A, G and W
- Exhibit "C" - By-Laws of The 1188 Centre Horizontal Property Regime and The 1188 Centre Property Owners' Association.
- Exhibit "D" - Statutory Percentage of Interest applicable to Units per South Carolina Horizontal Property Act.
- Exhibit "E" - Joinder of Mortgagee

**EXHIBIT "A" TO MASTER DEED OF  
THE 1188 CENTRE HORIZONTAL PROPERTY REGIME  
DESCRIPTION OF LAND**

**ALL** those certain pieces, parcels or lots of land, situate, lying and being in Bluffton Township, Beaufort County, South Carolina, consisting of 8.153 acres (355,144 square feet), more or less, as shown on a plat entitled "The 1188 Centre Horizontal Property Regime", which plat was prepared by Ward Edwards, Inc. and certified to by Donald R. Cook, R.L.S. (S.C.) #19010, which said plat is dated November 6, 2003, as last revised March 9, 2004, (the "Plat"), and is recorded on March 11, 2004 in the Beaufort County Records, South Carolina, in Plat Book 98 at Page 43. The property is described by courses and distances, metes and bounds, as follows, to-wit:

The POINT OF BEGINNING is located at the northeasternmost portion of the Property, as the Property intersects with a parcel of land now or formerly owned by Peter J. Batchelor to the east and along U. S. Highway 278 to the north, said POINT OF BEGINNING at a rebar found at State Plane Coordinates N151,422.81 and E2,050,206.90; from said POINT OF BEGINNING proceeding S27°05'37" W for a distance of 239.89 feet to a rebar; thence proceeding S27°05'37"W for a distance of 528.27 feet to a point; thence proceeding N61°08'25"W for a distance of 475.36 feet to a point; thence proceeding N27°05'37"E for a distance of 726.78 feet to a rebar found at the intersection of U.S. Highway 278; thence proceeding along the U. S. Highway 278 right-of-way S66°07'33"E for a distance of 101.99 feet to a point; thence continuing S66°07'33"E for a distance of 182.91 feet to a point; thence continuing S66° 07'33"E for a distance of 140.91 feet to a point; thence continuing S66°07'33" E for a distance of 50.08 feet to the rebar which marks the POINT OF BEGINNING.

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

TOGETHER with a non-exclusive easement across a portion of the Future Phase Property for ingress and egress to the Phase 1 Property as depicted on the aforementioned Plat as the relocatable Access Area the specific location of such ingress and egress within the area to be determined by Declarant and subject to relocation by Declarant. (For purposes of this easement, "relocatable" is intended to be a minimum relocation based upon field and site planning conditions and will not exceed more than ten (10') feet.)

SAVE AND EXCEPT THEREFROM, the right of ingress and egress over and across all roads, ingress/egress areas and common elements shown on the above described plat of The 1188 Centre Horizontal Property Regime, said reservation being unto the Declarant herein, its successors and assigns and Grantees, said reserved easement expressly for, but not limited to, the purpose of construction and all construction related activities on the Future Phase Property.

FURTHER, the Declarant expressly reserves the right to improve the aforementioned Property and easement areas by clearing, tree pruning, constructing access roads, parking, signage and other common facilities pertaining to The 1188 Centre Horizontal Property Regime and/or adjacent Future Phase Property.

FURTHER, Declarant expressly reserves the right to install lines, equipment and facilities for utility and drainage purposes and to grant easements over the property to, by way of example, utility providers such as

BJWSA, Palmetto Electric Cooperative, Hargray Telephone, etc., for the installation of additional lines, equipment or facilities for utility and drainage purposes from time to time.

FURTHER, the above property is submitted to The 1188 Centre Horizontal Property Regime subject to the following:

1. Easements granted to Palmetto Electric Power Cooperative recorded in Deed Book 104 at Page 203, and in Book 1622 at Page 1795, Beaufort County Records.
2. Easement granted to Central Electric Power Cooperative recorded in Deed Book 166 at Page 248, Beaufort County Records.
3. Easements granted to South Carolina Electric & Gas Company recorded in Deed Book 169 at Page 236 and Deed Book 525 at Page 1203, Beaufort County Records.
4. Easement granted to Beaufort-Jasper Water and Sewer Authority recorded in Book 765 at Page 1945, Beaufort County Records.
5. Easement granted to Bluffton Telephone and Appliance Co., Inc. recorded in Deed Book 238 at Page 297, Beaufort County Records.
6. All easements as shown on plats of record, as recorded in the Beaufort County records in Plat Book 35 at Page 29, including a 150' power line easement along the southern portion of the insured property.
7. That certain Declaration of Covenants dated March 16, 2004 regarding certain wetland areas located within the Common Elements, said Declaration having been filed of record in Book 1928, Page 322, Beaufort County Records.

**It is noted that the listing of the above matters 1 through 7 by Declarant is not intended to burden the Property with such matters if, in fact, they do not already apply to the Property, or portions thereof.**

FURTHER, the above property is submitted to the Regime subject to all easements as shown on the above plat of record and to all existing utility easements or easements to be granted in favor of the Beaufort-Jasper Water & Sewer Authority, Palmetto Electric Cooperative, Bluffton Telephone and Appliance Company, Inc., of record in the Beaufort County Records, South Carolina.

Note: The Plat referenced above in the legal description was recorded on March 11, 2004 in Plat Book 98 at Page 43, in advance of filing of this Master Deed. At the time of the filing of the Plat, the phasing of the Units had not yet been fully determined. Hence, the chart (Area Table) contained on the Plat (above the title block), while including accurate information, is not consistent with the phasing now set forth in the Master Deed. Hence, for purposes of clarification of the records, the pertinent information is set forth below in this Exhibit A so as to correct the Area Table set forth in the Plat:

**AREA TABLE**

(All measurements are approximate and in square feet)

**PHASE 1**

	<u>Unit G</u>	<u>Unit W</u>	<u>Unit A</u>	<u>Square Feet</u>
Proposed improvements under roof	11,000 SF	6,700 SF	7,000 SF	
Proposed Cross Easement Areas	<u>97,900 SF</u>	<u>62,433 SF</u>	<u>36,560 SF</u>	
Subtotal	108,900 SF	69,133 SF	43,560 SF	221,593 SF
	Wetlands Delineation Area with <u>Buffer</u>	Access Area <u>Area</u>	Remaining <u>(Uplands)</u>	
Proposed Common Elements Area	37,065 SF	4,859 SF	91,634	<u>133,558 SF</u>
Total Phase 1 Area				355,184 SF

**FUTURE PHASES**

Future Phase Property Areas (includes Batchelor Area)	<u>711,946 SF</u>
<b>TOTAL</b>	<b>1,067,097 SF</b>

**Derivation**

The property described above as Phase 1 is a portion of the property conveyed to Black Diamond, LLC., by Deed of Consolidated Equities Realty #2, LLC dated September 19, 2003, recorded in the Beaufort County Records, South Carolina, in Book 1851 at Page 2454. The property described above as the relocatable Access Area is located on a portion of the property conveyed to Black Diamond, LLC by deed of The Greenery, Inc. dated November 17, 2003 and recorded in the Beaufort County Records, South Carolina, in Book 1884 at Page 641.

**Future Phase Property**

All those certain pieces, parcels or tracts of land situate, lying and being in Bluffton Township, Beaufort County, South Carolina, consisting of four different parcels being depicted on the plat entitled "The 1188 Centre Horizontal Property Regime", said plat prepared by Ward Edwards, Inc., and certified to by Donald R. Cook, Jr., S.C. PLS No. 19010, said plat is dated November 6, 2003, as last revised March 9, 2004, and is recorded in the Beaufort County Records, South Carolina, Plat Book 98 at Page 43, said parcels being identified on said plat as: "Future Phase Property 71,305 Sq. Ft."; "Future Phase Property N/F Black Diamond 394,241 Sq. Ft."; "Future Phase Property N/F Peter J. Batchelor 29,902 Sq. Ft."; and Future Phase Property N/F The Greenery, Inc. 216,498 Sq. Ft."

For further reference to the courses and distances, metes and bounds of the various Future Phase tracts, reference is made to the aforementioned plat of record.

In case of conflict, if any, between this description and the aforementioned Plat, the Plat shall be controlling.

BETHEA, JORDAN  
& GRIFFIN, P.A.  
ATTORNEYS AND  
COUNSELORS AT LAW

Exhibit "A" to Master Deed The 1188 Centre HPR  
Page 3

**EXHIBIT "B" TO MASTER DEED**  
**THE 1188 CENTRE HORIZONTAL PROPERTY REGIME**

**PROPOSED ELEVATIONS AND FLOOR PLANS**  
**OF BUILDINGS THAT WILL BE PART OF UNITS A, G AND W**

Attached as Exhibit "B" to the Master Deed of The 1188 Centre Horizontal Property Regime are a number of items the purpose of which is to depict the floor plans and elevations of buildings that will be part of Units A, G, and W. Set forth below is a schedule of the Exhibit "B" attachments:

**Building A**

<u>Description</u>	<u>Drawing Nos.</u>
Floor Plan	Drawing 2
Elevations	Drawing 3

The above plans for Building A were prepared by Rick Jack, Architect, and are dated April 23, 2004, and are shown as Project No. 2K30946 , and as recorded in the Official Land Records for Beaufort County, South Carolina in Plat Book 99 at Page 136 .

**Building G**

<u>Description</u>	<u>Sheet Nos.</u>
Floor Plan	Sheet No. A1
Elevations	Sheet Nos. A5 and A6

The above plans for Building G were prepared by Lehman, Mehler, Hirst, Thornton Associates, Lee N. Mehler, Architect, and are dated July 9, 2003, as last revised December 10, 2003 and are shown as Project No. 03190 , and as recorded in the Official Land Records for Beaufort County, South Carolina in Plat Book 99 at Page 136 .

**Building W**

<u>Description</u>	<u>Sheet Nos.</u>
Floor Plan	Sheet No. A100
Elevations	Sheet Nos. A200 and A201

The above plans for Building W were prepared by Hedegor, LLC, Peter A. Hedegor, Architect, and are dated January, 2004, and as recorded in the Official Land Records for Beaufort County, South Carolina in Plat Book 99 at Page 136 .

BETHEA, JORDAN  
& GRIFFIN, P.A.  
ATTORNEYS AND  
COUNSELORS AT LAW

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**EXHIBIT "C"**

**BY-LAWS**

**OF  
THE 1188 CENTRE HORIZONTAL PROPERTY REGIME  
AND  
THE 1188 CENTRE OWNERS' ASSOCIATION, INC.**

**ARTICLE I**

**PLAN OF OWNERSHIP**

Section 1. **HORIZONTAL PROPERTY REGIME.** The Property (the term "Property" as used herein means and includes the land, the buildings, all improvements and structures thereon) located on Fording Island Road, Bluffton, South Carolina, known as THE 1188 CENTRE HORIZONTAL PROPERTY REGIME has been, by Master Deed, submitted pursuant to the provisions of the Horizontal Property Act of South Carolina, which said Property shall henceforth be known as THE 1188 CENTRE HORIZONTAL PROPERTY REGIME (hereinafter referred to as "Regime").

Section 2. **ASSOCIATION.** In conjunction with the creation of the above described Regime there also has been incorporated under the laws of the State of South Carolina an Association known as The 1188 Centre Owners Association, Inc. (hereinafter referred to as "Association") which shall, pursuant to the provision of the aforementioned Master Deed, constitute the incorporated owners' association.

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

Section 4. **PERSONAL APPLICATION.** All present or future Owners, tenants, future tenants, or their employees, or any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed establishing said Regime as they may be amended from time to time. The mere acquisition or rental of any of the commercial Units (hereinafter usually referred to as "Units") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Units will signify that these By-Laws, the provisions of the Master Deed, and any authorized recorded amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

**ARTICLE II**

**VOTING, MAJORITY OF OWNERS QUORUM, PROXIES**

Section 1. **ELIGIBILITY.** Any person who acquires title to a Unit in the Regime shall be a member of the Association. There shall be one membership for each Unit owned. Transfer of Ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee. If Ownership is vested in more than one person, then all of the persons so owning such Unit shall agree upon the designation of one of the Owners of such Unit to act as a member

of the Association. If Ownership is vested in a Corporation, said Corporation may designate an individual officer or employee of the Corporation to act as a member of the Association.

Section 2. VOTING. Voting shall be on a percentage basis and the percentage of the vote to which the Owner is entitled is the percentage assigned to the Unit or Units in the Master Deed. Cumulative voting shall not be utilized.

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

Section 4. QUORUM. Except as otherwise provided in Section 6 and elsewhere in these By-Laws, the presence in person or by proxy of a majority of Owners as defined in Section 3 of this Article shall constitute a quorum.

Section 5. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. Notice of proxies may be given by facsimile (fax) transmission or by electronic mail (e-mail) by an Owner to the Secretary.

Section 6. MAJORITY VOTE. A vote of fifty-one (51%) percent vote of the Owners' interests (i.e. percentages assigned in the Master Deed) present at a meeting at which a quorum shall be present shall be binding upon all Owners for all purposes except where in the Master Deed or in these By-Laws, or by law, a higher percentage vote is required.

### ARTICLE III

#### ASSOCIATION - GENERAL MATTERS

Section 1. ASSOCIATION RESPONSIBILITIES. The Owners of the Units will constitute the Association of Owners (hereinafter usually referred to as "Association") who will have the responsibility of administering the Property, electing the Board of Directors and arranging for the management of the Property pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of Owners.

Section 2. PLACE OF MEETINGS. Meetings of the Association shall be at such place, convenient to the Owners, as may be designated by the Association. Telephonic meetings are expressly authorized.

Section 3. RECORD DATE. The Board of Directors shall fix a record date for determining the members entitled to notice of, and members entitled to vote at, each annual or special meeting. Such record date shall be at least ten days, but not more than 40 days before the meeting.

Section 4. ANNUAL MEETINGS. The annual meetings of the Association shall be held at the call of the President once a year between **November 15 and December 15** or at such other time as a majority of the Owners may agree upon. At such meetings there shall be elected by ballot of the Owners a Board of

Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. The Owners may also transact such other business of the Association as may properly come before them.

Section 5. SPECIAL MEETINGS. It shall be the duty of the Secretary to call a special meeting of the Owners as directed by resolution of the Board of Directors, at the request by a majority of the Directors, or upon a petition signed by the requisite percentage of Owners as set forth under South Carolina law and having been presented to the Secretary. A notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice except by consent of two-thirds (2/3) of the votes present, either in person or by proxy.

Section 6. FIRST MEETING. The first meeting of the Association, or a consent resolution of all Owners (the "Consent Resolution), shall be held or executed and delivered, as the case may be, within sixty (60) days from the date of the filing of the Master Deed by the Declarant.

Section 7. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice by first-class, registered mail or facsimile (fax) transmission of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at least fifteen (15), but not more than forty-five (45) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 8. ADJOURNED MEETING. If any meeting of the Association cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. Upon the reconvening of said meeting a quorum shall be constituted if Owners holding at least 51% of the total value of the property in accordance with the percentages assigned in the Master Deed are present in person or by proxy at said reconvened meeting.

Section 9. ORDER OF BUSINESS. The order of business at all Annual Meetings of the Association shall be as follows:

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

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

Section 10. MEMBERSHIP LIST. After a record date for notice of a meeting has been fixed by the Board of Directors, a complete list of members of the Association shall be prepared by the Secretary. This membership list shall list the members by classification of membership and shall include the addresses

(both post office and electronic ("E-Mail") and number of votes each member is entitled to vote at the meeting. Such list shall be maintained in the office of the Association beginning the day after notice is given of the meeting for which the list was prepared and continuing through the meeting.

#### ARTICLE IV

#### BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors (hereinafter referred to as the "Board") comprised of not less than three nor more than five persons. Until succeeded by the Board members elected by the Unit Owners, members of the Board of Directors need not be Unit Owners. So long as the Declarant (as defined in the Master Deed) owns one or more Units and/or the Future Phase Property, the Declarant shall be entitled to elect at least one member of the Board of Directors, who need not be a Unit Owner. After the Declarant has conveyed all Units and is no longer entitled to elect one member of the Board of Directors, all Board members shall be Unit Owners.

Section 2. GENERAL POWERS AND DUTIES. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, or by these By-Laws, directed to be executed and done by the Association or individual Owners and as authorized by the Articles of Incorporation and Section 33-31-801(c) of the South Carolina Code.

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

- (a) Compliance with all of the terms and conditions of the Master Deed and any amendments thereto and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the Common Elements.
- (c) Collection from the Owners (excluding the Declarant), at the time of the closing of the initial sale of each Unit, at least two (2) month's estimated Common Expense assessments for the purpose of establishing a working capital fund for the Association. These funds shall be maintained for the use and benefit of the Association. Owners are not entitled to reimbursement of the working capital fund from the Association upon the sale of their unit.
- (d) Establishment of the annual budget. The budget shall be distributed by the Board to all members of the Association at least thirty (30) days in advance of its effective date and at least ten (10) days in advance of the Association's Annual Meeting. Notwithstanding the responsibilities and authority of the Board, the budget may be modified by the Association at the Annual Meeting or a Special Meeting of the Association by a two-thirds (2/3) vote of the Owners present at such meeting, in person or by proxy.
- (e) As a part of the annual budget described in (d) above, establishment and maintenance on behalf of the Association of an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the Common Elements.

(f) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the Common Elements

(g) Collection of all assessments and fees from the Owners.

(h) Execution of any and all legal documentation, including, but not limited to, deeds, leases, notes, mortgages, easements, maintenance agreements, management agreements, and the like relating to any Common Elements and/or Limited Common Elements of the Regime.

(i) Performing repairs to the Common Elements caused by any natural disaster or man-made damage from the reserve account and any special assessment, or causing the same to be done.

(j) Obtaining of insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done as set forth in ARTICLE VIII hereof.

(k) Grant or relocate easements which are not inconsistent with the Owners' full use and enjoyment of the Common Elements, including, e.g., the Cross Easements referenced in §7.5 of the Master Deed.

(l) Making of repairs, additions and improvements to or alterations of, the Common Elements and repairs to and restoration of the Property in accordance with the other provisions of these By-Laws; provided, however, that the Board of Directors shall not undertake any repair covered by the warranty without the consent of a majority of the Owners.

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

Section 4. MANAGEMENT AGENT. The initial Management Agent shall be the Declarant who shall be entitled to a management fee. The management fee intended to cover administrative and management costs, shall be no more than ten (10%) percent of all operating expenses. Thereafter, the Board may employ a Management Agent at the compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article. Any such management contracts shall be for a reasonable term and shall contain reasonable provisions regarding the right of the Association to terminate said contracts. If at any time during the management of the Property by this or some other professional management entity, any decision thereafter by the Association to establish self management by the Association shall require the prior consent of Unit Owners holding sixty-seven (67%) percent of the votes in the Association.

Section 5. FIRST BOARD OF DIRECTORS. The first Board of Directors consisting of three (3) members shall be designated by the Declarant. These appointments will be temporary and will continue only until the first annual meeting of the Owners held pursuant to the provisions of these By-Laws or the execution and delivery of the Consent Resolution. At the first Annual Meeting of the Association, the initial term of office for the three (3) members of the Board shall be fixed at one (1) year. The members of the Board shall hold office until their successors have been elected and hold their first meeting. Any and all of said Board

Members shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 6 of this Article. During the period in which the Declarant's designees constitute a majority of the Board of Directors, the Board of Directors shall not enter into any contract having a term which extends beyond one (1) year. At the first Annual Meeting, the Board may take the necessary steps to expand the Board to comply with ARTICLE IV, Section 1 of these By-Laws, or, the Owners, at a regular or special meeting may determine to vote to expand the Board up to five (5) seats.

Section 6. VACANCIES. Vacancies in the Board of Directors caused by reason other than the removal of a member of the Board by a vote of the Association or the sale of a Building (which shall be filled by the transferee's designee) shall be filled by the Unit Owners of the Building for whom such director served as designee, and each person so elected shall be a member of the Board until a successor is elected at the next meeting of the Association.

Section 7. REMOVAL OF MEMBERS OF THE BOARD. At any annual or special meeting of the Association duly called where the notice of a meeting states that the purpose, or one of the purposes, is to remove a director, any one or more of the members of the Board may be removed with or without cause by a majority of Owners and a successor may then be designated by the removed director, or in lieu of such action, by the Owner of the Building for whom such director serves. Any member of the Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting.

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

Section 9. REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least one (1) such meeting shall be held each fiscal year. Telephonic meetings are expressly authorized. Notice of regular meetings of the Board shall be given by the Secretary-Treasurer or other designated person, to each Board member, personally or by mail, telefax, or telegraph, at least fifteen (15) 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 seven (7) days notice to each Board Member, given personally or by mail, telephone, telefax or telegraph, which notice shall state the time, place (as hereinabove provided), and the purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) Board members.

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

Section 12. BOARD QUORUM. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there

is less than a quorum present, the majority of the Board members present may adjourn the meeting from time to time. At any such adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

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

Section 14. COMPENSATION. No member of the Board of shall receive any compensation from the Regime for acting as such; however, any director may be reimbursed for his actual expenses incurred in the performance of his duties. This provision shall not preclude the payment of compensation to the manager for services rendered, such compensation to be determined by the Board of Directors.

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

Section 16. JOINDER BY WRITTEN CONCURRENCE. A member of the Board may join by written concurrence in any action taken at a meeting of the Board by signing and concurring in the minutes of that meeting, but such concurrence shall not be used for purposes of creating a quorum.

## ARTICLE V

### OFFICERS

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

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

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

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

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

Section 6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall authenticate the records of the Association; he shall have charge of such books and papers as the Board may direct. He shall, in general, perform all the duties incident to the office of the Secretary.

Section 7. TREASURER. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. He shall, in general, perform all the duties incident to the office of the Treasurer.

Section 8. INDEMNIFICATION OF OFFICERS. Officers shall be indemnified to the extent provided for in Section 15 of ARTICLE IV.

## ARTICLE VI

### NOTICES

Section 1. DEFINITION. Whenever under the provisions of the Master Deed or of these By-Laws notice is required to be given to the Board of Directors, any manager or Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, or by overnight courier service such as Federal Express, addressed to the Board of Directors, such manager or such Owners at such address as appears on the books of the Association. Notice shall be deemed given three (3) business days after mailing (or five (5) business days if outside of U.S.), next business day if overnight courier and upon receipt if faxed.



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

## ARTICLE VII

### OBLIGATION OF THE OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All Owners shall be obligated to pay the periodic assessments imposed by the Association to meet all Association Common Expenses, which may include, among other things, liability insurance policy premiums and an insurance policy premium to cover repair and reconstruction work in case of hurricane, fire, earthquake and other hazards. The Common Expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Property and any authorized additions thereto. Such may include without limitation, any amount for general working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year. Any and all amounts allocated for general working capital, general operating reserves, and for a reserve fund for replacements shall be commercially reasonable amounts. Provided however, notwithstanding the foregoing, the Association shall not use periodic assessments for the following purposes: (a) above market or non-competitive payments to vendors; (b) costs for which Association is reimbursed by individual Owners so that no duplication of payments shall occur; (c) any profit made by the Association in connection with the Association's assessments; and (d) any costs for which the Association has been reimbursed or receives a credit, refund or discount, provided if the Association receives the same in connection with any costs or expenditures previously included in the assessments for a previous year, the Association shall reimburse the Owners in accordance with their statutory percentage interest for any overpayment for such previous assessments. No less than thirty (30) days prior to the Annual Meeting, the Board shall furnish all Owners with a copy of the budget for the next fiscal year and shall likewise advise them of the amount of the common charges payable by each of them, respectively, as determined by the Board as aforesaid. Payment of the periodic assessment shall be in equal monthly or quarterly (as determined by the Board) installments on or before the first day of each month or quarter, as appropriate, or in such other reasonable manner as the Board shall designate.

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

Special assessments applicable to Limited Common Elements may be imposed by the Association against those owners affected.

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

contribution towards the Common Expenses by waiver of the use or enjoyment of any of the General or Limited Common Elements or by abandonment of his Unit.

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

Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES. The Board shall take prompt action to collect any common charge due from any Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Owner in paying to the Board the common charges as determined by the Board, such Owner shall be obligated to pay a late charge of one and one-half (1½%) percent of the delinquent amount per month on such unpaid common charge from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Owner, or by foreclosure of the lien on such Unit granted by Section 27-31-210, Code of Laws of South Carolina, 1976. With regard to the subordinate nature of such liens as it relates to mortgages recorded prior to the recording of any evidence of such lien, the provisions of Section 27-31-210, Code of Laws of South Carolina, 1976, as amended, shall be controlling.

Section 5. STATEMENT OF COMMON CHARGES. The Board shall, for a reasonable fee not to exceed Ten (\$10.00) Dollars, promptly provide any purchaser, Owner, encumbrancer or prospective encumbrancer of a Unit so requesting the same in writing, with a written statement of all unpaid common charges due from the Owner of that Unit and the purchaser's liability therefor shall be limited to the amount as set forth in the statement. Any encumbrancer holding a lien on a Unit may pay any unpaid common charges payable with respect to such Unit and upon such payment such encumbrancer shall have a lien on such Unit for the amounts paid of the same rank as the lien of his encumbrance.

Section 6. MAINTENANCE AND REPAIR.

(a) Each Owner must perform work within his own Unit, (including the Unit Cross Easement Area) which, if omitted, would affect the Property in its entirety or in a part belonging to another Owner, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of the Units, the Unit Cross Easement Areas, and of those items described in Section 5.5 of the Master Deed, and of all other accessories and Limited Common Elements appertaining or belonging to the Unit shall be at the expense of the Owner.

(c) All maintenance, repair and replacement to the General Common Elements as defined in the Master Deed, unless otherwise provided in the Master Deed, shall be made by the Board or its agent and shall be charged to all the Owners as a Common Expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of the Owner, in which such case the expense shall be charged to such Owner.

(d) Any maintenance, repair and replacement to the Limited Common Elements as defined in the Master Deed, unless otherwise provided in the Master Deed, made by the Board or its agent, shall be charged to all the affected Owner(s) as a limited Common Expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of other Owner(s), in which such case the expense shall be charged to such Owner(s).

Provided, however, that nothing contained herein shall be intended to prohibit the Board, on behalf of the Association, from assuming responsibility for the administration of the maintenance and repair of the Cross Easement areas, so long as the applicable Unit Owner consents.

Section 7. WATER AND SEWER CHARGES. Water and sewer services for the Units shall be supplied by the public utility company to each Unit through a separate meter, each Owner shall be required to pay the bills for water and sewage services to his Unit. Water service for the Common Elements, if any, shall be supplied through a master meter and the Board shall pay as a Common Expense all charges for irrigation and other common services.

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

Section 9. USE OF COMMON ELEMENTS. An Owner shall not place or cause to be placed in the Common Elements of the Regime any obstructions of any kind. Such areas shall be held in common for the enjoyment of the Owners and shall be used for no other purpose than for normal transit through or use of them.

Section 10. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS. The violation of any rules or regulations adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provisions of the Master Deed, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the Unit in which or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition, that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorneys fees, and until such expense is recovered it shall be a lien upon said Unit which lien shall be inferior to the lien of all prior Mortgages.

## ARTICLE VIII

### INSURANCE

Section 1. **INSURANCE BY ASSOCIATION.** The Board of Directors shall be required to obtain and maintain, as set forth below, in forms and amounts as hereinafter prescribed, the following insurance, without prejudice of the right of the Owner to obtain additional individual insurance at his own expense:

(a) **HAZARD INSURANCE.** The Board of Directors shall insure the Common Elements against loss or damage due to fire, windstorm, hail, lightning, and flood, with extended coverage, in an amount not less than the maximum insurable replacement value of said Common Elements as determined by the Board upon recommendation made by the Regime's insurer (it being understood that the Board, at its discretion, may have an appraisal made of the Property for this purpose) or in the amount reasonably obtainable as it relates to the flood coverage. The Board of Directors shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Common Elements. As set forth below in Section 2 of this ARTICLE VIII, each Owner is responsible for insuring his Unit. In the event the Owner shall default with regard to such responsibility or obligation, the Association may, at its discretion, cause the Unit(s) to be insured for fire, windstorm, lightening, and flood with extended coverage and shall have the right to assess the Owner of the Unit in question for all of the costs of same, all as described below.

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

(b) **PUBLIC LIABILITY INSURANCE.** The Board of Directors 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 Unit Owner and to liabilities of one Unit Owner to another Unit Owner.

(c) **WORKER'S COMPENSATION INSURANCE.** The Board of Directors, as necessary, shall obtain Worker's Compensation Insurance to meet the requirements of law.

(d) **PREMIUMS.** All premiums upon insurance policies purchased by the Board of Directors shall be assessed as Common Expenses to be paid by the Unit Owners through periodic assessment as herein provided.

(e) **ADJUSTMENT.** Each Unit Owner shall be deemed to have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Association, subject to the rights of mortgagees of such Unit Owners.

Section 2. **INSURANCE BY UNIT OWNERS.** Each Unit Owner shall be responsible for obtaining, at his sole expense, (a) insurance covering the personal property, wall coverings, decorations, and furnishings within any building or his own Unit and the additions, replacements, and improvements made by him to the Unit; as well as (b) insurance for the Unit itself and any Limited Common Elements appurtenant

to the Unit, covering fire, windstorm, hail, lightning, and flood, with extended coverage. If the individual Owner fails to obtain an insurance policy covering said individual Unit and/or Limited Common Element as required, the Board of Directors may, at its option, obtain such insurance policy and may assess said Owner for the cost of the insurance policy and the cost of collection on the particular policy which shall be issued in the Owner's name on his individual Unit.

As set forth above, it is the intention that each Unit, either including a separate self-contained building or buildings, be insured by the Owner so that in addition to the personal property and building insurance referenced herein, each Owner shall also be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Unit and the Unit Cross Easement areas. It is intended that the insurance provisions of this Section 2, together with the Limited Common Elements Section 1, satisfy the requirements of the Act, and specifically Section 27-31-240.

All such insurance policies shall include, however, provisions waiving (i) any right of the insurer to subrogation claims against the Association and against individual Owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or pro-rata because of the master hazard policy. It is intended that the insurance provisions of this Section 2, together with Section 1, satisfy the requirements of the Act, and specifically Section 27-31-240.

As set forth in Section 5.5 of the Master Deed, the Unit Owner is responsible for any damage to his Unit or another Unit caused by his negligent action or inaction. If a claim is made against the Association's policy as a result of such negligence by a Owner, then the Board may make a determination to assess any non-reimbursable expenses, such as the deductible, attorney's fees, and the like, against the negligent Owner, and such assessment shall be collectible just as any other assessment described in Section 1 of Article VII.

Section 3. **DISTINCTION ON OWNER'S COVERAGE AND REGIME COVERAGE.** As reflected above, both the Association and the Owner has certain insurance responsibilities. The Board, shall have the discretion to balance competing interests of said insurers, should such an occasion arise. Each Owner shall, upon request, provide to the Board, the name and address of his insurer. Furthermore, with the concurrence of all Owners, the Board may obtain such insurance coverage on the Cross Easement areas with the theory being that a common policy may be more economical and may prevent any gaps in coverage.

## **ARTICLE IX**

### **RECONSTRUCTION AND REPAIR**

(1) In the event of casualty loss or damage to the General Common Elements, the Board of Directors shall be responsible for applying the proceeds of all casualty insurance maintained by the Association, if any, to the repair or reconstruction of the General Common Elements.

(2) The Board of Directors shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include such professional fees and premiums for bids as the Board of Directors deems necessary.

(3) If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Owners in accordance with the Exhibit "E" percentage interests.

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

(5) In the event of a casualty, loss, or damage to a Unit, it is understood that the Unit Owner is maintaining such insurance and will be responsible for reconstruction. Any such reconstructed buildings within a Unit must comply with all applicable laws, rules, regulations and ordinances. During reconstruction, the Unit Owner shall carry requisite insurance including, but not limited to, builder's all risk insurance and shall include the Association as an additional named insured.

(6) In the event of a total casualty of a Building and in the event that the Owner of said Building elects not to reconstruct, said Owner shall be responsible for the demolition and removal of any of the remains of said Building and to place the property in an attractive and aesthetically pleasing condition so as not to detract from the other Buildings within the Regime. Further, notwithstanding said Owner's decision, said Owner shall continue to be responsible for its statutory obligation of the Common Expenses.

## ARTICLE X

### INSURANCE TRUST

In the event of casualty loss to the Property, all insurance proceeds for any policies held by the Association and indemnifying the loss or damage shall be paid to the Board of Directors as Insurance Trustee. The Board of Directors, acting as Insurance Trustee, shall receive and hold all such insurance proceeds in trust for the purposes stated in this ARTICLE X, and for the benefit of the Association, the Unit Owners, and their respective mortgagees in the following share:

- (1) Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interests in the Common Elements which are appurtenant to each of the Units.
- (2) Insurance proceeds, if any, paid on account of loss or damage to less than all of the Units, when the damage is to be restored, shall be held for the benefit of Unit Owners of the damaged Units and their respective mortgagees in proportion to the costs of repairing each damaged Unit.
- (3) Insurance proceeds paid when the Property is not to be restored shall be held for the benefit of all Unit Owners, and their respective mortgagees the share of each being

equal to the undivided share or interest in Common Elements appurtenant to the applicable Unit.

- (4) In the event a Certificate of Insurance has been issued to a Unit Owner bearing a mortgagee endorsement, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit 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 required by the loan documents to be paid jointly to the Unit Owners and their respective mortgagees pursuant to the provisions of the Master Deed.

Section 2. **SUBSTITUTION OF INSURANCE TRUSTEE.** The Board of Directors, 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 of Directors shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of this Master Deed.

## **ARTICLE XI**

### **AMENDMENTS**

Section 1. **REQUIREMENTS FOR AMENDMENTS.** Except as otherwise reserved or expressly provided in the Master Deed and except as provided in the Master Deed for an amendment or amendments to admit further Phases to the Regime, if appropriate, and except where a greater percentage is expressly required, either herein, in the Master Deed or by the Horizontal Property Act, these By-Laws may be amended only with the consent of the Owners of Units to which at least sixty-seven (67%) percent of the votes in the Association are allocated.

Section 2. **MATERIALITY OF AMENDMENTS.** Notwithstanding the foregoing, Declarant may amend the By-Laws if it is for the purpose of correcting technical errors, or for clarification only.

## **ARTICLE XII**

### **MISCELLANEOUS MATTERS**

Section 1. **GENDER; NUMBER.** The use of the masculine gender in these By-Laws includes the feminine gender, and when the context requires, the use of the singular includes the plural.

Section 2. **DEFINITIONS.** The definitions contained in SECTION 4 and elsewhere in the Master Deed also apply to these By-Laws.

Section 3. **EXECUTION OF DOCUMENTS.** The President or Vice President and Secretary-Treasurer or Assistant Secretary are responsible for preparing, executing, filing and recording amendments

to the Master Deed and By-Laws, and shall be authorized to execute any other document which the Association may from time to time be required to execute.

Section 4. NOTICES. All notices required by these By-Laws shall be hand delivered or sent by mail to the Association at the address of the President; to Owners at the address of the Unit or at such other address as may have been designated by such Owner from time to time in writing to the Association. All notices from or to the Association shall be deemed to have been given when mailed or delivered, except notice of changes of address which shall be deemed to have been given when received.

Section 5. CAPTIONS. The captions contained in these By-Laws are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision of the By-Laws.

Section 6. INVALIDITY. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 7. CONFLICT. These By-Laws are set forth to comply with the requirements of the Horizontal Property Act of South Carolina, as amended and the South Carolina Non-Profit Corporation Act of 1994. In the event of any conflict between these By-Laws and the provisions of such Statutes or the Master Deed, the provisions of such Statutes or the Master Deed, as the case may be, shall control.

Section 8. WAIVER. No restriction, condition, obligation, or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violations or breaches thereof which may occur.

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**EXHIBIT "D" TO MASTER DEED  
THE 1188 CENTRE HORIZONTAL PROPERTY REGIME  
PHASE 1  
PERCENTAGE OF INTEREST OF UNITS.**

**STATUTORY PERCENTAGE INTEREST.** The percentage of title and interest appurtenant to each Unit and the Unit owners title and interest in the Common Elements (both General and Limited) of the Property and the proportionate share in the profits and common monthly expenses as well as the proportionate representation for voting purposes in the meeting of the Association is based on the proportionate value of each Unit to the value of the total Property as set forth below.

For purposes of the Act and pursuant to the terms of the Master Deed, the percentage interest appurtenant to each Unit of the Regime shall be established in accordance with the following formula:

$$\frac{V}{A} = P$$

- "P" - Percentage Interest of each Unit.
- "V" - Valuation of the respective Units as set forth in this Exhibit "E" to Master Deed
- "A" - Aggregate Valuation of all Units existing in the Regime and added to the Regime as provided in Sections 8 and 9 of the Master Deed.

**CHART ONE**

**UNIT TYPES/STATUTORY VALUES.** The Units in Phase 1 of the Regime have the following statutory value for purposes of the Act:

<u>Unit</u>	<u>Statutory Value</u>
Unit A	\$ 490,000
Unit G	= \$1,225,000
Unit W	= \$ 779,100

**FUTURE PHASE/STATUTORY VALUE.** The Future Phase Units on the original 9.79 acre parcel (Phase 2) will have a total statutory value of \$801,640. The Future Phase Units on The Greenery Parcel (Phase 3) will have a total statutory value of \$1,876,700. The Future Phase Units on the Black Diamond Office Park Parcel (Phase 4) will have a total statutory value of \$4,165,000.

**CHART TWO**

**PHASE 1 STATUTORY PERCENTAGE INTEREST.** Based upon the above values, the percentage of undivided interest in the common elements appurtenant to each Unit in Phase 1 of the Regime is set forth below:

<u>Unit</u>	<u>Statutory Valuation</u>	<u>Phase 1 %</u>
Unit A	\$ 490,000	19.65
Unit G	\$1,225,000	49.12
Unit W	\$ 779,100	31.23
<b>Total:</b>	\$2,494,100	100%

**FUTURE PHASES.** In the event Declarant elects to expand the Regime as provided for herein, the Future Phase Units added to the Regime shall have the total statutory valuation as set forth above. The following Chart Three demonstrates the adjustment in the Percentage Interest assuming that the Future Phase is added to the Regime with the similar total values of Phase 1.

BETHEA, JORDAN  
& GRIFFIN, P.A.  
ATTORNEYS AND  
COUNSELORS AT LAW

**CHART THREE**  
**Assigned Percentage Interests Assuming Future Phases are Added to the Regime**

<u>Unit</u>	<u>Statutory Valuation</u>	<u>Phase 1 %</u>	<u>Phases 1 and 2 %</u>	<u>Projected Phases 1, 2 and 3 %</u>	<u>Projected Phases 1, 2, 3 and 4 %</u>
Unit G	\$1,225,000	49.12	37.17	21.37	11.71
Unit W	\$ 779,100	31.23	23.64	13.59	7.45
Unit A	\$ 490,000	<u>19.65</u>	14.87	8.55	4.68
<b>Sub-Total:</b>	\$2,494,100	100%			
Phase 2					
Unit P	<u>\$ 801,640</u>	—	<u>24.32</u>	13.99	7.66
<b>Sub-Total</b>	\$ 3,295,740		100%		
Phase 3 (Greenery Parcel) No. of Units may vary with this Phase 3					
	<u>\$2,435,300</u>			<u>42.49</u>	23.28
<b>Sub-Total</b>	\$5,731,040			100%	
Phase 4 (Black Diamond Parcels)  No. of Units may vary with this Phase 4					
	<u>\$4,728,500</u>				<u>45.21</u>
<b>Total</b>	\$10,459,540				100%

In the event that addition of Units to the Regime results in a calculation of percentage interest in accordance with the above formula which does not total one hundred (100%) percent, the amount necessary to bring such total to one hundred (100%) percent shall be allocated by the Board of Directors or its designated Management Agent.

**TOTAL VALUE.** The total statutory value of the Property in Phase 1 is \$2,494,100; for Phase 1 combined with Phase 2 is \$3,295,740; with all of Phase 3, \$5,731,040; and with all of Phase 4, \$10,459,540. Per the terms of the Master Deed, each of these "Phases" may be staged with sub-phases.

**NOTE: THESE VALUATIONS ARE FOR PURPOSES OF THE SOUTH CAROLINA HORIZONTAL PROPERTY ACT.**

BETHEA, JORDAN  
& GRIFFIN, P.A.  
ATTORNEYS AND  
COUNSELORS AT LAW

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**EXHIBIT "E" TO MASTER DEED**  
**THE 1188 CENTRE HORIZONTAL PROPERTY REGIME**

STATE OF SOUTH CAROLINA            )  
  )  
COUNTY OF BEAUFORT                )                    **JOINDER OF MORTGAGEE**

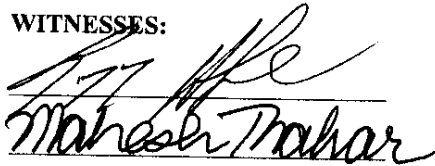
WHEREAS, CAROLINA FIRST BANK ("Mortgagee"), is the owner and holder of a construction loan mortgage upon certain real property located on Hilton Head Island, South Carolina, described on Exhibit "A" to the Master Deed of **THE 1188 CENTRE HORIZONTAL PROPERTY REGIME**; and

WHEREAS, said construction loan documentation is evidenced by that mortgage in the original principal sum of Two Million AND NO/100 DOLLARS (\$2,000,000.00), said mortgage dated September 22, 2003, and recorded in the Land Records of Beaufort County, South Carolina, on October 7, 2003, in Book 1851 at Page 2465, et seq.

NOW, KNOW ALL MEN BY THESE PRESENTS, that Mortgagee joins in the Master Deed of **THE 1188 CENTRE HORIZONTAL PROPERTY REGIME** and the provisions of the Horizontal Property Act of South Carolina for the sole purpose of consenting to the creation by the Declarant of **THE 1188 CENTRE HORIZONTAL PROPERTY REGIME**. Mortgagee makes no representations or warranties as to the validity of the documents creating the Regime nor the development and physical construction of the Building and Units within the Regime.

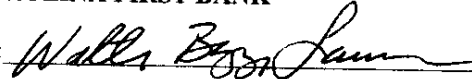
This Joinder of Mortgagee shall in no way affect or diminish the lien of the existing mortgage on the remaining portions of the property described in the aforementioned mortgage described hereinabove.

WITNESSES:

  
Mahesh Trakhar

CAROLINA FIRST BANK

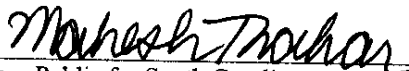
By:



STATE OF SOUTH CAROLINA            )  
  )  
COUNTY OF BEAUFORT                )                    **ACKNOWLEDGMENT**

I, the undersigned Notary Public, do hereby certify that Walter Buzzy Lawson, as (President, Vice-President or other duly authorized officer) of **CAROLINA FIRST BANK**, on behalf of the corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 5<sup>th</sup> day of February 2004

 (SFAL)  
Notary Public for South Carolina  
My Commission Expires: April 6, 2008

{309502.3}

BETHEA, JORDAN  
& GRIFFIN, P.A.  
ATTORNEYS AND  
COUNSELORS AT LAW