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Sharon P. Burns
BEAUFORT COUNTY AUDITOR

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)
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BROAD CREEK)
EDGEWATER, LP)
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TO)
)
THE EDGEWATER ON BROAD)
CREEK HORIZONTAL)
PROPERTY REGIME)

)MASTER DEED ESTABLISHING
)THE EDGEWATER ON BROAD
)CREEK HORIZONTAL
)PROPERTY REGIME (PHASE I)
)
)

At Hilton Head Island, County of Beaufort, State of South Carolina, on this 19th day of December, 2002, **BROAD CREEK EDGEWATER, LP**, a limited partnership organized under the laws of South Carolina, with its principal place of business on Hilton Head Island, South Carolina (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 designated as Exhibit "B" and being attached hereto and made a part hereof and being recorded in the Register of Deeds Office for Beaufort County, South Carolina (the "ROD"), in Plat Book 91 at Page 5.

2. PROPERTY; REGIME; ASSOCIATION.

Declarant does hereby, by duly executing this Master Deed, submit the land referred to in Section 1, together with the buildings and improvements erected thereon, and all easements, rights and appurtenances belonging thereto

(hereinafter referred to as the "Property") to the provisions of the Horizontal Property Act of South Carolina, Section 27-31-10, et seq., 1976 Code of Laws of South Carolina, as amended (the "Act"), 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 "Edgewater on Broad Creek 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 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 "Edgewater on Broad Creek Owners' Association, Inc." (hereinafter referred to as the "Association") which shall, pursuant to the provisions of Section 27-31-90 of the Act, constitute the incorporated Council of Co-Owners of the Regime and shall be governed by this Master Deed and the By-Laws attached hereto.

3. IMPROVEMENTS.

The improvements constructed on and forming a part of the Property are constructed in accordance with the as-built survey attached as Exhibit "B" hereto and the floor plans attached as Exhibit "C-1" hereto and made a part hereof, which survey was prepared by Surveying Services, Inc., and which floor plans were prepared by NCG Architects, Inc. duly licensed to practice in the State of South Carolina under Registration Certificate Number B-78019. Attached to this Master Deed as Exhibit "C-2" is a certificate by said architect and the Condominium Units constructed on the Property were constructed substantially in compliance with said plans.

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:

(a) **"Act"** means the Horizontal Property Act as currently set forth in Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976, as heretofore amended, and as the same may be hereafter amended from time to time.

(b) **"Assessment"** means a Co-Owner's pro rata share of the Common Expenses which from time to time is assessed against a Co-Owner by

the Association in the manner herein provided and other costs and expenses, which from time to time are assessed against a Co-Owner in accordance with the terms of the Master Deed.

(c) **“Association”** means the Council of Co-Owners as defined by the Act, and also means Edgewater on Broad Creek Owners' Association, Inc., a South Carolina not for profit corporation, its agents, successors, and assigns, the corporate form by which the Council of Co-Owners shall operate the Regime.

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

(e) **“Building”** means a structure or structures, comprising a part of the Property.

(f) **“Common Elements”** means the general and Limited Common Elements, as defined herein in Section 7 and in the Act.

(g) **“Common Expenses”** means the expenses for which the Co-Owners are liable to the Association, including:

(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 any.

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

(h) **“Common Surplus”** means the excess of all receipts of the Association, including, but not limited to, Assessments over the amount of Common Expenses.

(i) **“Co-Owner”** means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a Unit.

(j) **“Condominium”** means a Unit in The Edgewater on Broad Creek Horizontal Property Regime.

(k) **“Condominium Ownership”** means the individual ownership of a particular Unit in a building and the common right to a share, with other Co-Owners, in the General and Limited Common Elements of the Property.

(l) **“Council of Co-Owners”** means all the Co-Owners as defined herein and shall also refer to the Association as herein defined.

(m) **“Declarant”** means BROAD CREEK EDGEWATER, LP a South Carolina limited partnership with its principal place of business located on Hilton Head Island and its successors and assigns.

(n) **“Majority of Co-Owners”** means the Co-Owners owning fifty-one (51%) percent or more of the statutory value of the Property as a whole as referenced in Section 9.

(o) **“Master Deed”** means this deed or declaration, establishing and recording the property of the Regime and all exhibits hereto.

(p) **“Owner”** (See “Co-Owner”) above in Section 4(i)).

(q) **“Percentage Interest”** means such percentage that each Co-Owner owns (in common with all other Co-Owners) in the Property of the Regime and the percentage appertains to each Co-Owner in the expenses of and ad rights in the elements of the Regime held in common.

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

(s) **“Property”** means and includes the land, the Buildings, all improvements and structures thereon, as shown and depicted on **Exhibits “A”, “B”, “C”** and all easements, rights and appurtenances belonging thereto. **“Additional Property”** shall mean such land and-or improvements of the Declarant described in the **Exhibit “A-1”** hereto before such property shall have been submitted to the provisions of the Act by this Master Deed and thereby made subject to the Horizontal Property Regimes established by this Master Deed.

(t) **“Regime”** means The Edgewater on Broad Creek Horizontal Property Regime created by the Master Deed, and all references to the Association, as herein defined, shall likewise include reference to the Regime and vice versa.

(u) **“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 residential use, including one or more rooms or enclosed spaces located on one floor (or parts thereof) in a Building, and with a direct exit to a public street or highway, or to a common area or areas leading to such street or highway. (NOTE: In some of the project documentation the Units may be referred to as **“residences”** or **“villas”**).

(v) **“Utility services”** means and shall included, but shall not be limited to, electric power, hot and cold water, heating, refrigeration, air conditioning, telephone, cable or satellite television, gas, garbage, and sewage disposal.

5. DESCRIPTION OF UNITS; USE; REPAIRS; ALTERATIONS.

5.01 GENERAL DESCRIPTION OF UNITS.

Phase I includes one (1) Building of five (5) residential stories, containing twenty-three (23) individual Units, all of which are to be used for residential purposes only. This Building contains up to 48,444 square feet of heated area. Of this total of twenty-three (23) residential Units thirteen (13) are Type A Units, eight (8) are Type B Units, and two (2) are Type C Units. The Units are capable of individual utilization on account of having their own exits to the Common Elements of the Property and a particular and exclusive property right thereto, and also an undivided interest in the general and Limited Common Elements of the Property, as hereinafter listed in this Master Deed, necessary for their adequate use and enjoyment all of the above in accordance with the Horizontal Property Act of South Carolina.

5.02 INDIVIDUAL UNIT TYPES.

There are three (3) basic types of Units in The Edgewater on Broad Creek Horizontal Property Regime. The number, location, vertical location, dimensions, area, and design of each Residential Unit in Phase I of the Regime are set forth in the attached Plat and Building Plans issued by NCG Architects, Inc., which constitute **Exhibit “C-1,”** or by way of Amendment thereto. Units are and shall be numbered according to Building, Floor, and Unit number.

5.03 WALK THROUGH DESCRIPTION OF UNITS.

(a) A Type A Unit is a residential Condominium, consisting of three bedrooms, three bathrooms, kitchen, utility room, living/dining room areas, and foyer. The Unit contains approximately 1905 square feet of heated area. The Unit has a detached storage area containing approximately 41 square feet of area. The statutory value of a Type A Unit shall be as set forth at Section 9.

(b) A Type B Unit (end Unit) is a residential Condominium, consisting of four bedrooms, three bathrooms, kitchen, den, utility room, living/dining room areas, and foyer. The Unit contains approximately 2150 square feet of heated area. The Unit has a detached storage area containing approximately 41 square feet of area. The statutory value of a Type B Unit shall be as set forth at Section 9.

(c) A Type C Unit (top floor end Unit) is a residential Condominium, consisting of four bedrooms, three bathrooms, kitchen, utility room, den, living/dining room areas, and foyer. The Unit contains approximately 2390 square feet of heated area. The Unit has a detached storage area containing approximately 41 square feet of area. The statutory value of a Type C Unit shall be as set forth at Section 9.

5.04 BOUNDARIES GENERAL RULE.

The boundaries of each Unit shall be as follows:

(a) The upper and lower boundaries shall be the following boundaries extended to an intersection with vertical boundaries:

(1) Upper boundary: the horizontal plane of the bottom undecorated surface of the ceilings of each Unit; in the event that any structural beam, air conditioning duct, heating duct, or any other structural component projects into the area surrounded by the perimeter walls bounding the Unit, the upper boundary of that part of that Unit shall be the horizontal plane of the bottom undecorated surface of said projecting area.

(2) Lower boundary: the horizontal plane of the upper surface of the undecorated concrete floor slab of each Unit; in the event that any structural beam, air conditioning duct, heating duct, or any other structural component projects into the area surrounded by the perimeter

walls bounding the Unit, the lower boundary of that part of the Unit shall be the horizontal plane of the undecorated and unfinished upper surface of said projecting area.

(b) The vertical boundaries of each Unit shall be the vertical plane of all undecorated and unfinished inner surfaces of all perimeter walls, doors, windows, and sliding glass doors, bounding the Unit, extended to the intersections with each other and with the upper and lower boundaries of each Unit. In the event that any structural beam, air conditioning duct, heating duct, or any other structural component projects into the area surrounded by the perimeter walls bounding the Unit, the vertical boundary of that part of the Unit shall be the vertical plane of the undecorated and unfinished inner surface of said projecting area.

(c) The balconies, if any, abutting any Unit are Limited Common Elements appurtenant to that Unit to which they attach, and their use is restricted to that Unit to which they are appurtenant. Abutting the Type A Units are exterior balconies containing approximately 205 square feet of area except for Unit #2102, 2103 and 2104 which have exterior balconies containing 307 square feet. Abutting the Type B Units are exterior balconies containing approximately 269 square feet of area. Abutting the Type C Units are exterior balconies containing approximately 220 square feet of area. Maintenance, other than structural, and upkeep of each balcony shall be the primary responsibility of the Owner of the Unit to which that balcony is appurtenant and the secondary responsibility of the Association.

(d) All doors and windows, which are inside the Unit, within the perimeter walls of a Unit, shall be deemed a part of said Unit. All doors and windows, including sliding glass doors that connect directly to the exterior of the Unit shall not be deemed a part of said Unit and shall be a Limited Common Element.

(e) All pipes, wires, or other conduits, running to and from all electrical, heating, air conditioning, or ventilation systems, television, telephone, water, and sewer installations within a particular Unit, which branch off or run from a common pipe or wire serving more than one Unit, shall be part of a Unit from that point at which it branches off the common pipe or wire regardless of whether or not said pipe or wire is within the perimeter of a Unit. the upkeep and maintenance of said pipe and wires shall be the responsibility of the Owner of the Unit. All other pipes and wires are parts of the Common Elements, and

the upkeep and maintenance of the same shall be the responsibility of the Association.

(f) All load bearing walls located within a Unit constitute a part of the Common Elements up to the unpainted, finished surface of said walls. All load bearing columns located within a Unit constitute a part of the Common Elements up to the unpainted, finished surface of said columns. In the event that the columns are surrounded by non-load bearing walls, the area within the unpainted, finished surface of the surrounding walls constitute a part of the Common Elements.

(g) Ownership of each Unit shall encompass, and there shall pass with each Unit as appurtenances thereto, whether or not separately described, all of the rights, title, and interest of an Owner in the Property, which shall include, but not be limited to:

(1) Membership in the Association composed of all Owners: Membership in the Association shall include the right to vote on all matters, which under the Master Deed and By-Laws are to be decided by the Owners. Each Owner shall be entitled to a vote equal to his percentage of ownership in the Common Elements as set forth in Section 9.02 herein; and

(2) The Owners' undivided Total Percentage Interest as hereinafter defined in the Common Elements, which shall be the percentage allocated to each Unit as set forth in Section 9 herein.

5.05 UNITS/NUMBERING SYSTEM/TYPE.

The twenty-three (23) Units contained in one (1) Building are located and numbered as follows:

<u>Floor</u>	<u>Unit No./Type</u>
1	Unit 2101/B
1	Unit 2102/A
1	Unit 2103/A
1	Unit 2104/A
1	Unit 2105/B
2	Unit 2201/B

2	Unit 2202/A
2	Unit 2203/A
2	Unit 2204/A
2	Unit 2205/B
3	Unit 2301/B
3	Unit 2302/A
3	Unit 2303/A
3	Unit 2304/A
3	Unit 2305/B
4	Unit 2401/B
4	Unit 2402/A
4	Unit 2403/A
4	Unit 2404/A
4	Unit 2405/B
5	Unit 2501/C
5	Unit 2502/A
5	Unit 2503/C

All of the aforementioned Units are more particularly shown on the plans thereof attached hereto as **Exhibit "C-1,"** which plans are incorporated herein in the same manner as if expressly set forth in this Section 5.05, and said plans, together with the Unit numbers and square footage of area in each Unit, and likewise together with the description of Unit boundaries as herein set forth in Section 5.04, shall constitute a complete description of the Units within the Regime.

5.06 OWNER'S RESPONSIBILITIES FOR MAINTENANCE AND REPAIR.

(a) While generally an Owner is responsible for the maintenance and repair of the area described above in Section 5.05 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 and repair of the following, 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 Unit, which are regarded as enclosures of space;

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

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

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

(5) the appliances, air conditioning and heat pump Units, (compressors, air handlers and condensers), 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, porch or service area that is integral and exclusive to the Unit and the concrete surface, and/or topping within any such area;

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

(8) the Owner's outside storage closets which constitute a Limited Common Element; and

(9) any damage to the Unit itself or to a contiguous (i.e. either adjacent, upstairs or downstairs) 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.

Notwithstanding the foregoing by allocating responsibilities of maintenance and repair to Owners, it is not the intention of Declarant to affect the ultimate insurance obligations as well as the reconstruction obligations of the Regime.

(b) Except in the event of an emergency situation, in the event that the Association 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, then the Association 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 fifteen (15) 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 fifteen (15) 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.

5.07 USES OF UNITS.

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

(b) The Declarant herein subjects the Regime to the further limitation and restriction that it shall be used and occupied for whole-time residential dwelling Units only. Reference is made to Section 14 *infra* regarding prohibition of time-sharing plans and reservation of rights regarding multiple ownership plans.

(c) No Unit Owner shall do, suffer, or permit to be done, anything in his Unit which would impair the soundness or safety of the Regime, or which would be noxious or offensive or an interference with the peaceful possession and proper use of other Units, or which would require any alteration of or addition to any of the Common Elements to be in compliance with any applicable law or regulation, or which would otherwise be in violation of law.

(d) In case of any emergency originating in or threatening any Unit, regardless of whether the Owner or his tenant, if any, is present at the time of

such emergency, the Association's Board of Directors and all managerial personnel shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the Owner of each Unit, if required by the Association, shall deposit under the control of the Association a key to such Unit.

(e) Reference is made to Section 14 infra, regarding the recorded Covenants applicable to the Unit.

(f) Reference is made to the By-Laws attached hereto as Exhibit "D" for specific rights and authority of the Board with respect to Common Elements.

(g) Notwithstanding anything else to the contrary in this Section 5.07, the Declarant shall be permitted to use one or more Units for purposes of a real estate sales model and office. Declarant also reserves the right to use a portion of the Clubhouse designated by the Declarant for real estate sale office and as an office for the Management Agent for as long as Declarant owns more than one (1) Unit on the Property

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

5.08 DEEDS TO UNITS.

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

5.09 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 "D".

5.10 SUBDIVISION AND RELOCATION OF BOUNDARIES BETWEEN UNITS.

(a) 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 Condominium Units (i.e. 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 5.10 (b) et seq.

(b) The Owner of a Unit or Owners of adjoining Units may, at any time, deliver a letter to the President of the Association requesting approval from the Board 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 to be created must contain at least 950 square feet of Unit space as herein defined for a Type A Unit, 1050 square feet for a Type B Unit and 1150 square feet for a Type C Unit; and

(2) at least one boundary of each Unit to be created must be coterminous with a partitions wall, extending in one plane for at least 6 feet, which divides the Unit from a hallway constituting a Common Element in the Building; and

(3) 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 Building, 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; and

(4) the subdivision shall not result in an increase in the number of Units allocated or otherwise permitted to exist on the Property

under the existing permits, covenants of record, or applicable zoning ordinances; and

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

(c) The President shall submit the above request for subdivision to the Board members upon receipt. If said subdivision is approved by a majority vote of the Board, either at a meeting thereof or by written consent and by the Declarant during the period the Declarant has reserved to add Future Phases to the Regime, 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 subdivisions 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 5.05. 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 Elements shall be a Limited Common Element to those resulting Units within said subdivided Unit; provided, in no event shall the Owner(s) of the other Units 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.

(d) The Amendments to the Master Deed and plans to reallocate Units are only effective when executed in the manner required by this Section 5.10 and recorded. The consents to the Amendment by the mortgagees of the affected Units shall also be recorded.

(e) In the event of a subdivision per Section 5.10(b) 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 5.10(b), Unit Owners are entitled to relocate the boundaries between adjoining Units and reallocate the assigned appurtenant interests of those Units accordingly.

5.11 ALTERATIONS IN UNITS.

(a) 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.

(b) Subsequent to a subdivision of a Unit pursuant to Section 5.10 or in the situation where a Unit Owner already 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 the wall. Such an alteration does not constitute a relocation of boundaries between Units as defined in Section 5.10 above.

(c) Any Unit Owner altering a Unit pursuant to this Section or Section 5.11 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 disturbances 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.

(d) Any Owner, including Declarant, may remove all or a portion of any non-load bearing wall located within the perimeter walls bounding the Unit, provided the Owner obtains the advance written approval of the Association to

do so, which approval shall be given to the Owner upon the Association's satisfaction that the wall is in fact non-load bearing and non-structural and that its removal shall not cause any harm or damage to the Owner's Unit, the Building(s), or other Units contained in the Building(s), and upon the Owner agreeing to be solely responsible for all losses, costs, and liabilities which may arise on account of or in connection with the removal of the wall. The Association may impose reasonable conditions upon such approval, including, but not limited to the requirement for liability and/or property damage insurance, insuring the Association or other Owners. The removal of all or a portion of any wall shall not have the effect of changing the type of the Unit, the statutory value attributable to the Unit, or the Percentage Interest in the Common Elements and Limited Common Elements, attributable to the Unit.

(e) When any alterations approved by the Association 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.

6. AREAS COMPRISING PROPERTY.

(a) Land. The lands which may be made subject to this Master Deed are those certain tracts or parcels described in Exhibits "A," "A-1," and "B" attached hereto and consisting of approximately 23.65 acres, which are owned by Declarant in fee simple subject to certain liens, encumbrances, rights-of-way, easements, covenants, and restrictions.

Hereafter, at one time, or from time to time, Declarant has constructed or may, in the future, construct roadways ("Roadways") providing ingress and egress to and from the Property. Declarant shall not be obliged to convey to the Association these Roadways as a Common Element (but may do so at Declarant's sole discretion). However, Declarant herewith conveys to each Owner of a Unit and to every permitted occupant of that Unit, a non-exclusive, temporary easement over, upon, and across such Roadways which are not included in the description of the Property at Exhibit "A", if any, for ingress and egress to and from Marshland Road. These non-exclusive easements are temporary and shall automatically terminate and become null and void immediately upon merger by incorporation of any part of the Roadways into another Horizontal Property Regime, the Master Deed of which establishes or conveys a permanent, non-exclusive, unrestricted easement for passage over that portion of the Roadways by Owners of Units created by this Master Deed. Declarant reserves the right, in its sole discretion, to relocate these areas and the

temporary easements over them without notice to any Owner or occupant of a Unit. In such event, Declarant shall and is hereby especially empowered to prepare and record in the ROD Office for Beaufort County, South Carolina, an Amendment to this Master Deed, amending Exhibit "A" hereto, to show the areas and revised areas of these non-exclusive easements, without notice to or consent by Owners or occupants of Units. Such Amendment to be effective upon recordation of same in the ROD Office for Beaufort County, South Carolina.

(b) Incorporation of Additional Property. Hereafter, at one time or from time to time, Declarant, its successors and assigns hereby expressly reserves the right to be exercised in its sole discretion to submit one or more parcels of Additional Property to the provisions of the Act by incorporating them within this Master Deed. Additional Property shall be submitted to the Act subject to all recorded utility easements and other easements discussed in this Master Deed and any Amendments hereto. The maximum extent of additional land that the Declarant may submit to the provisions of this Master Deed is that property containing approximately 16.01 acres of land, as described on Exhibit "A-1," attached hereto and incorporated herein by reference.

A general description of the plan of development follows:

(1) The maximum number of Units in each proposed stage of development. There are six (6) proposed stages ("Phases") of development. Phase I consists of twenty-three (23) Units; subsequent Phases ("Future Phases"), if developed, will have together no more than one hundred twenty-four (124) additional Units.

(2) The dates by which the Owner submitting such property to Condominium ownership will elect whether or not he will proceed with Phase. For all proposed Phases, the election whether or not each Phase will proceed shall be made by December 31, 2010.

(3) A general description of the nature and proposed use of any additional Common Elements, which the Owner submitting Property to Condominium ownership proposes to annex to the Property described in the Master Deed, if such Common Elements might substantially increase the proportionate amount of the Common Expenses payable by the existing Unit Owners. There are no such additional Common Elements contemplated in the plan of development, which, reasonably considered, might substantially increase the proportionate amount of the

Common Expenses payable by existing Unit Owners. At present, it is contemplated that Future Phases may include a large waterfront pool and a community observation pier on Broad Creek.

(4) In Section 9.04 herein is a chart showing the Percentage Interest in the Common Elements of each original Unit Owner at each stage of development, if the Owner submitting property to Condominium ownership elected to proceed with all contemplated stages of development.

(5) Declarant, its successors and assigns may, in its sole discretion, incorporate one or more Future Phases into the Regime.

(6) Declarant may, in its sole discretion, vary the order of inclusion of any and all Future Phases, such that a Phase may be included out of numerical order.

(7) Declarant may, in its sole discretion, vary the design of each Phase and the design of Units within each Phase that may be incorporated or submitted to this Master Deed.

(8) If Declarant exercises its rights to incorporate any one or Future Phases, the ownership of Common Elements of the Association and voting rights attributable to any particular Unit shall be determined by the ratio of the statutory value of that particular Unit to the statutory value of all the Units in the Regime from time to time. It is understood that if and as Additional Property is brought into the Regime by Amendment of the Master Deed, the relative Percentage Interest of the Owners will change.

(9) Any additional amenities or recreational facilities, which may or may not be in the additional Phases, are solely at the option of Declarant. The description in any sales or promotion literature of the Declarant of any potential additional amenities or recreational facilities shall not, of itself, oblige the Declarant to construct such or to convey them to the Regime as Common Elements.

(10) If Declarant shall elect to incorporate one or more Future Phases into the Regime or to submit Additional Property to the Regime, such shall be accomplished by recordation of an Amendment, which shall include the revised Percentage Interest which each Owner owns, to

this Master Deed in ROD Office for Beaufort County, South Carolina, and such election shall be effective on the date of recordation.

(11) The Units which may be included in Additional Property, which may later be added to this Regime, include the Types A, B, and C Units herein described. Notwithstanding the foregoing, the Declarant reserves the right to include other types of Units in the Future Phases.

7. COMMON ELEMENTS.

The Common Elements of the Property are as follows:

7.01 GENERAL COMMON ELEMENTS.

General Common Elements are as follows:

(a) The Property, excluding the Limited Common Elements and the Units, and including but not limited to the land on which the Units are constructed, the foundations, stairways, exterior portions of perimeter walls, including exterior stucco wall surfaces, those portions of partitions and walls separating Units not otherwise part of the Unit, load-bearing columns or walls, slabs, public utility lines; and pipes, wires or conduits located within slabs or elsewhere in the Building other than as described in Section 5.05. In each instance there shall also be included the space actually occupied by the above.

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

(c) All roads (except such "Roadways" as described in Section 6 (a)), walkways, paths, wood decking and boardwalks, trees, shrubs, yards, (except such as are designated as Limited Common Elements) gardens, planter areas, fountains, etc.

(d) The fire equipment rooms, elevator and appurtenant equipment room, and sprinkler systems and area occupying same.

(e) All installations, and are occupying same, outside of the Units for services such as power, light, gas (including underground storage tanks) telephone, television, water and other similar utilities.

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

(g) The mail box and all appurtenances thereof.

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

(i) The Community Center building (the "Clubhouse") and two (2) tennis courts as depicted on the as-built survey.

(j) The gatehouse as depicted as One-Story Stucco Building on the as-built survey referenced above.

(k) All areas not designated as a Limited Common Element and not described as lying within the boundary of a Unit as described in Section 5.05 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.

7.02 LIMITED COMMON ELEMENTS.

Limited Common Elements as defined in the Act are those Common Elements reserved for the use of certain Unit owners to the exclusion of other owners. In **The Edgewater on Broad Creek Horizontal Property Regime**, the Limited Common Elements are as follows:

(a) All balconies and decks immediately adjacent to each Unit or to which each Unit has direct access from the interior thereof as shown on the floor plans identified as Exhibit "C-1" and on the as-built survey identified as Exhibit "B".

(b) The space lying between the upper boundary of each Unit as described in Section 5.05 and the floor or roof above such Unit subject to easements for utilizing service as previously described.

(c) The Owner's remote storage areas (lockers) located on the garage level beneath the Building as shown on the floor plans identified at Exhibit C-1 and on the as-built survey identified as Exhibit "B", which are numbered consistent with the Unit numbers and which are assigned specifically to each Unit for the sole and exclusive use of the Co-Owner.

(d) The ground level parking spaces located on the garage lever beneath the Building as shown on the floor plans identified at Exhibit "C-1" and on the as-built survey identified as Exhibit "B", which are numbered consistent with the Unit Numbers and are assigned specifically to each Unit for the sole and exclusive use of the Co-Owner. Each Unit will be assigned one (1) parking space.

(e) All other areas depicted as Limited Common Elements to the Units on the floor plans attached as Exhibit "C-1".

8. REVOCATION AND AMENDMENT.

The dedication of the Property to the Regime herein shall not be revoked, nor the Property removed from the Regime, nor any of the provisions herein materially amended unless all of the Co-Owners and the mortgagees of all the mortgages covering the Units unanimously agree to such revocation, or Amendment, or removal of the Property from the Regime by duly recorded instrument; provided, however, that without the consent of the Unit Owners or mortgagees, the Declarant, or its successors, or assigns in title to all or any portion of the Future Phase Property, may at any time prior to the termination of the reservation of rights period specified in Section 6 herein, amend the Master Deed and the Bylaws, if required, (i) in the manner set forth in Section 5.10(c) as it relates to subdivision and relocations of boundaries between units; (ii) so as to subject the Future Phases to the provisions of this Master Deed and the Act so

as to make the Future Phases Property or any part thereof an integral part of the Regime; and (iii) to correct any scrivener's error, to correct conflicts between this document and the Act, to address any issues of probable concern to the Regime which may not be adequately herein addressed, to effect compliance with any requirements of any governmental law or ordinance, insurer, guarantor or purchaser of mortgage loans, and/or to enable any reputable title insurance company to issue title insurance coverage with respect to the Units. Notwithstanding any provision herein in this Section 8, the Association may amend the provisions of the By-Laws attached hereto as **Exhibit "D"** as provided for therein in Article XIII or elsewhere in said By-Laws. Any such Amendment shall, when read in concert with the Master Deed, contain all of the particulars required by said 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 applicable Future Phases Property. The Future Phases Units are to be as described in Section 6 hereof and this Section 8. The designation of each Unit in the Future Phases by Unit type and its proportionate interest in the Common Elements is set forth in Section 9 herein.

If Declarant elects to make all or any portion of the Future Phases Property a part of this Regime as herein provided, Declarant shall cause to be prepared and made a part of the Amendments by which each Phase is incorporated into the Regime a schedule designating Unit types reflecting each Unit's proportionate interest in the Common Elements, which schedule shall be similar in content and format to the Schedule set forth in Section 9 hereof, prepared using the requirements and guidelines set forth in Section 6 hereof and this Section 8. Upon the recordation of the Amendments to make the applicable Phase of Future Phases Property a part of the Regime, the provisions regarding revocation and Amendment set forth in this Section 8 shall have equal application thereto. The Declarant shall not be required to obtain the consent of the Unit Owners or mortgagees for any amendments to this Master Deed for the purpose of adding the Future Phases.

9. PERCENTAGE INTEREST OF UNITS.

9.01 STATUTORY PERCENTAGE INTEREST.

The percentage of title and interest appurtenant to each Unit and the Unit Owner's 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 statutory value of each Unit to the statutory value of the total Property 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 Section 9.03 and in the Amendments to Master Deed for Phase I - VI.

“A” - Aggregate Valuation of all Units existing in the Regime and added to the Regime as provided in Sections 6 and 8 of the Master Deed.

9.02 STATUTORY PERCENTAGE INTEREST/ALL UNITS.

The three (3) basic types of Units have the statutory values in the table below, varying with dependence on Floor number. Based upon the below statutory values, the percentage of undivided interest in the Common Elements appurtenant to each Unit in Phase I of the Regime is set forth below:

<u>Unit No./Type</u>	<u>Statutory Value</u>	<u>Percentage Phase I</u>
Unit 2101/B	\$462,194.00	4.6%
Unit 2102/A	\$409,946.00	4.08%
Unit 2103/A	\$409,946.00	4.08%
Unit 2104/A	\$409,946.00	4.08%
Unit 2105/B	\$462,194.00	4.6%
Unit 2201/B	\$462,194.00	4.6%

Unit 2202/A	\$409,946.00	4.08%
Unit 2203/A	\$409,946.00	4.08%
Unit 2204/A	\$409,946.00	4.08%
Unit 2205/B	\$462,194.00	4.08%
Unit 2301/B	\$462,194.00	4.6%
Unit 2302/A	\$409,946.00	4.08%
Unit 2303/A	\$409,946.00	4.08%
Unit 2304/A	\$409,946.00	4.08%
Unit 2305/B	\$462,194.00	4.6%
Unit 2401/B	\$462,194.00	4.6%
Unit 2402/A	\$409,946.00	4.08%
Unit 2403/A	\$409,946.00	4.08%
Unit 2404/A	\$409,946.00	4.08%
Unit 2405/B	\$462,194.00	4.6%
Unit 2501/C	\$513,437.00	5.11%
Unit 2502/A	\$409,946.00	4.08%
Unit 2503/C	\$513,437.00	5.11%
Totals	\$10,047,700.00	100%

9.03 OVERALL SUMMARY - COMPOSITE CHART.

Subsequent to the filing of this Master Deed the total number of Units by Type and Percentage Interest is as follows:

<u>Unit Type</u>	<u>Individual % Interest</u>	<u>Total # of Units</u>	<u>Total Percentage</u>
1. A	4.08%	13	53.04%
2. B	4.60%	8	36.80%
3. C	5.11%	2	10.22%
Totals		23	100%*

* Total Total Percentage may not equal 100% due to rounding.

9.04 FUTURE PHASES.

In the event Declarant elects to expand the Regime as provided herein, all Units added to the Regime shall have the same statutory valuations as set forth above provided, however, that Declarant does reserve the right to modify floor plans for Future Phase Units, and in such event the statutory valuation may vary.

The following chart demonstrates the adjustment in the Percentage Interest assuming that Phase II-VI are added to the Regime comprising a total of one hundred twenty-four (124) Units in such Phases and assuming the same average statutory valuation of Units as Phase I. There are eighteen (18) A Units; eight (8) B Units; two (2) C Units contemplated in Phase II. The anticipated mix of Units for each Phase is slightly different and is subject to modification by Declarant. However, the exact adjustment of Percentage Interest is not subject to calculation until the exact number and size of all Units to be added to the Regime is established. There may be a fewer number of Units. 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.

Assigned Percentage Interests Future Phases II - VI

<u>Unit Type</u>	<u>Estimated # of Units</u>	<u>Statutory Valuation</u>	<u>Phase I Percent</u>	<u>Projected Phase I-VI (147 Units) Percent</u>
1. A	89	\$409,946.00	4.08%	0.64%
2. B	50	\$462,194.00	4.60%	0.73%
3. C	8	\$513,437.47	5.11%	0.81%

9.05 TOTAL VALUE.

The total statutory value of the Property in Phase I is Ten Million Forty Seven Thousand Seven Hundred and NO/100 (\$10,047,700.00) Dollars. The total statutory value projected for Phase I through Phase VI combined is Sixty Three Million Seven Hundred Two Thousand Three Hundred Ninety Four and NO/100 (\$63,702,394.00) Dollars. Subject to the overall limitations described in Section 6 of the Master Deed, Declarant will not exceed these estimated numbers for the Future Phase.

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

9.06 NO ALTERATION.

The proportionate representation for voting purpose and the percentage of the undivided interest in the Common Elements (both General and Limited) provided in this Section 9 shall not be altered without the acquiescence of the Co-Owner representing all of the Units expressed in an Amendment to this Master Deed duly recorded as required by Section 8 hereof or except as provided in Sections 6, 8, and 9 with regard to the Amendment of the Master Deed to admit the Future Phases Units.

10. ADMINISTRATION AND BY-LAWS.**10.01 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 Edgewater on Broad Creek Owners' Association, Inc., which shall be an incorporated Council of Co-Owners to serve as the body by which the Unit Owners will manage the affairs of the Regime. Each Unit Owner shall have voting rights in said Association in the same percentage as the percentage of interest his Unit has in the Common Elements. The administration of the Regime, and consequently of the Association, consisting as aforesaid of the Property described above 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 "D".

10.02 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 in Section 10 hereof. In the event that a Unit is owned by more than one Person, the Person entitled to cast the vote for the Unit shall be designated by a certificate signed by all the record Owners of the said Unit and filed with the Secretary of the Association. Further, should such Unit Owner be a corporation, the Person entitled to cast the vote for the Unit shall be designated by a certificate signed by the President or Vice President of the corporation and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. All such certificates shall be valid until revoked, superseded by a subsequent certificate, or until there has been a change in ownership of the Unit concerned.

11. HORIZONTAL PROPERTY REGIME CONSTITUTED.

As appears above, a Horizontal Property Regime is hereby constituted under and subject to the provisions of the Horizontal Property Act of the State of South Carolina, so that the Units may be conveyed and recorded as individual properties capable of independent use and each having its own exit to the Common Elements of the Property, and each Unit Co-Owner having an

exclusive and particular right over his respective Unit and, in addition, the specified undivided interest in the Common Elements of the Property.

12. DECLARANT SUBJECT TO MASTER DEED; DECLARANT USE.

12.01 DECLARANT USE; GENERAL.

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

12.02 DECLARANT USE AS SALES MODEL.

Provided further, that Declarant, and its successors and assigns, shall be entitled to use one or more of the Units and/or the Clubhouse for purposes of a sales model and/or office until the entire project, to include the Future Phases have been sold, it being the intent of Declarant that said reserved rights do not conflict with the residential use restriction described herein above. The Declarant may reserve portions of the Clubhouse designated by the Declarant for use as a sales office and as an office for the Management Agent.

13. TIME-SHARING/INTERVAL AND FRACTIONAL OWNERSHIP.

The Declarant herein subjects the Phase I Property of the Regime to the further limitation and restriction that it shall be used and occupied for whole-time residential dwelling Units in the same manner as other Condominium Units constructed as such within the multi-family residential areas of Hilton Head

Island, and such dwelling Units shall not be utilized for purposes of time-sharing or interval ownership, time-sharing or interval licenses, time-sharing or interval leases, fractional interest or similar plans as those items are currently generally utilized in the real estate industry or as those or similar terms are expressed or defined in Chapter 32, Code of Laws of South Carolina, 1976, as amended, i.e. the South Carolina Vacation Time Sharing Act and the South Carolina Multiple Ownership Act.

14. PROVISIONS AND COVENANTS APPLICABLE TO UNITS.

Each Co-Owner shall comply with the provisions of this Master Deed and authorized Amendments thereto. Failure to comply with such provisions, decisions, or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief. The Units shall also be conveyed subject to the recorded plat and plans of the Property and Amendments thereto and those certain covenants, restrictions, easements and other matters of title as more particularly described at Exhibit "A" hereto.

15. GENERAL CONDITIONS/MISCELLANEOUS MATTERS.

15.01 COMMON ELEMENTS NOT PARTITIONED.

Except as provided herein, the Common Elements shall remain undivided and no Co-Owner shall bring any action for partitioning and/or division.

15.02 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.

15.03 NONUSE NOT EXEMPTION OF LIABILITY FOR COMMON EXPENSES.

No Co-Owner of a Unit may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or

enjoyment of any of the Common Elements or by the abandonment of his Unit.

15.04 ALL USERS OF PROPERTY SUBJECT TO MASTER DEED.

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

15.05 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.

15.06 INSURANCE.

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

15.07 RECONSTRUCTION AND REPAIRS.

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 "D" shall govern all matters pertaining to reconstruction and repair.

15.08 CONDEMNATION.

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

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

15.09 EASEMENT FOR ENCROACHMENT.

If any portion of the Common Elements now encroaches upon any Unit or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if any such encroachment shall occur hereafter as a result of: (a) settling of the Building or Buildings; (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 any Building or any Unit necessitated by damage by fire other casualty; or (d) as a result of condemnation or eminent domain proceedings, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the Building or Buildings stand.

15.10 OTHER REGIME EASEMENTS.

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

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

15.11 SEVERABILITY.

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

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/INTERPRETATION.

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. On all cases, the provisions of this Master Deed shall be given that reasonable interpretation or construction which will best effect consummation of the general plan of

land use restrictions and affirmative obligations of the Property, which will carry out the intent of the Declarant as expressed herein and which will preserve the Property as a situs for an attractive, well maintained, retirement community.

Should any provision of this Master Deed or any section, paragraph, sentence, clause, phrase or term in this Master Deed be declared to be void, invalid, illegal, or unenforceable for any reason by the adjudication of the highest court or other tribunal which considers such matters and has jurisdiction over the parties hereto and the subject matter hereof such judgement shall in no way affect the other provisions hereof which are hereby declared to be severable.

Contrary to the restrictive common law rule of construction, this Master Deed shall by this covenant be interpreted broadly to touch and concern the Property with recognition of modern economic, land use planning and real estate finance and development principles, theories and practices. It is the Declarant's intent, and all Owners who take subject to the Master Deed, to covenant and agree, and are thereby estopped to deny, that any reserved right or function of the Declarant and/or Association, and any other covenant condition, restriction or obligation within this Master Deed is intended to promote the use and enjoyment of the Property, is intended to foster the creation, preservation or enhancement or economic or intangible values associated with the Property, and does touch and concern, benefit and burden and run with the Property.

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.

15.17 TRADEMARK USE.

Each Owner, by acceptance of a deed to any lands, tenements or hereditaments within the Property hereby acknowledges that "The Edgewater on Broad Creek" and designs are service marks and

trademarks of the Declarant. Each Owner agrees to refrain from misappropriating or infringing these service marks or trademarks.

16. LIMITED WARRANTIES.

The purpose of the following Section relating to warranties is to provide actual notice to successors-in-title to original purchasers:

“At Closing, Seller shall transfer to Purchaser all of Seller's right, title and interest in and to any manufacturer's warranty furnished to Seller covering any equipment or appliance. If written notice is given to Seller by Purchaser within thirty (30) days of discovery of any defect not caused by Purchaser, his agents, guests, or invitees, then Seller will, at no cost to the Purchaser for a period of one (1) year from the date of closing, repair or replace the defective portion of the Property. The warranty shall not apply to fixtures and appliances covered by a warranty of a manufacturer or dealer for which defects the Purchaser shall have such rights as are defined in the applicable warranty documents. Seller shall not be responsible for any incidental or consequential damages arising from any defect. This warranty is personal to Purchaser, and shall automatically terminate and be of no further force or effect upon Purchaser's sale, transfer or conveyance of the Property. SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED AS TO THE FITNESS, DESIGN, OR CONDITION OF ITEMS OF TANGIBLE PERSONAL PROPERTY OR FIXTURES, THEIR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.”

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, Declarant has executed this Master Deed, and the appropriate corporate seal affixed hereto this 19th day of December in the year of Our Lord Two Thousand and Two and in the Two Hundred and Twenty Sixth year of the Sovereignty and Independence of the United States of America.

WITNESSES:

**BROADCREEK EDGEWATER, LP,
a South Carolina Limited Partnership**

BY: WINNETKA ASSOCIATES
EDGEWATER, LLC
ITS: SOLE GENERAL PARTNER

BY: WINNETKA ASSOCIATES I
LIMITED PARTNERSHIP
ITS: SOLE MEMBER

BY: BAIRD PACIFIC WEST, INC.
ITS: SOLE GENERAL PARTNER

Birdie Sargent
[Signature]

BY: [Signature]
Wyllys T. Baird

ITS: President

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) PROBATE

PERSONALLY appeared before me Birdie Sargent who, on oath, says that s/he saw the within named **BROADCREEK EDGEWATER, LP, a South Carolina Limited Partnership** by Winnetka Associates Edgewater, LLC, its sole General Partner, by Winnetka Associates I Limited Partnership, its sole Member, by Baird Pacific West, Inc., its sole General Partner, by **Wyllys T. Baird**, its President, sign the Master Deed, and the said Company by said officer, seal said Deed, and as its act and deed, deliver the same and that s/he with Regina M. Stricketh witnessed the execution thereof.

Birdie Sargent
(Non Notary Signature)

SWORN to before me this 19th
Day of December, 2002.

[Signature] (L.S.)
Notary Public for South Carolina
My commission Expires: 5/16/05

INDEX OF EXHIBITS

**THE EDGEWATER ON BROAD CREEK HORIZONTAL PROPERTY
REGIME**

- | | |
|---------------|---|
| Exhibit "A" | Description of Land (Phase I Property – The Edgewater on Broad Creek), Description of Future Phase Land, Description of Reserved Rights and Permitted Exceptions. |
| Exhibit "A-1" | Description of "Additional Land," to wit: Maximum Extent of Land that may be brought into the Regime |
| Exhibit "B" | Plat/As-Built Survey (Phase I and Recreational Parcel) |
| Exhibit "C-1" | Architectural Drawings of Floor Plans of Building and Units |
| Exhibit "C-2" | Architect's Certificate |
| Exhibit "D" | By-Laws of the Edgewater on Broad Creek Horizontal Property Regime and the Edgewater on Broad Creek Property Owners' Association, Inc. |
| Exhibit "E-1" | Joinder of Mortgagee |

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REGIME**

Exhibit "A"	Description of Land (Phase I Property – The Edgewater on Broad Creek), Description of Future Phase Land, Description of Reserved Rights and Permitted Exceptions.
Exhibit "A-1"	Description of "Additional Land," to wit: Maximum Extent of Land that may be brought into the Regime
Exhibit "B"	Plat/As-Built Survey (Phase I and Recreational Parcel)
Exhibit "C-1"	Architectural Drawings of Floor Plans of Building and Units
Exhibit "C-2"	Architect's Certificate
Exhibit "D"	By-Laws of the Edgewater on Broad Creek Horizontal Property Regime and the Edgewater on Broad Creek Property Owners' Association, Inc.
Exhibit "E-1"	Joinder of Mortgagee

EXHIBIT "A"
**TO MASTER DEED OF THE EDGEWATER ON BROAD CREEK
 HORIZONTAL PROPERTY REGIME**

DESCRIPTION OF LAND

PHASE I PROPERTY

ALL that certain piece, parcel, tract of land located on Hilton Head Island, Beaufort County, South Carolina consisting of approximately 7.64 Acres and shown as "REGIME PARCEL 1" on that certain plat entitled "SURVEY OF: EDGEWATER ON BROAD CREEK HORIZONTAL PROPERTY REGIME – PHASE I" prepared by Surveying Services Inc. certified to by James W. Edwards SCRLS #15515 dated December 19, 2002, and recorded in Plat Book 91 at Page 5 in the ROD Office for Beaufort County, South Carolina on _____.

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

FURTHER, SAVE AND EXCEPT THEREFROM, the right of ingress and egress over and across all roads and walkways within the said Phase I Property shown on the above-described plat of Edgewater on Broad Creek.

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 Phase I Property and on the Additional Property described at **Exhibit "A-1"**.

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

FURTHER, the Declarant expressly reserves the right to improve the aforementioned property by clearing, tree pruning, constructing additional parking and common facilities, including, but not necessarily limited to

recreational facilities, drainage facilities, lagoons, and the like, pertaining to The Edgewater on Broad Creek Horizontal Property Regime.

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

FURTHER, the above property is submitted to The Edgewater on Broad Creek Horizontal Property 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 Hilton Head Public Service District Number 1, Palmetto Electric Cooperative, Hargray Telephone Company or any other utility or cable television provider of record in the ROD Office for Beaufort County, South Carolina.

In addition to the foregoing matters, the property described above is conveyed subject to the following:

1. Taxes and assessment for the year 2003 and subsequent years, a lien not yet due and payable.
2. Easements, utility lines, wires and pipes, transformers, sewer manholes, grate inlets, curb inlets, water valves, well, and all other equipment or related improvements shown on that certain plat prepared by Surveying Services, Inc., James W. Edwards, SCRLS 15515, entitled "Edgewater on Broad Creek ALTA/ACSM Land Title Survey" dated September 10, 2001; revised December 13, 2002; also, any unrecorded rights of use or maintenance of said equipment and improvements.
3. Title to that portion of the Property which is or may be filled-in-land, or which is or has been under water, or which lies below the mean high water mark of Broad Creek.
4. Rights, if any, of the public to use as a public beach or recreation area any part of the land lying between the body of water abutting the subject property and the natural line of vegetation, bluff, extreme water line, or other apparent boundary line separating the publicly used area from the upland private areas.

5. Interests created by or limitations on use imposed by the Federal Coastal Zone Management Act or other federal law, or by SC Code, Chapter 39, Title 48, as amended, or any regulations promulgated pursuant to said state or federal laws.
6. Easement to Palmetto Electric Cooperative, Inc. recorded in said Register's Office in Book 1353 at Page 508.
7. Notice of Project Commencement recorded in said Register's Office in ORB 1429 at Page 241.

The property described above is a portion of the same property conveyed to the within Grantor by Deed of Burbank Investment, LLC, dated July 15, 1999 and recorded in the ROD Office for Beaufort County, South Carolina on July 19, 1999, in Record Book 1194 at Page 2294 and/or by Quit Claim Deed of Kimberly A. Walker, dated July 17, 1999 and recorded in the ROD Office for Beaufort County, South Carolina on July 23, 1999, in Record Book 1196 at Page 2438.

EXHIBIT "A-1"

**TO MASTER DEED OF THE EDGEWATER ON BROAD CREEK
HORIZONTAL PROPERTY REGIME**

DESCRIPTION OF "ADDITIONAL LAND," TO WIT: MAXIMUM EXTENT
OF LAND THAT MAY BE BROUGHT INTO THE REGIME

ALL that certain piece, parcel, tract of land located on Hilton Head Island, Beaufort County, South Carolina, containing approximately 16.01 Acres and shown as "ADDITIONAL PROPERTY OF EDGEWATER ON BROAD CREEK" on that certain plat entitled "SURVEY OF: EDGEWATER ON BROAD CREEK HORIZONTAL PROPERTY REGIME - PHASE I" prepared by Surveying Services, Inc., certified to by James W. Edwards, SCRLS #15515, dated December 19, 2002, and recorded in Plat Book 91 at Page 5 in the Office of the ROD Office for Beaufort County, South Carolina on _____

12/31/02

EXHIBIT "B"

**TO MASTER DEED OF THE EDGEWATER ON BROAD CREEK
HORIZONTAL PROPERTY REGIME**

PLAT/AS-BUILT SURVEY OF PROPERTY

Attached hereto is a plat entitled "SURVEY OF: EDGEWATER ON BROAD CREEK HORIZONTAL PROPERTY REGIME, PHASE I, prepared by Surveying Consultants, Inc., James W. Edwards, SCRLS #15515, dated December 19, 2002 and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 91 at Page 5 on Dec. 31, 2002.

EXHIBIT "C-1"

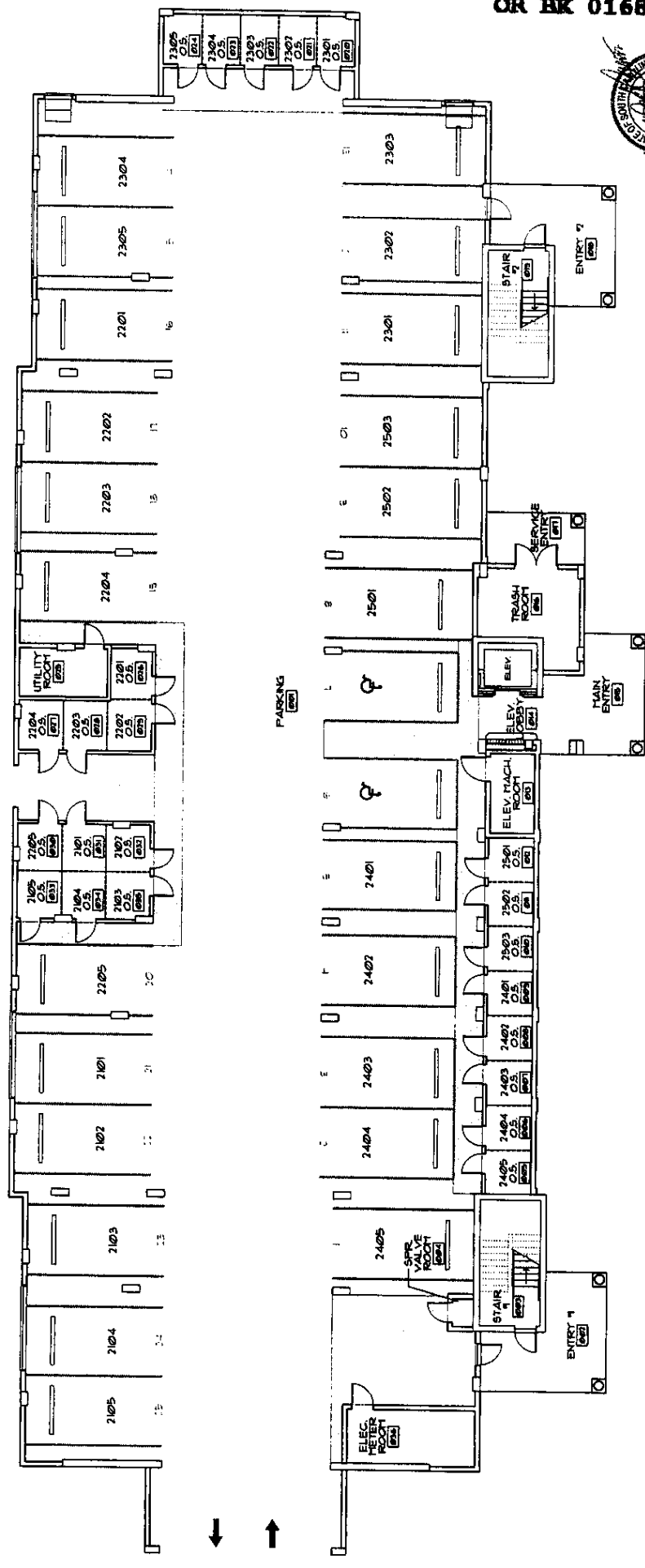
**TO MASTER DEED OF THE EDGEWATER ON BROAD CREEK
HORIZONTAL PROPERTY REGIME**

ARCHITECTURAL DRAWINGS OF FLOOR PLANS

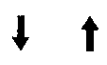
Attached hereto are the floor plans and elevations.

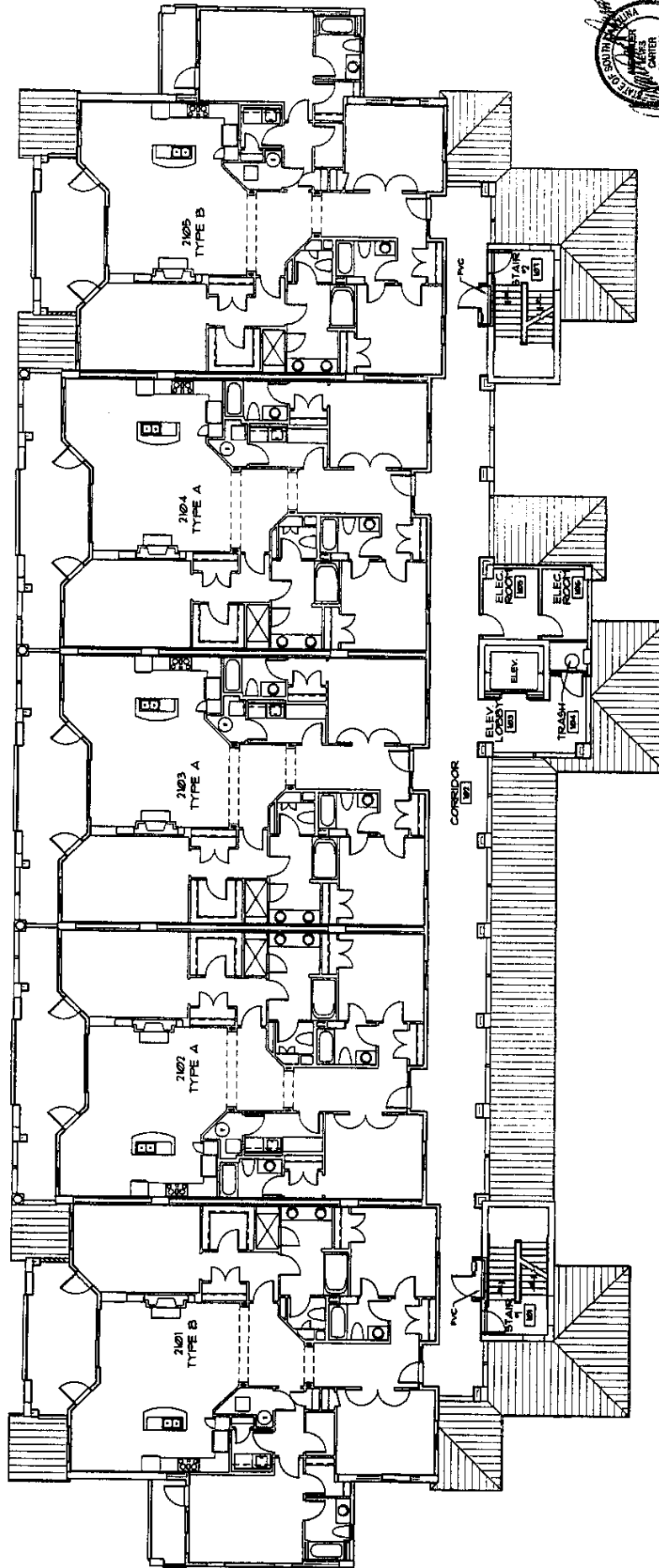


EDGEWATER - PHASE I
DECEMBER 12, 2002



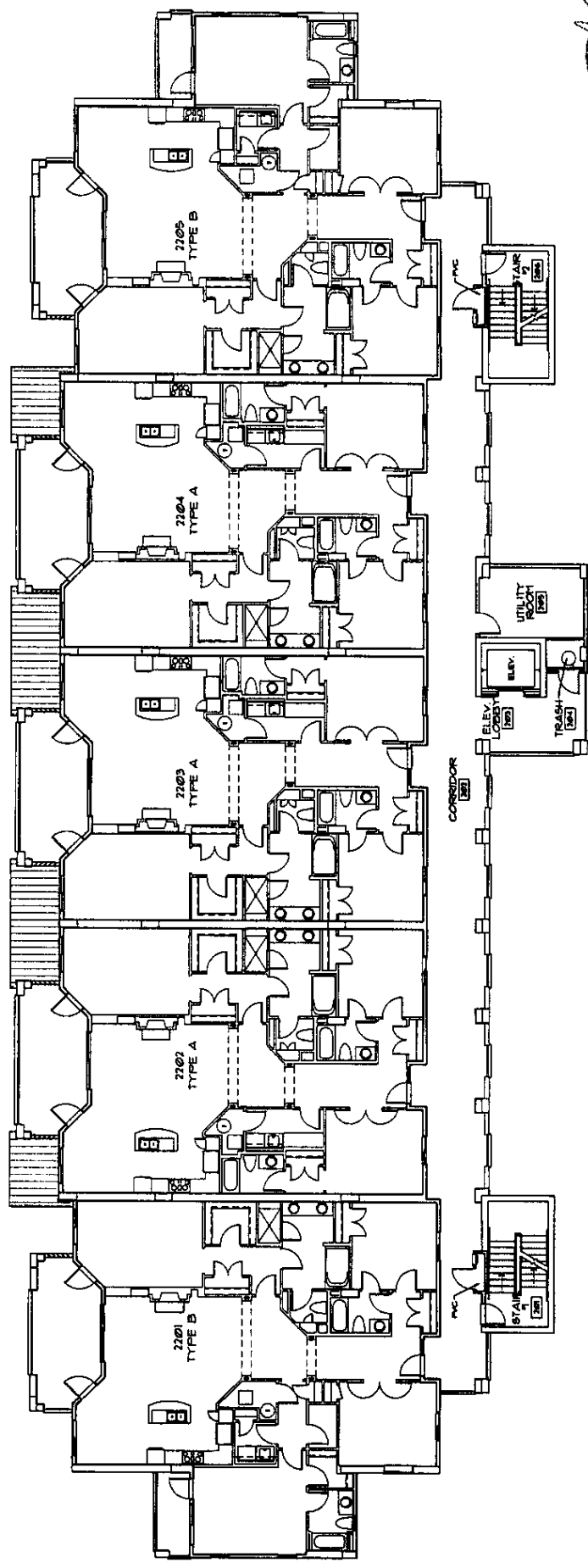
PARKING LEVEL FLOOR PLAN
NOT TO SCALE





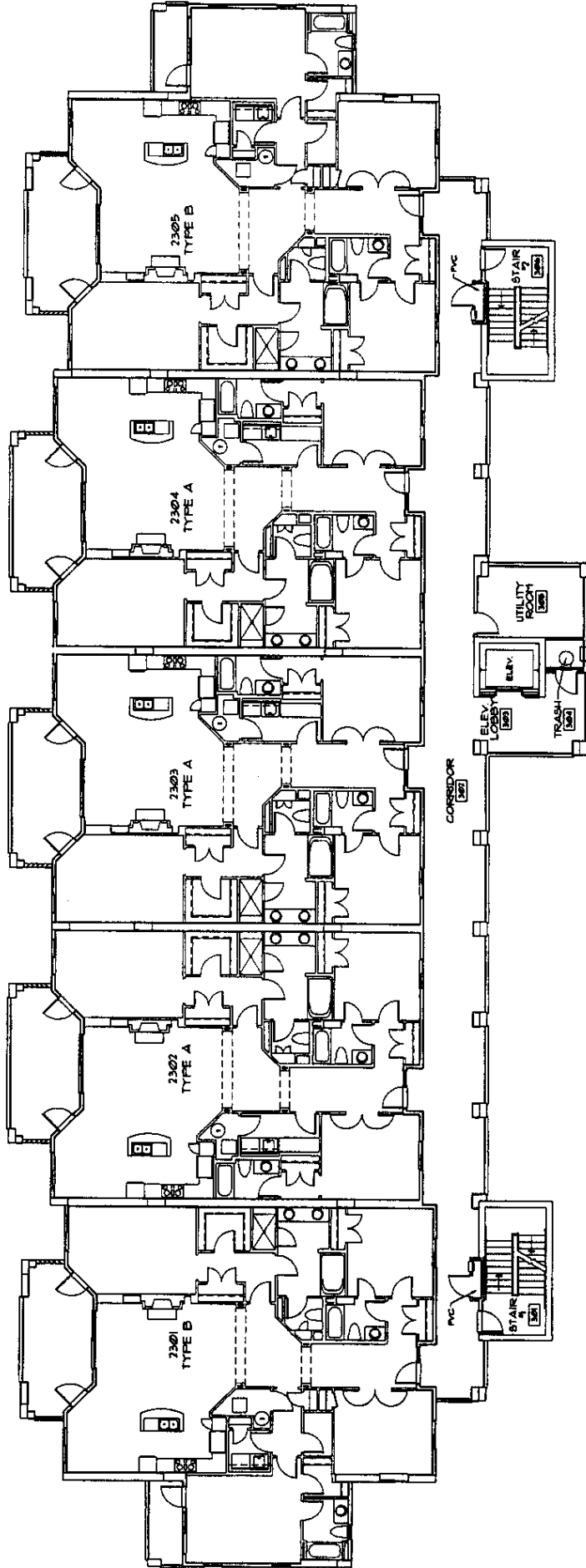
FIRST LEVEL FLOOR PLAN
NOT TO SCALE

EDGEWATER - PHASE I
DECEMBER 12, 2002



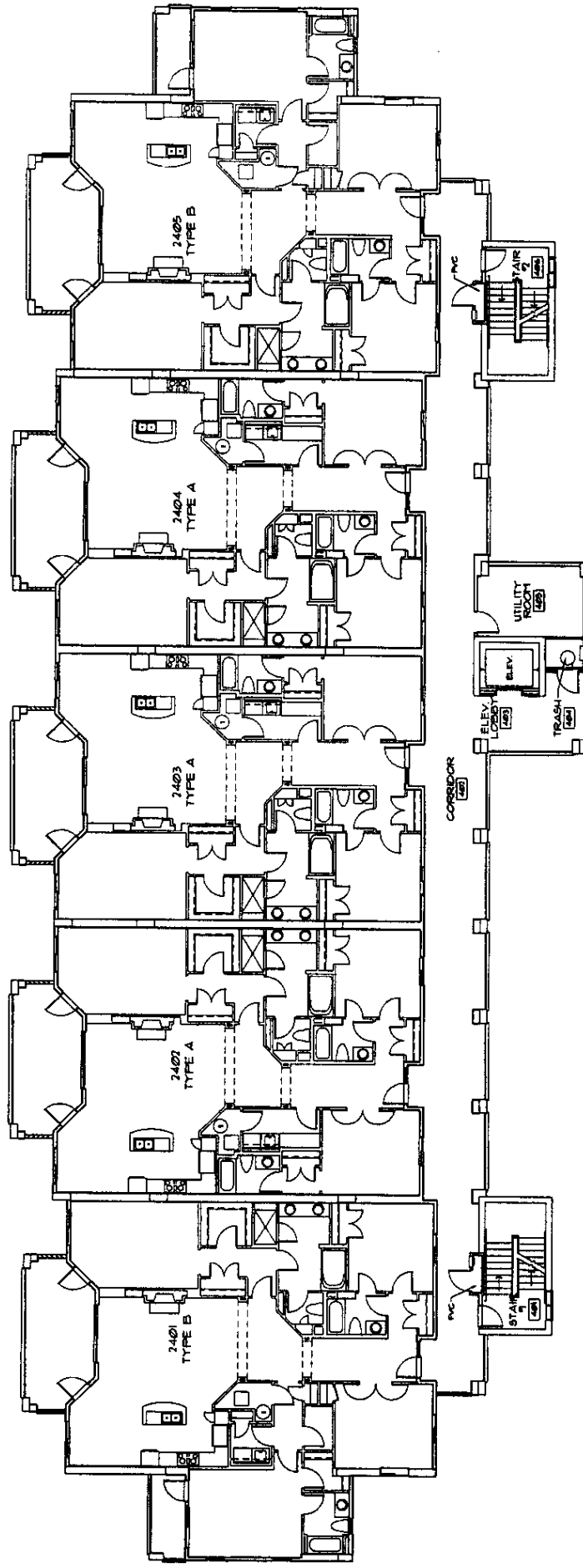
SECOND LEVEL FLOOR PLAN
NOT TO SCALE

EDGEWATER - PHASE I
DECEMBER 12, 2002



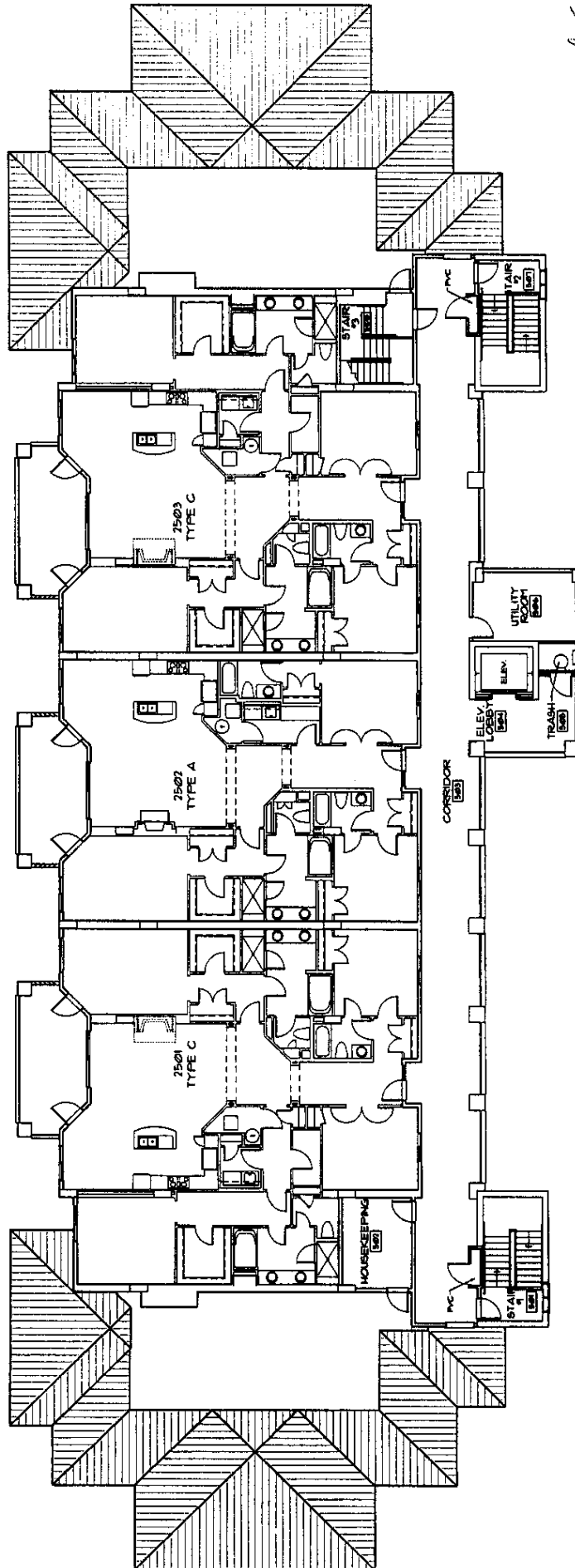
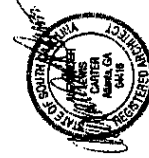
THIRD LEVEL FLOOR PLAN
NOT TO SCALE

EDGEWATER - PHASE I
DECEMBER 12, 2002



FOURTH LEVEL FLOOR PLAN
NOT TO SCALE

EDGEWATER - PHASE I
DECEMBER 12, 2002

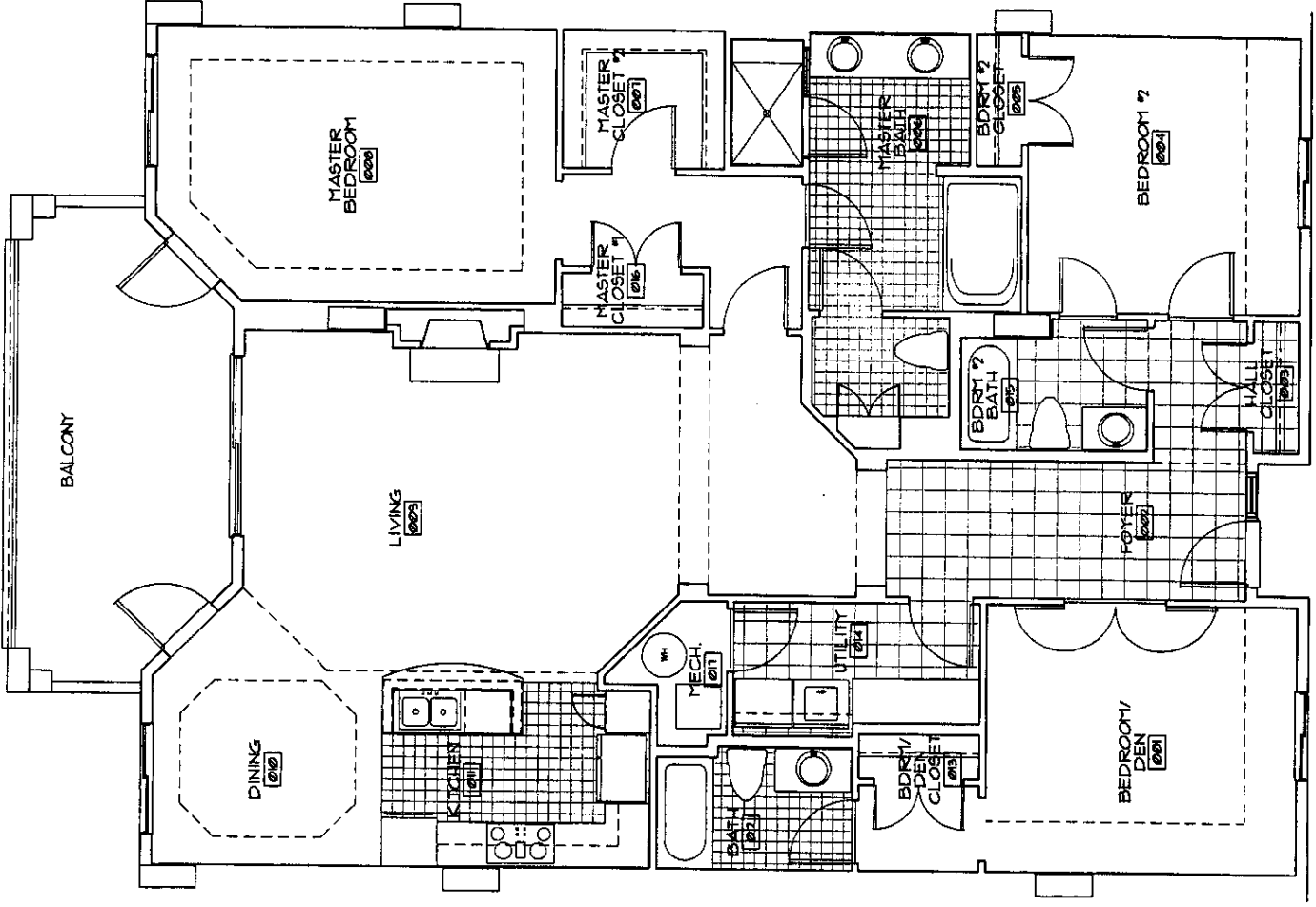


FIFTH LEVEL FLOOR PLAN
NOT TO SCALE

EDGEWATER - PHASE I
DECEMBER 12, 2002



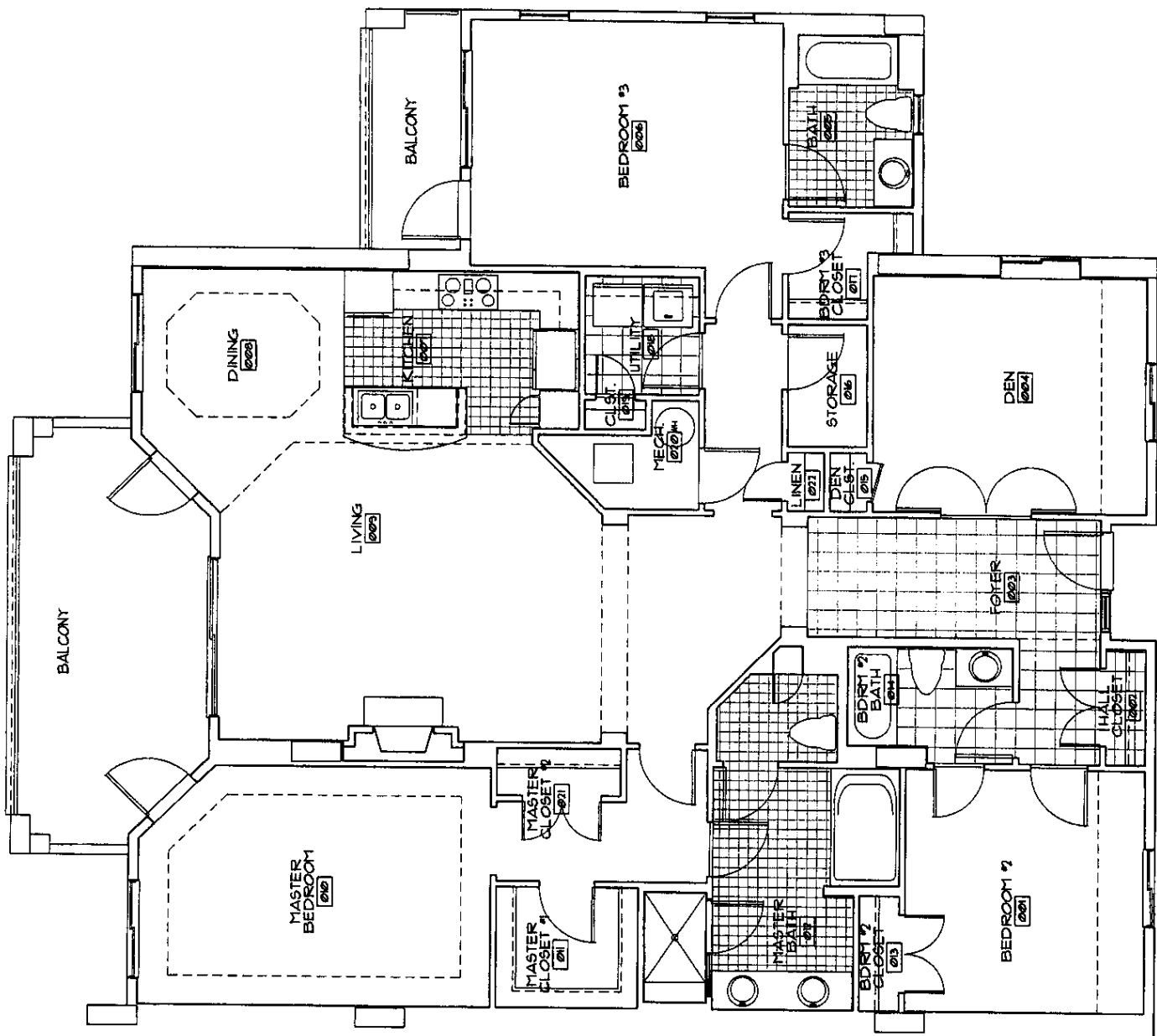
EDGEWATER - PHASE I
DECEMBER 12, 2002



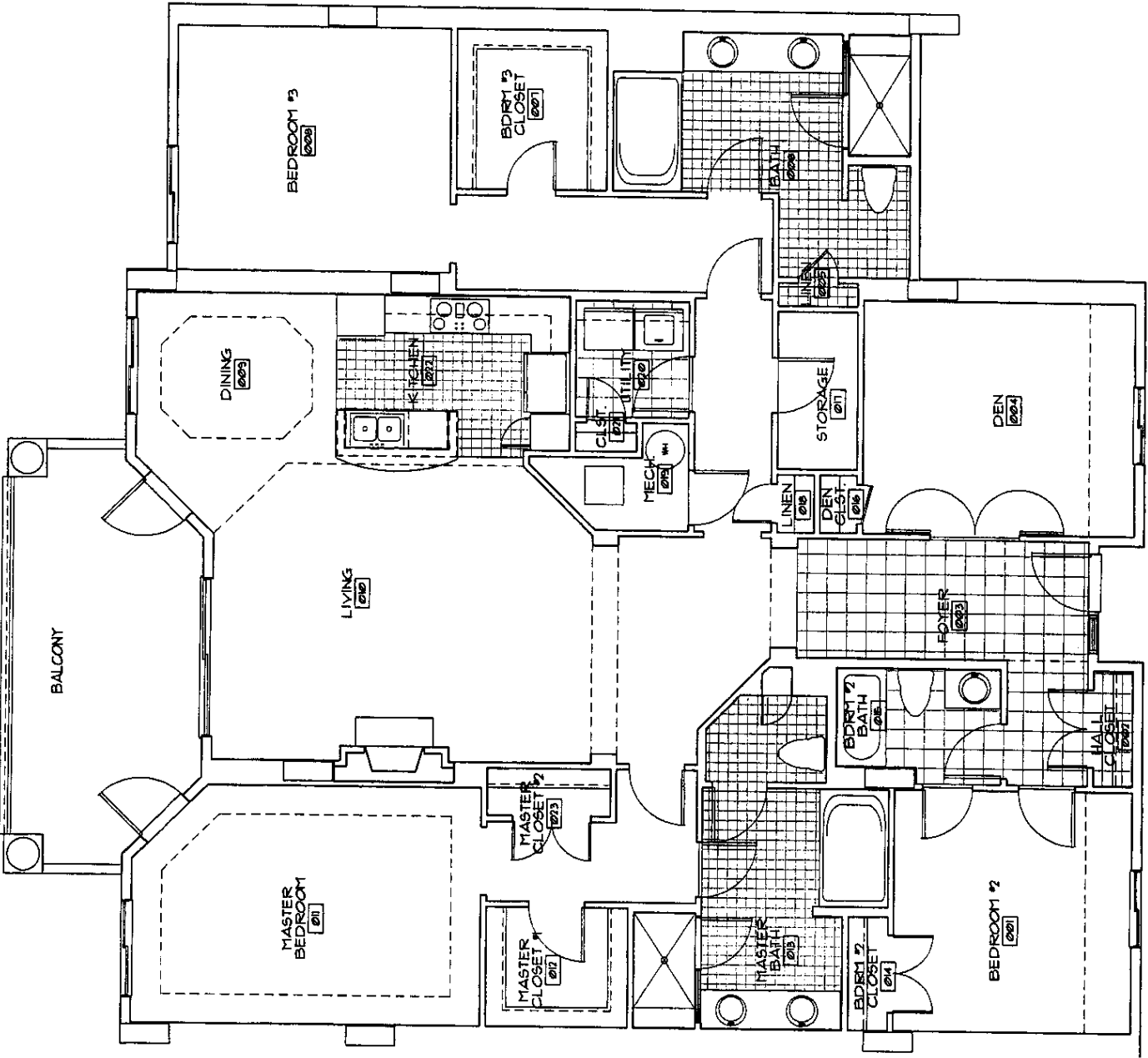
TYPE 'A'- FLOOR PLAN
NOT TO SCALE



EDGEWATER - PHASE I
DECEMBER 12, 2007

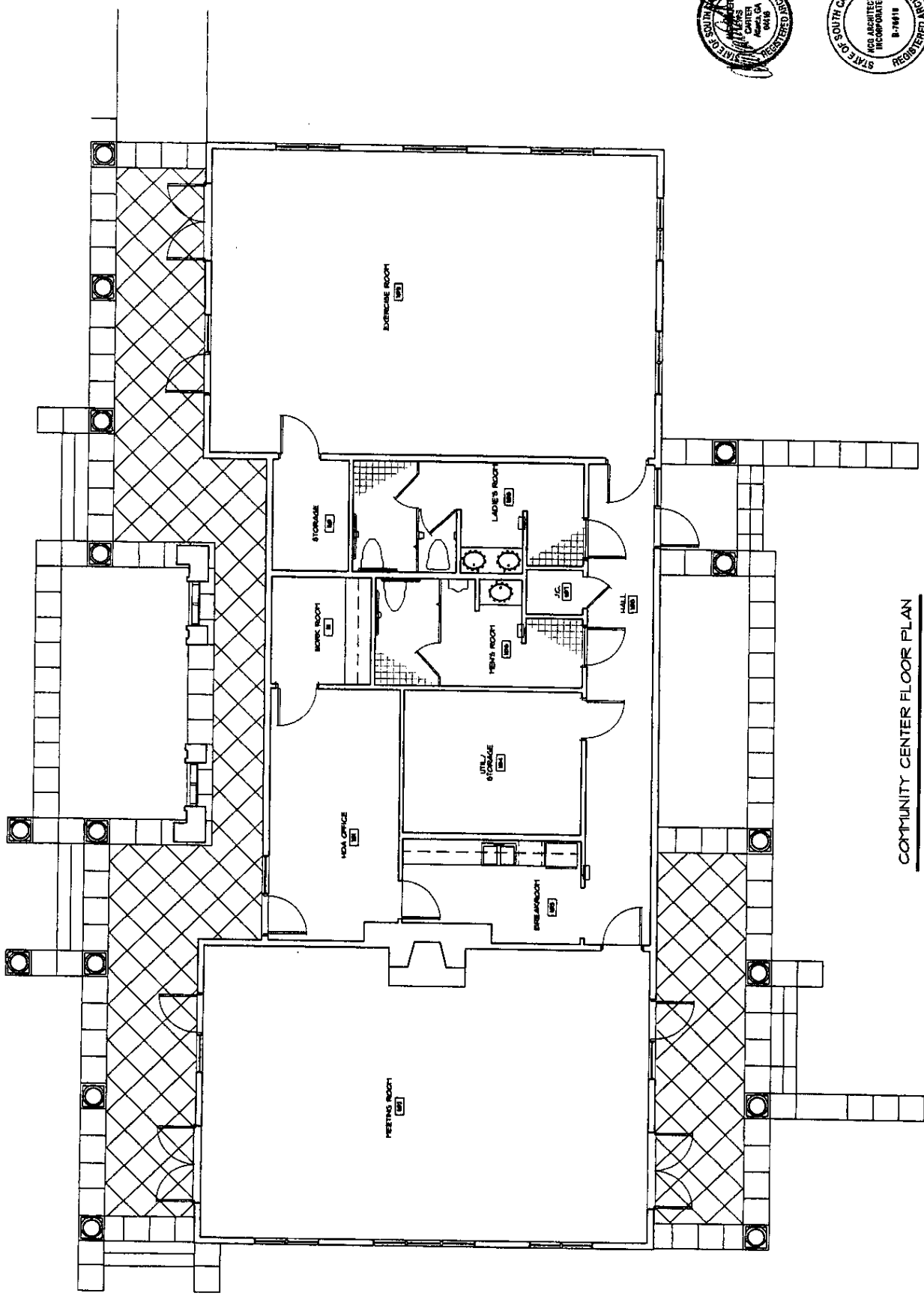


TYPE 'B' - FLOOR PLAN
NOT TO SCALE



EDGEWATER - PHASE I
DECEMBER 12, 2002

TYPE 'C' FLOOR PLAN
NOT TO SCALE

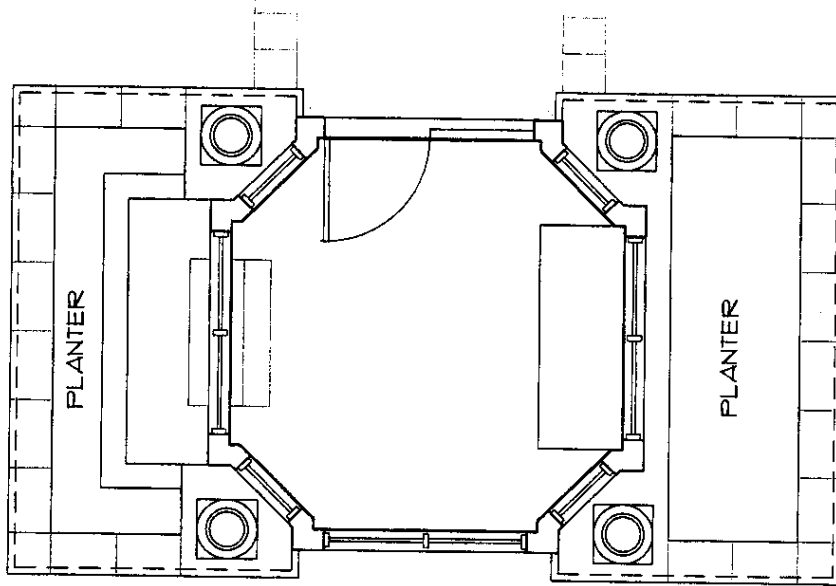


COMMUNITY CENTER FLOOR PLAN
NOT TO SCALE

EDGEWATER - PHASE I
DECEMBER 12, 2002



EDGEWATER - PHASE I
DECEMBER 12, 2002



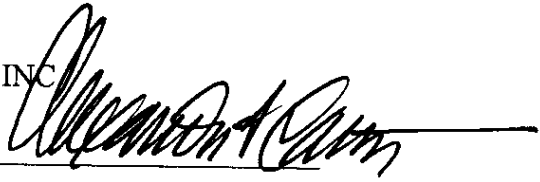
GATEHOUSE FLOOR PLAN
NOT TO SCALE

EXHIBIT "C-2"

**TO MASTER DEED OF THE EDGEWATER ON BROAD CREEK
HORIZONTAL PROPERTY REGIME**

ARCHITECT'S CERTIFICATE

This is to certify that, to the best of the undersigned's knowledge, The Edgewater on Broad Creek Horizontal Property Regime, Phase I consisting of the Twenty Three (23) Units numbered as follows: 2101, 2102, 2103, 2104, 2105, 2201, 2202, 2203, 2204, 2205, 2301, 2302, 2303, 2304, 2305, 2401, 2402, 2403, 2404, 2405, 2501, 2502, 2503 are built substantially in accordance with the floor plans attached to the Master Deed creating said Regime, as Exhibit "C-1" to be recorded in the ROD Office for Beaufort County, South Carolina, except for minor variations which are customary in projects of this nature.

NCG, INC
By: 
S.C. Registration # 4416

Certified to this 18th Day of DECEMBER 2002
Henrietta Hastie (L.S.)
Notary Public for South Carolina
My Commission Expires: _____

HENRIETTA HASTIE
Notary Public, DeKalb County, Georgia
My Commission Expires Dec. 12, 2003

EXHIBIT "D"

**TO MASTER DEED OF THE EDGEWATER ON BROAD CREEK
HORIZONTAL PROPERTY REGIME**

**BY-LAWS OF THE EDGEWATER ON BROAD CREEK HORIZONTAL
PROPERTY REGIME AND THE EDGEWATER ON BROAD CREEK
OWNERS' ASSOCIATION, INC.**

ARTICLE I

PLAN OF UNIT OWNERSHIP

The following By-Laws shall govern the operation of The Edgewater on Broad Creek Owners' Association Inc.

Section 1. **HORIZONTAL PROPERTY REGIME.** The term "Property" as used herein means and includes the land, the buildings, improvements and structures thereon) located on Hilton Head Island, in Beaufort County, South Carolina, known as THE EDGEWATER ON BROAD CREEK HORIZONTAL PROPERTY REGIME has been, by Master Deed, submitted to the provisions of the Horizontal Property Act of South Carolina, which said Property shall hence be known as THE EDGEWATER ON BROAD CREEK HORIZONTAL PROPERTY REGIME (hereinafter referred to as "Regime").

Section 2. **ASSOCIATION.** In conjunction of the creation of above described Regime there also has been incorporated under the laws of the State of South Carolina as Association known as The Edgewater on Broad Creek Property Owners Association, Inc. (hereinafter referred to as "Association") which pursuant to the provisions of the aforementioned Master Deed, constitutes the incorporated The Edgewater on Broad Creek council of Co-Owners. The offices of the Association shall be at the offices of Broad Creek Edgewater, LP (hereinafter referred to as "Declarant"), at 52 New Orleans Road, Hilton Head Island, South Carolina 29928, or such other place as subsequently designated by the Board of Directors of the Association.

Section 3. **BY-LAWS APPLICABILITY.** The provisions of these By-Laws are applicable to the Property and the Regime. All terms used herein and not otherwise defined shall have the meaning ascribed to them in the

MASTER DEED, certain provisions of which Master Deed may be repeated in full or in part.

Section 4. PERSONAL APPLICATION. All present or future Co-Owners, tenants, future tenants, or their employees, or any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed establishing said Regime as they may be amended from time to time. The mere acquisition or rental of any of the Dwelling Units (hereinafter) usually referred to as "Unit") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Units will signify that these By-Laws, the provisions of the Master Deed. The Covenants as defined in Section 14 of the Master Deed and any authorized, recorded Amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

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

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

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

Section 4. QUORUM. Except as otherwise provided in Article III, Section 7 and elsewhere in these By-Laws, the presence in person or by proxy of a majority of Co-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 of the Association before the appointed time of each meeting.

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

ARTICLE III

THE EDGEWATER ON BROAD CREEK OWNERS' ASSOCIATION

Section 1. ASSOCIATION RESPONSIBILITIES. The Co-Owners of the Unit will constitute the Association which will have the responsibility of administrating the Property and electing the Board of Directors. Except as otherwise provided herein or in the Master Deed or By-Laws, decisions and resolutions of the Association shall require approval by a majority of Co-Owners.

Section 2. PLACE OF MEETINGS. All meetings, annual and special, of the Association shall be at the offices of the Association, or at such other place and at such time convenient to the Co-Owners, as shall be designated by the Board of Directors of the Association or the Management Agent and state in the Notice of Meeting.

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

Section 4. **SPECIAL MEETINGS.** It shall be the duty of the Secretary to call a special meeting of the Co-Owners as directed by: (i) resolution of the Board of Directors; (ii) at the request by a majority of the Directors; (iii) or upon a petition signed by Co-Owners holding at least twenty-five percent (25%) of the total voting power of the Association 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 or purposes thereof. No business shall be transacted at a special meeting except as stated in the notice. If a Co-Owner intends to raise a matter at a special meeting, said Co-Owner shall submit such request in writing to the Secretary or President at least ten days before the date notice is to be mailed to the Co-Owners in order for such matter to be included in the Notice of Special meeting.

Section 5. **FIRST MEETING.** The first meeting of the Association shall be held within one hundred twenty (120) days from the date that a minimum of ninety (90%) percent of the Units in the Regime have been conveyed by the Declarant to individual Co-Owners.

Section 6. **NOTICE OF MEETINGS.** It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purposes thereof as well as the time and place where it is to be held, to each Co-Owner of record, at least fifteen (15), but not more than forty-five (45) days prior to such meeting. The mailing of a notice in the manner provided in this Section 6 shall be considered notice served. The notice of meeting shall include any matters the Co-Owners intend to raise at the meeting if a request is submitted to the Secretary or President in writing at least ten (10) days prior to notice being mailed, which requests sets forth the matters to be raised.

Section 7. **ADJOURNED MEETING.** If any meeting of the Association cannot be organized because a quorum has not attended, the Co-Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. The time, date, and place of the meeting shall be set and announced before adjournment of the first meeting. Upon the reconvening of said meeting a quorum shall be constituted is Co-Owners holding at least 33% of the total statutory 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 8. **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 9. RECORD DATE. The Board of Directors shall fix a record date for determining Co-Owners entitled to notice of and to vote at each annual or special meeting. Such record date shall be at least ten (10) but not more than forty (40) days before the meeting.

Section 10. WAIVER AND CONSENT. Whenever the vote of Co-Owners of a meeting is required or permitted by an provision of these By-Laws to be taken in connection with action of the Association, the meeting and vote of Co-Owners may be waived if a majority of Co-Owners who would have been entitled to vote on the action if such meeting were held, shall consent be given to all Co-Owners, unless all Co-Owners participated in the approval of such action.

Further, any Co-Owner may waive any notice of meeting required by these By-Laws if the waiver is submitted in writing, signed by the Co-Owner entitled to notice, and delivered to the Association prior to the date of the meeting. A Co-Owner's attendance at a meeting waives objection to lack of notice or defective notice of the meeting unless the Co-Owner, at the beginning of the meeting, objects to holding the meeting or transacting business at a meeting. Further, a Co-Owner's attendance at a meeting waives objection to considerations of a particular matter at the meeting that is not within the purpose described in the notice for the meeting, unless the Co-Owner objects to the consideration of the matter at the time when it is presented at the meeting.

Section 11. MEMBERSHIP LIST. After a record date for a notice of meeting has been fixed by the Board of Directors, a complete list of Members

of the Association shall be prepared by the Secretary-Treasurer. This Membership list shall list the Members by classification of Membership and shall include the addresses 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.

Section 12. RULES OF ORDER. Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Master Deed or these By-Laws.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATIONS. 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 (3) nor more than five (5) persons, provided, however, that the Board shall be comprised of three (3) persons selected by the Declarant until the first meeting of the Association. Until succeeded by the Board members elected by the Unit Owners, members of the Board of Directors need not be Unit Owners. So long as the Declarant (as defined in the Master Deed) owns one or more Units, the Declarant shall be entitled to elect at least one member of the Board of Directors, who need not be 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 Co-Owners.

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 Co-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. Co-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 thirty (30) days in advance of the Association's Annual Meeting. Notwithstanding the responsibilities and authority of the Board, the budget may be modified by the Association at the Annual Meeting or a Special Meeting of the Association by a two-thirds (2/3) vote of the Co-Owners present at such meeting, in person or by proxy.
- (e) As a part of the annual budget described in (d) above, 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 Management Agent (defined in Section 4 of this Article IV) and any personnel necessary for the maintenance and operation of the Common Elements.
- (g) Collection of all assessments and fees from the Co-Owners.
- (h) Performing repairs caused by any natural disaster or manmade damage using funds from the reserve account and any special assessment, or causing the same to be done.
- (i) Obtaining of insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed, or

causing the same to be done as set forth in ARTICLE VIII hereof.

- (j) Grant or relocate easements which are not inconsistent with the owners' full use and enjoyment of the common properties.
- (k) Making of, or causing to be made, repairs, additions and improvement to or alterations of, the Property and repairs to and restoration of the Property in accordance with the other provisions of these By-Laws.
- (l) To make available, for inspection, upon request during normal working hours or under other reasonable circumstances, to Unit Owners, the holders, insurers or guarantors of any first mortgage on any Unit, current copies of the Master Deed, By-Laws, other Rules or Regulations pertaining to the Association, and the books, records and financial statements of the Association.
- (m) To adopt and implement a policy regarding resale of Units within the regime, the purpose of said policy to assist owners to provide timely information to prospective buyers while not burdening the Association financially.

Section 4. MANAGEMENT AGENT. The initial Management Agent shall be Allied Management Group, 1036 Coastal Building,, William Hilton Parkway, Hilton Head Island, South Carolina 29928, an independent professional management company selected by the Declarant but not affiliated with the Declarant, whose contract extends for a period of one (1) year from the establishment of the Regime. The Declarant at its option shall have the right to select the Management Agent until all Futures Phase have been submitted to the Regime. Thereafter, the Board may employ a Management Agent at the compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to the duties listed in Section 3 of this Article. Any such management contracts shall be for a reasonable term and shall contain reasonable provisions regarding the right of the Association to terminate said contracts. Since an independent professional management company is being employed from the outset, and if at any time during the management of the Property by this or some other professional Management entity, any holders, insurers or guarantors of mortgages on Units within the Regime shall require that professional management of Regime/Association matters be maintained, and the Association is so advised in writing, any decision

thereafter by the Association to establish self management by the Association shall require the prior consent of Unit Owners holding sixty-seven (67%) percent of the votes in the Association and the approval of holders holding mortgages on Units within the Regime which have at least fifty-one (51%) percent of the votes of all Units in the Regime subject to holder mortgages.

Section 5. BOARD OF DIRECTORS. The first Board of Directors consisting of three (3) members shall be designated by the Declarant at any time after creation of the Regime as determined by Declarant. These appointments will be temporary and will continue only until the first annual meeting of the Unit Owners held pursuant to the provisions of these By-Laws. At the first Annual Meeting of the Association, the Association shall expand the Board to five (5) members and the initial term of office for two (2) members of the Board shall be fixed at three (3) years. The term of office of two (2) members of the Board shall be fixed at two (2) years, and the term of office of one (1) member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting. Any an 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 the term of the Management Agreement with the Management Agent described in Section 4 above.

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

Section 7. REMOVAL OF MEMBERS OF THE BOARD. After the firs Annual Meeting, at any annual or special meeting of the Association duly called, any one or more of the members of the Board may be removed with or without cause by a majority of Co-Owners and a successor may then and there by elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. No Board member shall continue to serve on the Board if during the term of office, he shall cease to be a Unit

Owners at such time, said Board member shall either resign or be removed by the Board (except as provided in Section 5 regarding Declarant's appointee). Notwithstanding any other provision contained herein, any member of the Board who was elected by the Co-Owners shall only be removed by the Co-Owners at a meeting where the purpose or one of the purposes, as stated in the Notice of Meeting, is the removal of said Board member.

Section 8. ORGANIZATIONAL MEETING. The first meeting of a newly elected Board shall be held within thirty (3) days of election at such place as shall be fixed by the Board at the meeting at which such Board members were elected by the Association, and no notice shall be necessary to the newly elected Board members in order to legally constitute such a meeting, providing a majority of the Board shall be present.

Section 9. REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least one (1) such meeting shall be held each fiscal year. Notice of regular meeting of the Board shall be given by the Secretary-Treasurer or other designated person, to each Board member, personally or by mail, express delivery service such as Federal Express, telephone, telefax or telegraph, at least ten (10) days prior to the day named for such meeting. Telephonic meetings are expressly authorized based upon the likelihood that Board members will be from different geographical locations.

Section 10. SPECIAL MEETINGS. Special meetings of the Board may be called by the President on three (3) days notice to each Board member, given personally or by mail, telephone, or telegraph, which notice shall state the time, place (as hereinabove provided), and the purpose or purposes 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, signed by that Board member, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice and shall be filed with the minutes of the meeting in the corporate records. Attendance at or participation 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 unless the Board member, upon arriving at the meeting or prior to a vote on a matter not noticed in conformity with these By-Laws, objects to lack of notice and does not thereafter vote for or assents to the objected action.

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. ACTION WITHOUT A MEETING. Actions required or permitted by law, the Articles or these By-Laws may be taken without a meeting if the action is taken by all members of the Board and evidence by one or more consents describing the action taken, signed by each Director, and included in the Minutes filed in the Corporate records reflecting the action taken.

Section 13. 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. Any or all Board members may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may hear each other simultaneously during the meeting, and directors so participating by this means shall be deemed to be present in person at the meeting. 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 to another 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. Unless subsequently approved by Co-Owners by an Amendment to these By-Laws, proxies shall not be available for either a Board quorum or for voting purposes.

Section 14. 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 15. COMPENSATION. No member of the Board of Directors shall receive any compensation from the Regime for acting as such. However, any Director may be reimbursed for his actual expenses incurred in the performances of his duties.

Section 16. LIABILITY OF THE BOARD OF DIRECTORS. Except as required under the laws of the State of South Carolina, the members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. To the extent permitted under the laws of the State of

South Carolina, the Unit Owners shall indemnify and hold harmless each of the Members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Master Deed or of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood an permissible for the original Board of Directors, who are members of 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 Unit Owner arising out of any contract made by the Board of Directors, shall be limited to such proportions of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements. Every agreement made by the Board of Directors or by the Managing Agent or by the Manager on behalf of the Association shall provide that the members of the Board of Directors, or the Managing Agent, or the Manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

ARTICLE V

OFFICERS

Section 1. DESIGNATION. The principal officers of the Association shall be a President, a Vice President, and a Secretary-Treasurer all 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 judgement may be necessary. One person may hold more than one of the aforementioned offices.

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

Section 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. No officer shall

continue to serve as such if, during his term of office, he shall cease to be a Unit Owner.

Section 4. VACANCIES. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the office he replaces.

Section 5. PRESIDENT. The President shall be the Chief Executive Officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of a Regime or incorporated Association, including but not limited to the power to appoint committees from among the Co-Owners from time to time as he may, in his discretion, feel appropriate to assist in the conduct of the affairs of the Association. The President shall sign all leases, mortgages, deeds and other written contracts and instruments and shall co-sign all checks and promissory notes, and perform all of the duties which may be delegated to him from time to time by the Board of Directors.

Section 6. 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 7. SECRETARY-TREASURER. The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct and shall authenticate the records of the Association; and he 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 Secretary and Treasurer.

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, the Management Agent or Unit Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by first class, certified or registered mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board of Directors, such Manager or such Unit Owners at such address as appears on the books of the Association. Notice shall be deemed given as of the date of mailing.

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

ARTICLE VII

OBLIGATIONS OF THE CO-OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All Co-Owners shall be obligated to pay the periodic assessments imposed by the Association to meet all Association Common Expenses, which shall include, among other things, liability insurance policy premiums and an insurance policy premium to cover repair and reconstruction work in case of hurricane, fire, earthquake, and other hazards (hereinafter sometimes referred to as "Common Charges," "Common Expenses," and "assessments"). The Common Expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Property and any authorized additions thereto. Such may include without limitation, any amount for general working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year. No less than thirty (30) days prior to the Annual Meeting, the Board shall furnish all Unit Owners with a copy of the budget for the next fiscal year and shall likewise advise them of the amount of the Common Charges payable by each of them respectively, as determined by the Board as aforesaid. Declarant will be liable for the amount of any assessment against completed Units dedicated to the Regime which have

not been sold and Declarant shall have all voting rights attendant to the ownership of said Unit until said Units are sold. Until all Future Phases are dedicated to the Regime by Declarant, Declarant may elect to pay the Common Expense Assessments on the Units it owns or in the alternative, fund any deficit in the annual budget approved by the Board of Directors in an amount equal to the difference between the approved budget and the revenues collected from the Co-owners other than the Declarant. The Declarant shall not be obligated to fund capital reserve budget allocations for Units owned by the Declarant whichever option it selects. Payment of the periodic assessments 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 operating escrow, working capital or reserve accounts set aside to provide a contingency fund for the maintenance and repair of the Association Property. Transfer of ownership and resignation or termination of a Co-Owner of the Association shall not relieve the Co-Owner from any obligations the Co-Owner may have to the Association as a result of obligations incurred or commitments made before resignation or termination.

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 by the Board at a duly held Board meeting. 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 Management Agent or Board of Directors shall keep detailed records of the receipts and expenditures affecting the General and Limited Common Elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by the Owner during reasonable business hours.

Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES.

The Board shall take prompt action to collect any common charge due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Unit Owner in paying to the Board the common charges as determined by the Board, such Unit Owner shall be obligated to pay a late charge of one and one-half (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 action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 27-31-210, Code of Laws of South Carolina, 1976. With regard to the subordinate nature of such liens as it relates to mortgages recorded prior to the recording of any evidence of such lien, the provisions of Section 27-31-210, Code of Laws of South Carolina, 1976, as amended, shall be controlling. In addition to the foregoing, during the period a Unit Owner remains in default, the Board may suspend said Owner from use of amenities to include the tennis courts, clubhouse and swimming pool.

Section 5. STATEMENT OF COMMON CHARGES. The Board shall, for a reasonable fee, promptly provide any purchaser, Unit Owner, mortgagee or prospective mortgagee 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 mortgagee holding a lien on a Unit may pay any unpaid Common Charges payable with respect to such Unit and upon such payment such mortgagee shall have a lien on such Unit for the amounts paid of the same rank as the lien of his encumbrance. Any mortgagee holding mortgages on more than five (5) Units within the Association shall be entitled, upon request, to receive a statement of account on the Units securing all of said mortgages once each calendar year without any fee or charge.

Section 6. STATEMENT UPON RESALE. Any Unit may be conveyed by an Owner free of any restrictions except for those set forth herein, except that no Owner shall convey, sell, or lease his Unit unless and until all unpaid Association expenses assessed against the Unit shall have been paid as directed by the Board of Directors. Such unpaid Association expenses, however, may be paid out of the proceeds from the sale of a Unit or by the

grantee. Upon the written request of an Owner or Owner's prospective buyer, the Board or the Management Agent shall furnish a written statement of the unpaid charges due from such Owner which shall be conclusive evidence of the payment of amount assessed prior to the date of the statement, but unlisted thereon. Further, the Association shall undertake to provide copies of these By-Laws or other materials described by the Association upon the written request of a Co-Owner in connection with the sale or lease of their Unit. A reasonable charge may be made by the Board for the issuance of statements and other materials.

The provisions of this Section shall not apply to the acquisition of a Unit by a mortgagee who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure. In such event, the unpaid assessments against the Unit which were assessed and became due prior to the acquisition of title to such Unit by such mortgagee shall be deemed waived by the Association and shall be charge to all other Co-Owners of the Association as a Common Expense. Such a provision shall not however apply to any assessments which are assessed and become due after the acquisition of title to such Unit by the mortgagee and to any purchaser to such mortgagee.

Section 7. MAINTENANCE AND REPAIR

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

(b) All the repairs of the Units and of those items described in Section 5.06 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 Co-Owner.

(c) All maintenance, repair and replacement to the 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 Unit Owners as a Common Expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of the Unit Owner, in which such case the expense shall be charged to such Unit Owner.

Section 8. UTILITIES.

(a) **WATER CHARGES AND SEWER RENTS.** Water shall be supplied and sewer services shall be supplied to all Units and the Common Elements through one or more meters by the Hilton Head Public Service District Number 1, or its successors, (the "District") and each Owner shall be required to pay for all charges for water consumed and sewer services in his Unit and to the Common Elements promptly after the bill for the same have been rendered. The Board and each Owner shall conform to the billing procedures established by the District, and shall pay the excess usage fees on an equal Unit by Unit basis if that is the billing methodology in effect for the District.

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

(c) **CABLE TELEVISION/SATELLITE COMMUNICATIONS.** Except with the prior written approval of the Board of Directors, its Management Agent, or a Board designated Committee, which approval shall not be unreasonably withheld, no outside television or radio aerial or antenna, satellite dish, or other device, for the reception or transmission of radio or television, or other electronic signals, shall be erected or maintained on any Unit or upon the exterior of any Unit, Common Element or the Limited Common Elements appurtenant to any Unit. The Board of Directors or its Management Agent or its designated Committee, may approve any applications for the installation if the installation is for the personal use of the Owner, and either (a) the device shall not be visible from neighboring Units, streets or common area; or (b) the Unit Owner, prior to installation, has received the written consent of all of the Owners of all Units who would have views of the installation from their Units; (c) and all other private and public approvals, as applicable, have been obtained. In approving such applications, the Board of Directors, its Management Agent, or its designated Committee shall have the power to require such specific forms of placement of the device as it deems appropriate in order to effectuate the intent of this Section 8(c) that such devices be as inoffensive as possible to other Owners and Residents. All installations must comply with local zoning requirements and building codes, of applicable. Any Owner requesting such a device may be required to pay a reasonable charge to the

Association for the reviewing of such Application by the board, its Management Agent, or its designated Committee. Further, the Owner shall be required to pay the installation costs for installing such device and to pay all bills associated with such Owner's use of the device.

The Board may approve the use of such devices to serve the Common Elements and the Board shall pay all costs of installation and bills for use of such devices in such portions of the Common Elements as a Common Expense.

Section 9. USE OF UNITS - INTERNAL OR EXTERNAL CHANGES

(a) A Co-Owner may make internal structural modifications or alterations in his Unit or installations located therein subject to Sections 5.10 and 5.11 of the Master Deed. As provided in Section 5.10 of the Master Deed, the Association shall have the obligation to answer within sixty (60) days from the actual receipt of such notice.

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

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

Section 11. RIGHT OF ENTRY.

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

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

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

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

(b) No Co-Owner shall:

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

- (3) Clean dust mops, rugs or similar objects from the windows or balconies by beating on the exterior part of the Property;
- (4) Throw trash or garbage outside the disposal installation provided for such purpose in the service areas;
- (5) Act so as to interfere reasonably with the peace and enjoyment of the residents of the other Units in the Property;
- (6) Maintain any pets which cause distress to Co-Owners through barking, biting, scratching or damaging of property or persons. No more than two (2) pets may be maintained in any Unit unless otherwise approved by the Board. Aggressive breeds as determined by the Board may be prohibited.
- (7) Operate or utilize any charcoal or gas grills, either permanent or portable, on the decks or balconies or in the close proximity of the Units, it being understood that such use is a violation of local fire ordinances.
- (8) Operate, park, or store on the Property any recreational vehicles, motor homes, motorcycles, mopeds, trucks, trailers, commercial vans or boats.
- (9) Maintain on the property more than two (2) vehicles unless otherwise approved by the Board, all said vehicles being operational and properly registered under South Carolina law.

(c) No Co-Owner, resident, or lessee shall install wiring for electrical or telephone installations, televisions or radio antenna, air conditioning fixtures, or similar objects outside of his dwelling or which protrudes through the walls or the roof of his Unit except as authorized by the Board and where appropriate Subject to Section 8(c) of this Article VII.

(d) Until the Board is elected by the Co-Owners, the Declarant may amend, delete or add to the Rules of Conduct at its sole discretion. Thereafter

the Board shall have this right. Any amendment to the Rules of Conduct shall be effective upon distribution in writing to the Co-Owners.

Section 13. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS. The violation of any rules or regulations adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provisions of the Master Deed, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the Unit in which or as to which such violations or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition, that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorney's 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; or (c) to impose fines for violations thereof in amounts determined by the Board, said five to be added to the assessments payable hereunder by the defaulting Unit Owner.

Section 14. FISCAL YEAR. The fiscal year for the Association shall begin on the 1st day of April of each year; provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

Section 15. LITIGATION. No judicial proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the votes eligible to be cast by the Owners and as long as Declarant owns not less than ten (10%) percent of the Units. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided herein; (c) proceedings involving taxation, including, e.g., challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. In the event any litigation is instituted, then the Association shall assess all Owners for the costs of litigation, including, without limitation, attorney's fees incurred, and funds from regular assessments shall not be used for any such claim or litigation; provided, however, that this 75%

threshold requirements may be eliminated by the Board at any time after January 1, 2010.

ARTICLE VIII

INSURANCE

The Board of Directors shall be required to obtain and maintain, as set forth below, in forms and amounts as hereinafter prescribed and which are also satisfactory to any mortgagee holding mortgages on five or more Units, the following insurance, without prejudice of the right of the Co-Owner to obtain additional individual insurance at his own expense:

Section 1. HAZARD INSURANCE. The Board of Directors shall insure the Property, as it may be constituted from time to time, against loss or damage due to fire, windstorm, lightning, and flood, with extended coverage, in an amount not less than the maximum insurable replacement value of the Property as determined by 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 Property. All hazard insurance shall cover the entire Property, exclusive only of the contents and furnishings of the individual Units.

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

(b) All hazard insurance policies obtained by the Board of Directors shall provide for the issuance of Certificates of Insurance to each Unit Owner. Each Certificate shall evidence the issuance of the Master Policy and shall indicate the amount of insurance covering the

building within which the respective Unit is located. If a Unit is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

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

(d) Each mortgagee of which the Board has notice as herein provided shall be entitled to receive upon request, a statement of the replacement value as determined herein this Section 1. If any such mortgagee disagrees with the values assigned to the Property by such determination and presents an appraisal prepared at such mortgagee's expense showing higher values which has been performed by a qualified appraiser, then the Board shall either adopt the higher value or shall cause a reappraisal to be made by a qualified appraiser approved by the Board and by the appraisers who conducted the prior appraisals and the findings of the third appraiser shall be conclusive to determining such value for insurance purposes.

(e) Each hazard insurance policy shall contain a loss payee provision designating the interest of the various mortgagees as to the various Units within the Regime which are covered by the Master Policy. Such policies shall also provide that they shall not be cancelled without giving thirty (30) days prior written notice to all such mortgagees about which the insurer has been given written notice.

Section 2. 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.

Section 3. **WORKMEN'S COMPENSATION INSURANCE.** The Board of Directors, as necessary, shall obtain Workmen's Compensation Insurance to meet the requirements of law.

Section 4. **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.

Section 5. **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 6. **INSURANCE BY UNIT OWNERS.** Each Unit Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal property, wall coverings, decorations, and furnishings within his own Unit and the additions and improvements made by him to the Unit. Each Unit shall be responsible for obtaining, at his sole expense, insurance covering the personal property, wall coverings, decorations, and furnishings within his own Unit and the additions and improvements made by him to the Unit. Each Unit Owner shall also be responsible for obtaining at his own expense, insurance covering his liability for the safety of the premises within his Unit. All such insurance policies shall include, however, provisions waiving (i) any right of the insurer to subrogation claims against the Association and against individual Unit Owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or proration because of the master hazard policy.

As set forth in Section 5.06 of the Master Deed, the Co-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 Co-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 Co-Owner, and such assessment shall be collectible just as any other assessment described in Section 1 of Article VII.

Section 7. **DISTINCTION ON OWNER'S COVERAGE AND REGIME COVERAGE.** As reflected above, both the Association and the Co-Owner have certain insurers' responsibilities. The Board, acting through the Management Agent, shall have the discretion to balance competing interests of

said insurers, should such an occasion arise. Each Co-Owner shall, upon request, provide to the Management Agent, the name and address of his insurer.

Section 8. 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 IX

RECONSTRUCTION AND REPAIR

In the event of casualty loss or damage to the Property, the Board of Directors shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Property in accordance with the provisions of this ARTICLE IX. Reconstruction or repair shall be mandatory unless otherwise provided in the Act, as amended from time to time, or unless seventy-five (75%) percent or more of the Unit Owners vote, at a duly authorized meeting, not to reconstruct. In situations where reconstruction or repair is not to be undertaken, the insurance indemnity received by the Board of Directors shall be distributed pro-rate to the Unit Owners and their mortgagees jointly in proportion to their respective statutory interests. The remaining portion of the Property shall be subject to an action for partition at the suit of any Unit Owner or lien or as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and distributed pro-rate among all Unit Owners and their mortgagees jointly in proportion to their respective statutory interests. In the situation where reconstruction or repair is undertaken, then such Property shall be repaired in the following manner:

(1) Any reconstruction or repair must follow substantially the original plans and specifications of the Property (attached as Exhibit "C-1" to the Master Deed) unless the Unit Owners holding seventy-five percent (75%) or more of the total interest in Common Elements and their mortgagees, if any, vote to adopt different plans and specifications and all Owners whose Units are being reconstructed or repaired unanimously consent to the adoption of such different plans and specifications. The approval of such plans by Declarant as provided

by the covenants set forth in Section 16 of the Master Deed shall likewise be required.

(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 Association may use funds out of its reserve or replacement accounts, and, if still not sufficient, the Association shall levy and collect an assessment against all Owners in an Amount which shall provide the funds required to pay for the repair, replacement or reconstruction.

(4) The insurance proceeds received by the Board of Directors and the mortgagees, and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board of Director and the mortgagees, 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 Unit Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be retained by the Association.

ARTICLE X

INSURANCE TRUST

In the event of casualty loss to the Property, all insurance proceeds indemnifying the loss or damage shall be paid jointly to the Board of Directors as Insurance Trustee and to any mortgagee holding mortgages on five or more Units. The Board of Directors, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this ARTICLE X and 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 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 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 mortgage 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.

ARTICLE XI

MORTGAGES

Section 1. NOTICE TO BOARD. A Co-Owner who mortgages his Unit shall notify the Board through the Management Agent, if any, or the President if there is no Management Agent, of the name and address of his Mortgagee; and the Association shall maintain such information in a book entitled "Mortgages on Units" or in the individual Unit file.

Section 2. NOTICE TO MORTGAGEE. The Board shall give reasonable advance written notice of the following events to all mortgagees from which it receives a written request (the term "mortgagee" to include the holder, insurer or guarantor with respect to any such mortgage). Such written request must identify the name and address of the holder, insurer or guarantor and the Unit number and address:

- (a) Any change in the Condominium documents;

- (b) Any unpaid assessments due the Association for over ninety (90) days from the Co-Owner(s) (mortgagor(s)) of the Unit;
- (c) Any default by the Co-Owner (mortgagor) of a Unit in the performance of such Co-Owners' obligations under the Master Deed and associated Condominium documents when such default is not cured within sixty (60) days.
- (d) Any notice of special or annual meetings of the Association.
- (e) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;
- (f) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (g) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in these By-Laws or in the Master Deed.
- (h) Any proposed change from professional management of the Property to self management of the Property by the Association.

Section 3. STATEMENTS TO MORTGAGEE. Upon written request to the Association from any Mortgagee of which it has notice as herein provided, the Board, Manager or Management Agent shall supply such Mortgagee with a reasonably current financial statement of the Association within a reasonable time of such request. Moreover, if no audited current financial statements are available, the holders of fifty-one (51%) percent or more of first mortgages shall be entitled to have such an audited statement prepared at their expense.

ARTICLE XII

RESTRICTIONS UPON LEASES OF UNITS

Section 1. LEASES. No Unit Owner may lease his Unit or any interest therein except by complying with the provisions of Section 2 of this Article.

Section 2. PROVISIONS IN LEASE. Any lease of any Unit within the Association shall be for a use consistent with the use provisions of these By-Laws and shall provide that the terms and conditions of the Master Deed and all exhibits shall be complied with by the tenant and that the Association shall have the power to terminate such lease, and bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of default by the tenant in the performance of said lease, or failure by the tenant to perform an obligation in the Master Deed, By-Laws, or Rules and Regulations.

ARTICLE XIII

AMENDMENTS

Section 1. REQUIREMENTS FOR AMENDMENTS. 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, or by law, these By-Laws may be materially 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 and the approval of eligible mortgagees from which the Association has received written notice holding mortgages on Units which have at least fifty-one (51%) percent of the votes of Units subject to such mortgages, as it relates to modification of any material provisions of these By-Laws, the Articles of Incorporation or other governing document, which establish, provide for, govern or regulate any of the following:

- a Voting;
- b Assessments, assessment liens or subordination of such liens;
- c Reserves for maintenance, repair and replacement of the Common Elements;
- d Insurance or Fidelity Bonds;
- e Rights to use of the Common Elements;

- f Responsibility for maintenance and repair of the several portions of the Property;
- g Expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project except as expressly provided in the Master Deed;
- h Boundaries of any Unit;
- i The interests in the General or Limited Common Elements;
- j Convertibility of Units into common areas or of common areas into Units;
- k Leasing of Units;
- l Imposition of any additional or further right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit;
- m Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on Units.

Notwithstanding the foregoing, so long as the Declarant remains the Owner of more than one Unit in this Regime, these By-Laws shall not be amended so as to adversely affect the Declarant without the Declarant's consent.

Section 2. MATERIALITY OF AMENDMENTS; MORTGAGEE APPROVAL PROCEDURE.

An addition or Amendment to the By-Laws or Master Deed shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. An eligible mortgage holder who receives a written request to approve additions or Amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request and proof of mailing such request in affidavit form, together with an affidavit of non-receipt, shall be sufficient evidence of such approval.

ARTICLE XIV

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 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 Unit Owners at the address of the Unit or at such other address as may have been designated by such Unit 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, and may be amended from time to time. 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.

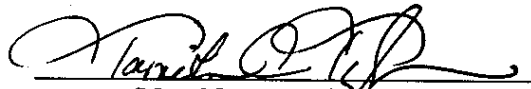
Section 8. WAIVER. No restriction, condition, obligation, or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violations or breaches thereof which may occur.

STATE OF SOUTH CAROLINA)


COUNTY OF Aiken)

PROBATE

PERSONALLY appeared before me Tamika Tyler who, on oath, says that s/he saw the within named **REGIONS BANK** by Richard Harmon, its ~~Senior Vice-President~~ sign the within Joinder of Mortgagee, and the said Corporation, by said officer, seal said instrument, and as its act and deed, deliver the same, and that s/he with Erica Davey witnesses the execution thereof.


(Non Notary Witness)

SWORN to before me this
27 day of December, 2002.

 (L.S.)
Notary Public for South Carolina

My Commission Expires: My Commission Expires June 12, 2010



ERVICES
SURVEYING
 HILTON HEAD ISLAND, BEaufORT COUNTY, SOUTH CAROLINA
 # 389 MARSHLAND ROAD
BOUNDARY SURVEY
CREEK
 P.O. BOX 2147
 SOUTH CAROLINA, 29928
 (843) 837-6241

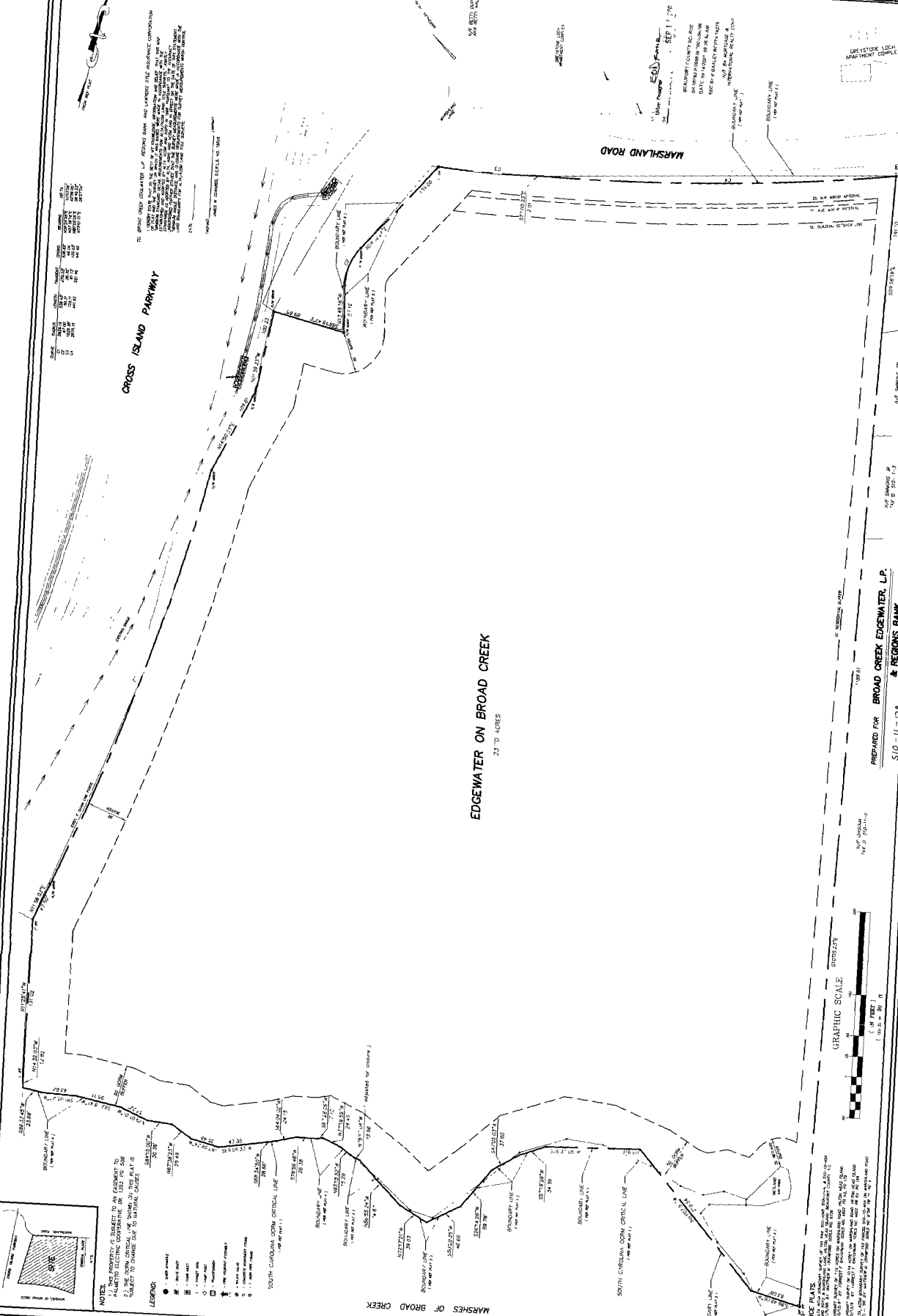


DATE: 11-13-13
 SCALE: 1" = 100'
 SHEET: 1 OF 1

HILTON HEAD ISLAND, BEaufORT COUNTY, SOUTH CAROLINA
 # 389 MARSHLAND ROAD
BOUNDARY SURVEY
CREEK
 P.O. BOX 2147
 SOUTH CAROLINA, 29928
 (843) 837-6241

DATE: 11-13-13
 SCALE: 1" = 100'
 SHEET: 1 OF 1

1



CROSS ISLAND PARKWAY

EDGEWATER ON BROAD CREEK
 2.37 ACRES

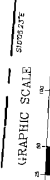
MARSHLAND ROAD

MARSHES OF BROAD CREEK

DATE	DESCRIPTION	BY	SCALE
11-13-13	BOUNDARY SURVEY	J. L. WILSON	1" = 100'

TO: BRUCE D. EDWARDS, L.P., REGIONAL BANK AND TRUSTEE, THE REGIONAL COMPANY
 COUNTY OF BEaufORT, SOUTH CAROLINA
 FROM: J. L. WILSON, S.E., SURVEYOR
 THIS SURVEY WAS MADE AND THE BOUNDARY LINES WERE PLACED ON THE GROUND BY THE SURVEYOR AND HIS ASSISTANTS ON THE DATE INDICATED IN THE DATE COLUMN OF THE ABOVE TABLE. THE SURVEY WAS MADE IN ACCORDANCE WITH THE RULES AND REGULATIONS OF THE SURVEYING BOARD OF SOUTH CAROLINA. THE SURVEYOR HAS REVIEWED THE SURVEY AND FINDS IT TO BE CORRECT AND ACCURATE. THE SURVEYOR HAS PLACED HIS SIGNATURE AND SEAL ON THIS PLAN AT THE PLACE WHERE HE PARTICIPATED IN THE SURVEY. THE SURVEYOR HAS REVIEWED THE SURVEY AND FINDS IT TO BE CORRECT AND ACCURATE. THE SURVEYOR HAS PLACED HIS SIGNATURE AND SEAL ON THIS PLAN AT THE PLACE WHERE HE PARTICIPATED IN THE SURVEY.

REFERENCE PLATS:
 1. PLAT # 100-1-13-13-13
 2. PLAT # 100-1-13-13-13-13
 3. PLAT # 100-1-13-13-13-13
 4. PLAT # 100-1-13-13-13-13
 5. PLAT # 100-1-13-13-13-13
 6. PLAT # 100-1-13-13-13-13
 7. PLAT # 100-1-13-13-13-13
 8. PLAT # 100-1-13-13-13-13
 9. PLAT # 100-1-13-13-13-13
 10. PLAT # 100-1-13-13-13-13



PREPARED FOR: **BROAD CREEK EDGEWATER, L.P.** & **REGIONS BANK**
 SIO-11-13-13



NOTES:
 1. THIS PROPERTY IS SUBJECT TO AN EASEMENT TO THE REGIONAL BANK AND TRUSTEE, THE REGIONAL COMPANY FOR THE DEPOSIT OF FUNDS.
 2. THE BOUNDARY LINES ARE SUBJECT TO CHANGE DUE TO NATURAL PROCESSES.

LEGEND:
 - MONUMENT
 - MARKER
 - BOUNDARY LINE
 - PROPERTY LINE
 - ADJACENT PROPERTY
 - PUBLIC ROAD
 - WATERWAY

P.O. BOX 21437
 HILTON HEAD ISLAND,
 SOUTH CAROLINA, 29926
 (843) 837-8241
 SURVEYING SERVICES INC.

HILTON HEAD ISLAND, BEaufort COUNTY, SOUTH CAROLINA
 BEaufort COUNTY RECORDER'S OFFICE
 REGISTRATION NUMBER: 202008898
 MR. JAMES R. SMITH, REGISTRAR
 12/12/2008 08:00:17
 202008898

1 OF 2 SHEETS

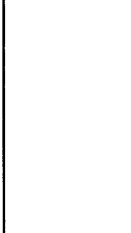
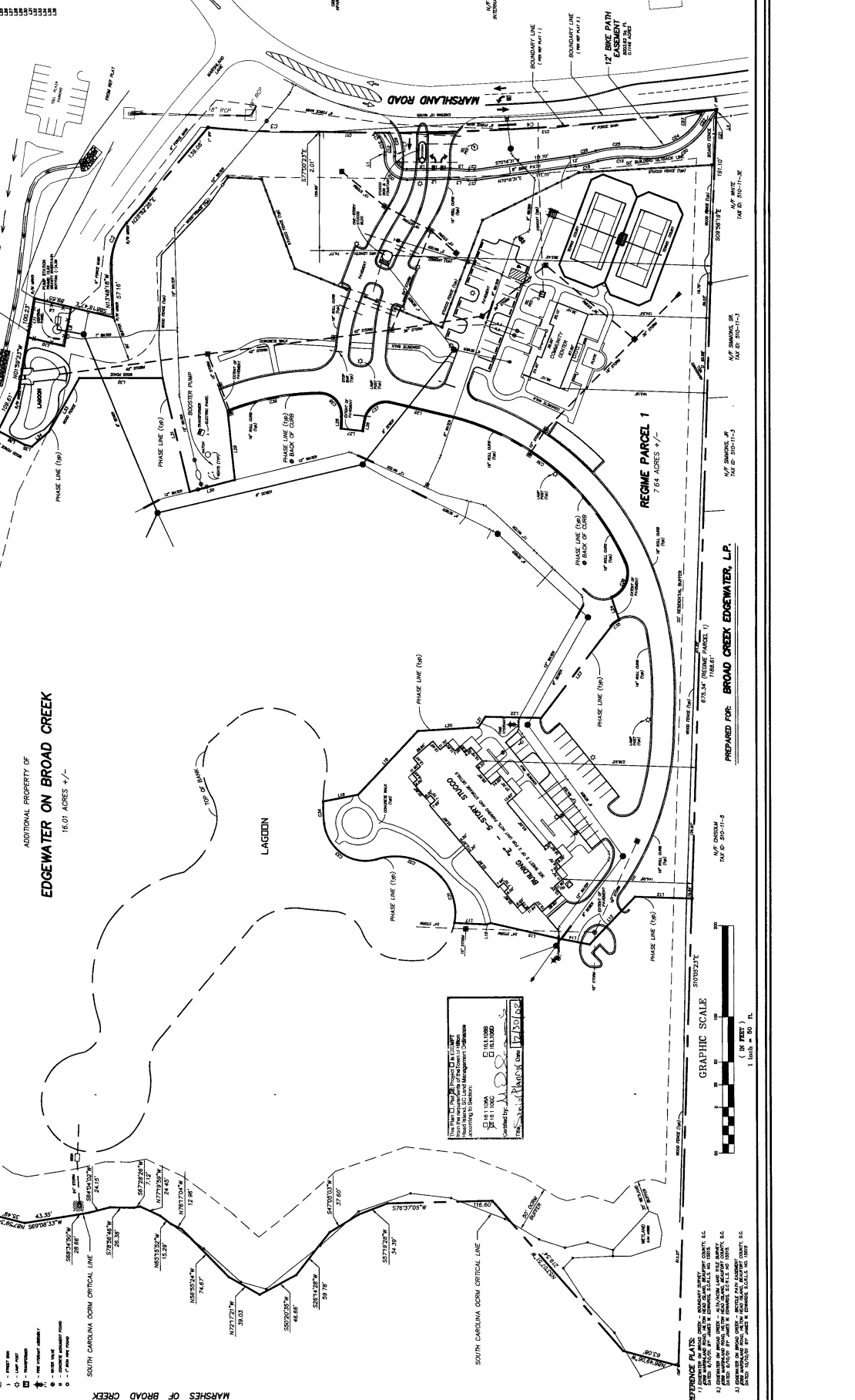
DATE: 12/19/20
 SCALE: 1" = 50'
 DRAWN BY: JMS
 CHECKED BY: JMS

LINE	LINE NUMBER	LINE LENGTH	LINE BEARING
1	1	117.02'	S 71° 10' 00" W
1	2	117.02'	S 71° 10' 00" W
1	3	117.02'	S 71° 10' 00" W
1	4	117.02'	S 71° 10' 00" W
1	5	117.02'	S 71° 10' 00" W
1	6	117.02'	S 71° 10' 00" W
1	7	117.02'	S 71° 10' 00" W
1	8	117.02'	S 71° 10' 00" W
1	9	117.02'	S 71° 10' 00" W
1	10	117.02'	S 71° 10' 00" W

LINE	LINE NUMBER	LINE LENGTH	LINE BEARING
2	1	117.02'	S 71° 10' 00" W
2	2	117.02'	S 71° 10' 00" W
2	3	117.02'	S 71° 10' 00" W
2	4	117.02'	S 71° 10' 00" W
2	5	117.02'	S 71° 10' 00" W
2	6	117.02'	S 71° 10' 00" W
2	7	117.02'	S 71° 10' 00" W
2	8	117.02'	S 71° 10' 00" W
2	9	117.02'	S 71° 10' 00" W
2	10	117.02'	S 71° 10' 00" W

LINE	LINE NUMBER	LINE LENGTH	LINE BEARING
3	1	117.02'	S 71° 10' 00" W
3	2	117.02'	S 71° 10' 00" W
3	3	117.02'	S 71° 10' 00" W
3	4	117.02'	S 71° 10' 00" W
3	5	117.02'	S 71° 10' 00" W
3	6	117.02'	S 71° 10' 00" W
3	7	117.02'	S 71° 10' 00" W
3	8	117.02'	S 71° 10' 00" W
3	9	117.02'	S 71° 10' 00" W
3	10	117.02'	S 71° 10' 00" W

LINE	LINE NUMBER	LINE LENGTH	LINE BEARING
4	1	117.02'	S 71° 10' 00" W
4	2	117.02'	S 71° 10' 00" W
4	3	117.02'	S 71° 10' 00" W
4	4	117.02'	S 71° 10' 00" W
4	5	117.02'	S 71° 10' 00" W
4	6	117.02'	S 71° 10' 00" W
4	7	117.02'	S 71° 10' 00" W
4	8	117.02'	S 71° 10' 00" W
4	9	117.02'	S 71° 10' 00" W
4	10	117.02'	S 71° 10' 00" W



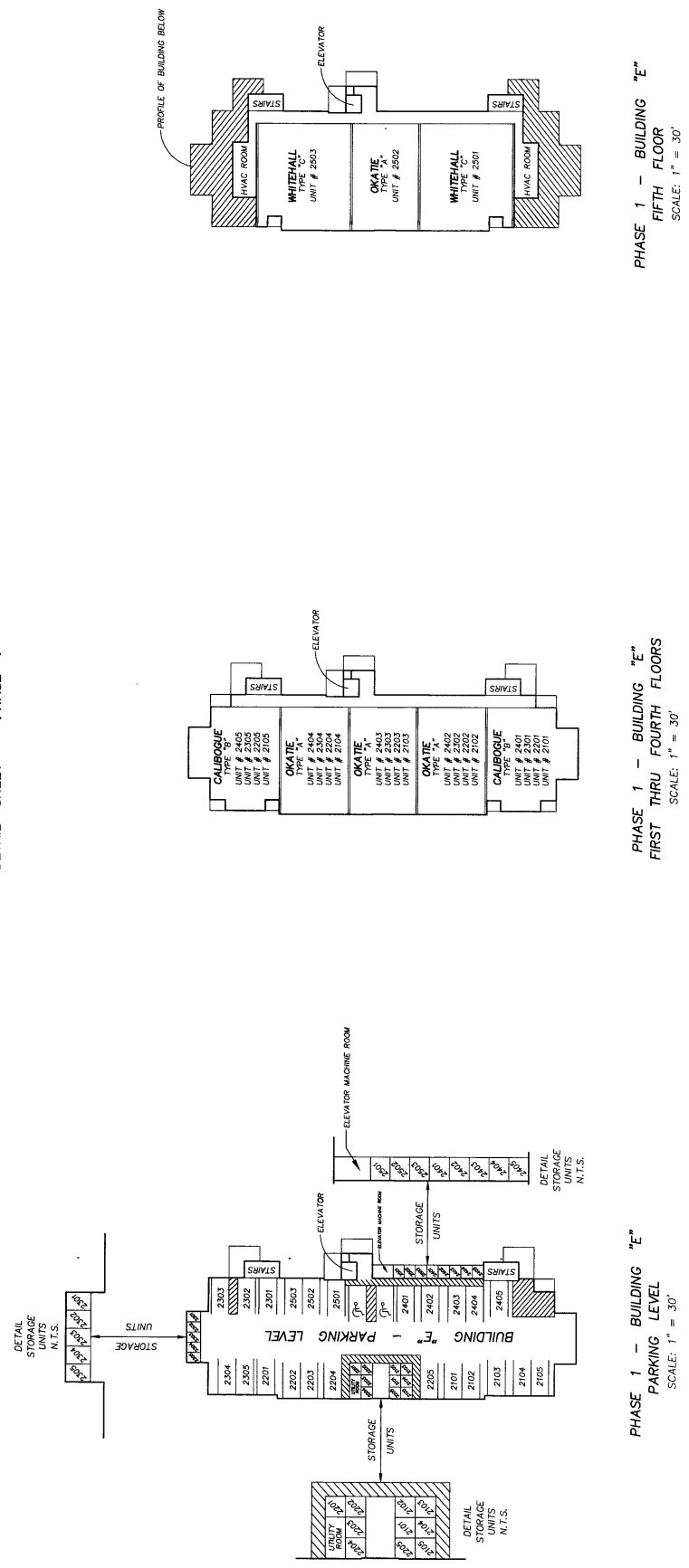
PREPARED FOR: BROAD CREEK EDgewater, LP
 N/S CROSS ISLAND RD. & 300-11-5
 N/S MARSHLAND RD. 300-11-3
 N/S SWANSON DR. 300-11-3
 N/S MARSHLAND RD. 300-11-3

3070221'E
 875.1X (RELEASING PHASE 1) 1988E1
 3070221'E

NOTES:
 1. THIS PROPERTY IS SUBJECT TO AN EASEMENT TO THE COMMON CREEK OWNERS ASSOCIATION, INC. AS SHOWN ON THIS PLAN IS SUBJECT TO CHANGE DUE TO NATURAL CAUSES.
 2. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 3. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 4. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 5. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 6. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
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 9. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 10. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.

SOUTH CAROLINA COMMON CREEK OWNERS ASSOCIATION, INC.
 11. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 12. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 13. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 14. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 15. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 16. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 17. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 18. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 19. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.
 20. THE COMMON CREEK OWNERS ASSOCIATION, INC. IS A NON-PROFIT ORGANIZATION.

DETAIL SHEET - PHASE 1



PHASE 1 - BUILDING "E"
 FIFTH FLOOR
 SCALE: 1" = 30'

PHASE 1 - BUILDING "E"
 FIRST THRU FOURTH FLOORS
 SCALE: 1" = 30'

PHASE 1 - BUILDING "E"
 PARKING LEVEL
 SCALE: 1" = 30'

BOONPAGE 000810008