

Condominium Property shall continue to be owned, occupied, used, conveyed, encumbered, leased, and improved by phases in accordance with the provisions of the Horizontal Property Act, and in accordance with the covenants, restrictions, encumbrances, and obligations set forth or incorporated by reference in this Master Deed, all of which shall be deemed to be covenants and obligations running with the land.

Section 2. General Description of Plan of Development. The Condominium Property hereafter described is a three phased condominium regime. The maximum number of units in Phase I shall be sixteen (16) units, the maximum number of units in Phase II shall be thirteen (13) units, and the maximum number of units in Phase III shall be thirteen (13) units, all as identified and described herein. All Units have been completed and made a part of the Regime. A general description of the nature and use of all common elements constructed appears in other portions of this document and on the recorded Plat identified in Exhibit "C" of this Master Deed. A chart showing the percentage interest in the common elements of each original unit owner is attested hereto as Exhibit "B".

ARTICLE II. CONDOMINIUM PROPERTY.

Section 1. Land. The Regime is comprised of tracts of land which are described in Exhibit "A" of this Master Deed subject to the following additional encumbrances:

- 1.1 Declaration of Covenants and Restrictions of the Moss Creek Owners Association and the Bluff Corporation recorded in Beaufort County, S.C. Deed Book 223 at Page 1302, as amended in Deed Book 232 at Page 71 and as may be or as may have been further amended.
- 1.2 Easements for installation, operation, and maintenance of electric and telephone distribution lines and accessory equipment.
- 1.3 Easements granted to any appropriate Public or Private Utility Company for the installation, operation, and maintenance of water and sewer utility system.
- 1.4 Easement hereby reserved for future Salt Marsh Cottages phases or regimes, if any, for use of access roadways for ingress and egress to such future phases or regimes, if any.

Section 2. Cottages. A total of Forty-Two (42) condominium units (hereinafter referred to as "Cottages," "Units," "Cottages" or "Dwelling Units") have been constructed as shown on the Plat of the Condominium Property contained in Exhibit "C" of this Master Deed. The Cottages are of the general design as graphically depicted in the certified architect's plans which are compiled and annexed to this Master Deed in Exhibit "C". The Cottages are also described verbally in Article VI of this Master Deed. Each Cottage is composed of the interior cubic space, fixtures, major appliances, walls, floors, ceilings, and building materials enclosed within the following boundaries:

- 2.1 The upper boundaries of the Cottage shall extend to the inner surface of the roof sheathing over the Cottage. The lower boundaries of the Cottage shall extend to the top of the foundation piers beneath the lowest level of the Cottage.
- 2.2 The perimetrical boundaries of the Cottage shall extend to the rear surface of the wall sheathing to which the exterior siding of the Cottage is attached and to the center-line of the frame party wall adjacent to the Cottage.

2.3 The boundaries of each Cottage shall extend also to include the area enclosed or bounded by the screens, partitions, railings, balustrades, or fences of any deck, terrace, balcony, stoop and steps, porch, courtyard, patio, or service area which is an integral and exclusive part of that particular Cottage. If any such area is not thus bounded or enclosed, the boundaries of the Cottage shall be extended to include the area defined or actually covered by any deck, terrace, balcony, stoop and steps, porch, courtyard, patio, or service area. Notwithstanding its location within this described area, the sheds are deemed Limited Common Elements as set forth in this Article II, Section 3.2 below.

2.4 Each Cottage shall also encompass and include, and each Cottage Owner shall be responsible for maintenance and repair of, the following: (i) the doorways, windows, vents, and other structural elements in the wall, floors, and ceilings, of the Cottage which are regarded as enclosures of space; (ii) the doors opening into the Cottage and into any mechanical area or courtyard integral to the Cottage, including the frames, casings, hinges, handles, and other fixtures which are part of the doors; (iii) the window glasses, screens, frames, wells, and casings which are part of the windows opening from the Cottage; (iv) the metal flue and the plumbing and mechanical vents which exclusively serve the Cottage; (v) the appliances, air conditioning and heating units, hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, flooring, trim, ceilings, walls, framing, floor joists, trusses, beams, insulation, structural slab and fill, and other fixtures, furnishings, and building materials which are part of the Cottage when delivered to the initial Cottage Owner; (vi) the screens, partitions, railings, balustrades, or fences bounding or enclosing any deck, terrace, balcony, courtyard, or service area that is integral and exclusive to the Cottage, and treated wood decking or concrete surface within any such area; and all pipes, wires, conduits, ducts, and other plumbing, mechanical, and electrical appurtenances which are integral and exclusive to the Cottage, including lamps attached to the exterior of the Cottage, and including water pipes serving the Cottage extending to the meter, sewer pipes serving the Cottage extending five (5) feet from the Cottage, and the underground drainage system beneath the Cottage.

Section 3. Common Elements. The Common Elements, either General or Limited, of the entire Condominium Property, are exclusive of the Cottage, as shown the Plat contained in Exhibit "C" of this Master Deed.

3.1 The General Common Elements shall include without limitation the following:

- (a) The land upon which the buildings enclosing the Cottages are situated; the paved parking areas; the walkways; the building area under roof associated with more than one Cottage; and the remaining common areas surrounding the Cottages; and all easements, rights, and hereditaments appurtenant to the land described in Exhibit "A" and shown on the Plat contained in Exhibit "C". Reference to said Plat is craved for details as to square footage, etc.
- (b) All improvements, exclusive of the Cottages and Limited Common Elements, erected or which may be erected in future phases of this Regime upon the land described in Exhibit "A", including without limitation: (i) the roofs covering the Cottages including shingles, roofing felt, sheathing, and flashing; (ii) the exterior siding, fascia, sheathing, and building paper on the buildings enclosing the Cottages; (iii) the pipes, wires, conduits, pumps,

motors, and other equipment installed to provide utility service to the Cottage or to portions of the Common Elements, provided, however, that title to all water and sewer pipes, pumps, mains, and accessory equipment shall be, and hereby is reserved to the Association, its successors and assigns; (iv) the roads, streets, parking areas, street signs, storm draining, guttering, retaining walls, walkways, paths, trees, gardens, and landscaping located upon the land; (v) any pier or dock extending from the Land; (vi) any recreational facilities which may now or hereafter be located upon the Land; and (vii) all other elements of the Condominium Property rationally of common use or necessary to its existence, maintenance, and safety.

3.2 The Limited Common Elements shall mean and include those Common Elements which are agreed upon by all the Cottage Owners to be reserved for the use of a certain Cottage or Cottage Cluster to the exclusion of any other Cottages or Cottage Clusters, such as the storage sheds ("Limited Common Elements").

ARTICLE III. DEFINITIONS.

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

(1) "Condominium Property" means the total of 5.8021 acres of land ("Land") described in Exhibit A"; the buildings constructed upon the Land, situated as shown on the Plat of the Condominium Property contained in Exhibit "C" or on future plats dedicating future phases to the Regime as prescribed herein; the Forty-Two (42) Cottages which are or may be enclosed within such buildings which are described verbally in Articles II and VI of this Master Deed and which are portrayed graphically on the Plans contained in Exhibit "C" or on future plats dedicating phases to the Regime as prescribed herein; and all other improvements and property, real, personal, and mixed, situated upon or appurtenant to the Land which are or which may be made part of Salt Marsh Cottages Horizontal Property Regime II by this Master Deed.

(2) "Assessment" means that portion of the Common Expenses, as hereinafter defined, together with any Special Assessments which may be levied by the Board and provided for in this Master Deed and By-Laws, which charges are to be paid by each Cottage Owner in proportion to the Owner's percentage interest in Common Elements as hereinafter described. The term "Assessment" shall also include any individual assessments charged by the Association to a Cottage Owner for work performed by the Association for the benefit of the Cottage Owner pursuant to the self-help provisions described in this Master Deed in Article IX, Section 4.

(3) "Association" means Salt Marsh Cottages Owners Association, Inc., which is responsible for operation and management of the Condominium Property.

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

(5) "Board of Directors" means the body of persons elected, authorized, and directed to manage and operate the Condominium Property and the affairs of the Association, as provided by this Master Deed and the By-Laws (hereinafter referred to as "Board").

(6) "Common Elements" means all those portions of the Condominium Property not included within the Cottages as defined in Article II, Section 3.

(7) "Common Expenses" means the actual and estimated expenses of operating and managing the Condominium Property, including reasonable reserves, as determined by the Board.

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

(9) "Condominium Property" means the Land described in Exhibit "A", the buildings, Cottages and other improvements constructed upon the Land, real, personal, or mixed, intended for use in connection with this Regime.

(10) "Cottage," "Unit" and/or "Dwelling Unit" means one of the dwelling units enclosed within the boundaries defined in Article II, Section 2, which is subject to separate ownership.

(11) "Cluster" means an attached group of Cottages or Units. A phase may have more than one Cluster.

(12) "Cottage Owner" means the person, entity, or persons owning one or more of the Cottages.

(13) "Horizontal Property Act" means the Horizontal Property Act of the State of South Carolina, Title 27, Chapter 31, Code of Laws of South Carolina, 1976, as amended. All references to the "Horizontal Property Act" shall mean the statute as amended, adopted, and enacted from time to time.

(14) "Land" means the tract of land described by courses and distances in Exhibit "A".

(15) "Phase" means the development of the Condominium Property and Land in more than one stage, at different times within this one Regime.

(16) "Plans" means the floor plans and elevations depicting the design, layout, and dimensions of the Cottages, which have been prepared and certified by an architect duly authorized and licensed to practice in the State of South Carolina, and which are compiled and attached to this Master Deed in Exhibit "C".

(17) "Plat" means the physical survey of the completed improvements showing the dimensions and site locations of the buildings, the forty-two (42) Cottages, the parking areas, roads, walkways and other improvements of the Regime, and entitled "Salt Marsh Cottages, Exhibit A, As Built Survey, Horizontal Property Regime II", dated February, 1978, and recorded in Plat Book 26, Page 178, Office of the Register of Deeds of Court for Beaufort County, South Carolina, as further modified or amended by that certain Plat entitled "Salt Marsh Cottages, Horizontal Property Regime II, Phase II" prepared by Thomas and Hutton Engineering Company, dated January 18, 1979, and recorded in the Office of the Register of Deeds of Court for Beaufort County, South Carolina in Plat Book 27 at Page 123 and also by that certain Plat entitled "Salt Marsh Cottages, Horizontal Property Regime II, Phase III" prepared by Thomas and Hutton Engineering Company, dated January 18, 1979, and recorded in the Office of the Register of Deeds of Court for Beaufort County, South Carolina in Plat Book 28 at Page 1.

(18) "Person" means a natural person, a corporation, a partnership, trustee, or other legal entity.

ARTICLE IV. SALT MARSH COTTAGES OWNERS ASSOCIATION, INC.

Section 1. Formation. Every Cottage Owner shall be a member of the Association, which shall be managed by a Board of Directors elected by and from the Cottage Owners.

Section 2. By-Laws. The affairs of the Association and the administration of the Condominium Property shall be governed by the provisions of this Master Deed and the By-Laws, a copy of which is attached hereto as Exhibit "D", together with any rules, regulations or resolutions adopted pursuant thereto. The By-Laws may be amended from time to time, but only in the manner expressly provided in the By-Laws.

Section 3. Voting. On all matters relating to the Association or to the Condominium Property upon which a vote of the Cottage Owners is taken, the Cottage Owners shall vote in proportion to their respective interests in Common Elements as set forth in Exhibit "B".

Section 4. Binding Effect. All agreements, decisions, and resolutions legally made by the Association in accordance with the provisions of this Master Deed and the By-Laws shall be binding upon all Cottage Owners.

Section 5. Management Agent. The responsibility for administration of the Condominium Property may be delegated by the Board of Directors of the Association to a professional management agent ("Regime Property Manager"). By proper resolution, the Regime Property Manager shall have such authority as may be assigned to it by the Board of Directors and set forth in a written agreement detailing such authority, rights and responsibilities.

ARTICLE V. COTTAGES: OWNERSHIP AND USE.

Section 1. Ownership of Cottages. Each Cottage, together with its undivided interest in Common Elements, shall constitute a separate parcel of real property; and each Cottage Owner shall be entitled to exclusive ownership and possession of his/her Cottage, subject to: (i) the provisions of this Master Deed and the easements, restrictions, covenants, and encumbrances set forth herein; (ii) the By-Laws, as they may be amended from time to time, together with any rules, regulations and/or resolutions that may be adopted by the Association or its Board pursuant to this Master Deed, the By-Laws; and (iv) the Horizontal Property Act.

Section 2. Legal Description. Each Cottage may be sufficiently described for purposes of deeds, mortgages, leases, and other conveyances by referring to its designated Unit number and letter and by reciting that it is part of this Regime as established by this Master Deed. The conveyance of an individual Unit shall be deemed to convey the undivided interest in Common Elements appurtenant to that Cottage. The ownership of an undivided interest in Common Elements appurtenant to a Cottage shall be inseparable from the Cottage, and no such undivided interest may be conveyed or encumbered except as an appurtenance to the Cottage.

Section 3. Maintenance, Repair and Modifications.

3.1 To the Cottage. Every Cottage Owner shall be responsible at their own expense for maintaining, repairing, and decorating all walls, ceilings, floors, and other elements of their Cottage as defined in Article II, Section 2. The Association shall have the right to issue fines or pursue other remedies provided for in this Master Deed, the By-Laws or any duly adopted rules and regulations, for a Cottage Owner's breach of this obligation. In addition, the Association shall further have the right, but not the obligation, to undertake window replacements or similar exterior work on behalf of the Cottage Owners when, in the course of providing maintenance to the Common Elements, the Board of Directors determines that such replacement is reasonably necessary to ensure the integrity of the building envelope and the uniformity of the exterior appearance of the Cottages. The cost of any repair or replacement of materials deemed a part of the Cottage Unit shall be assessed to the Cottage Owner as an individual assessment and not as a Common Expense.

NO COTTAGE OWNER SHALL MAKE STRUCTURAL MODIFICATIONS OR ALTERATIONS TO THEIR COTTAGE NOR SHALL ANY COTTAGE OWNER ALTER ANY DOOR, WINDOW, VENT, FLUE, TERRACE, DECK, BALCONY, SHED OR COURTYARD WITHOUT OBTAINING PRIOR WRITTEN APPROVAL OF THE BOARD.

Written notice of any intended modification shall be given to the Board, setting forth details and requesting approval. The Board shall consider the request and decide whether approval shall be granted. The Board shall advise the Cottage Owner of its decision in writing within Ninety (90) days from its receipt of the request. Should the Board fail to issue its decision, the request shall be deemed denied. Nothing in this section shall relieve any Cottage Owner from obtaining approval for alterations required by other applicable covenants or restrictions. If the modification or alteration requires approval by the Moss Creek Plantation Architectural Review Board ("Moss Creek ARB"), a letter from the Board must be included in the Moss Creek ARB application.

3.2 To the Common Elements. No Cottage Owner shall undertake to modify any portion of the Common Elements without the express written permission of the Association and no failure on the part of the Association to respond to a request shall be deemed an approval in the absence of such written permission.

3.3 Failure to Obtain Approval. Should the Cottage Owner undertake any modification in violation of this Section 3, the Association shall have the right to issue fines or take such other action as may be necessary to enforce the obligations herein expressed, including but not limited to, the removal of any unauthorized work.

ARTICLE VI. COTTAGES: LOCATION AND DESCRIPTION.

Section 1. Building Location. The Cottages of this Regime are enclosed or may be enclosed within the following building groups:

1.1 Phase I. Phase I is composed of three (3) clusters of Cottages and contains 16 Dwelling Units designated as Cottages 101-116 inclusive. In Phase I, Units 101-103 are in Cluster 1, Units 104-110 are Cluster 2, and Units 111-116 are in Cluster 3, all as shown on the within referred to plat of record.

1.2 Phase II. Phase II contains 13 Dwelling Units in Clusters designated as Cottages 117-129, inclusive.

1.3 Phase III. Phase III contains 13 Dwelling Units in Clusters designated as Cottages 130-142, inclusive.

Section 2. Cottage and Townhouse Description. The individual Cottages are described herein below:

- 2.1 "A" Units. (Units 101, 107, 108, 111, 113, 114, 117, 124, 130 and 136 in Phase I). Each "A" Unit is a two-bedroom, one story Cottage 34 feet wide and 34 feet deep heated and under roof. These dimensions exclude the storage, entry and service area located at the entry and the wood deck at the rear. Entry is at ground level through a Limited Common Element, with four vertical feet of steps and a 36.70 square foot entry deck. Entering the Unit there is a 61.75 square foot foyer with a 127.12 square foot kitchen on one side, equipped with all appliances. The foyer leads to a 62.20 square foot hall with a combination 149.79 square foot dining room and a 207.78 square foot living room. Adjacent to the hall is a 35.04 square foot utility room with a side-by-side washer and dryer, and a hatch access to the attic area, and a 6.68 square foot closet that has a water heater and storage area. The hall leads to a 44.40 square foot bathroom, and a bedroom with 191.02 square feet including a 16.71 square foot closet. Adjacent to this bedroom is a 54.88 square foot bathroom. On the other side of the hall is a 198.67 square foot bedroom which includes a 13.75 square foot closet. There is a 38.35 square foot service yard and a 48.00 square foot locked storage closet located off the entry deck. Adjacent to the living room is a 196.70 square foot wood deck.
- 2.2 "B" Units. (Units 102, 104, 112, 116, 118, 125, 132, 135, 137 and 141 in Phase I). Each "B" Unit is a two-bedroom one story Cottage 34 feet wide and 34 feet deep. The dimensions are excluding the storage, entry and service areas located at the entry and the wood deck at the rear. Entry is at ground level through a Limited Common Element with four vertical feet of steps and a 44.00 square foot entry deck. Off one side of the entry hall is bedroom #1 with 195.56 square feet which includes a 16.32 square foot closet and a 54.89 square foot bathroom. Opposite this bedroom is bedroom #2 with 171.20 square feet which includes a 12.82 square foot closet adjoining a 68.86 square foot bathroom which also has access from the entry hall. Further down the entry hall is a 40.07 square foot utility room with a side-by-side washer and dryer and an access hatch to the attic. Opposite the utility room is a 21.82 square foot locked storage closet. The entry hall leads to a 288.57 square foot living room and an 88.02 square foot kitchen equipped with all appliances. Adjacent to the living room is a 127.19 square foot dining room. There is a 42.23 square foot service yard and a 48.00 square foot storage closet located off the entry area. Adjacent to the living room is a 196.70 square foot wood deck.
- 2.3 "C" Units. (Units 103, 105, 106, 109, 110, 115, 119, 120, 121, 122, 123, 126, 127, 128, 129, 131, 133, 134, 139, 140, and 142 in Phase I). Each "C" Unit is a two bedroom two story Cottage 34 feet wide and 34 feet deep with a loft. The dimensions exclude the storage, entry deck and service areas located at the entry and the wood deck adjacent to the living room. Entry is at ground level through a Limited Common Element with four vertical feet of steps and a 44.20 square feet entry deck. Entering the Unit there is a 85.80 square foot entry hall. Off one side

of the entry hall is bedroom #1 with 195.56 square feet which includes a 16.32 square foot closet and a 54.89 square foot bathroom. Opposite this bedroom is bedroom #2 with 171.20 square feet, which includes a 12.82 square foot closet, adjoining a 68.86 square foot bathroom which also has access from the entry hall. Further down the entry hall is a 40.07 square foot utility room with a side by side washer and dryer and an access hatch to the attic. Opposite the utility room is a 21.82 square foot space which has a spiral staircase to a 187.19 square foot loft area and an 18.35 square foot closet with access to the attic. The entry hall leads to a 288.57 square foot living room and an 88.02 square foot kitchen equipped with all appliances. Adjacent to the living room is a 126.19 square foot dining room. There is a 42.23 square foot service yard and a 48.00 square foot storage closet located off the entry area. Adjacent to the living room is a 196.70 square foot wood deck.

ARTICLE VII. COMMON ELEMENTS: OWNERSHIP AND USE.

Section 1. Ownership of Common Elements. Each Cottage Owner shall own as an appurtenance to their Cottage the undivided interest in the Common Elements specified in Exhibit "B". The percentage interest set out therein represents the values of each Cottage in proportion to the total value of the Condominium Property, as well as the proportionate representation for voting purposes in any meeting of the Association members. The total value of the Condominium Property herein, as stated in the Original Master Deed, was Three Million One Hundred Fifty Thousand and No/100 Dollars (\$3,150,000.00) for all three Phases. The values for the individual Phases are as listed in Exhibit "B" hereto. The stated individual value for each Cottage indicated in Exhibit "B" shall not be deemed to establish or limit the price for which the Condominium Property or any Dwelling Unit may be sold or exchanged.

Section 2. No Partition. So long as this Master Deed has not been terminated in accordance with the provisions of Article XIII, and so long as Eighty (80%) Percent of the Condominium Property has not been substantially destroyed within the meaning of Article XI, the Common Elements shall remain undivided; and no Cottage Owner shall have the right to bring any action for partition or division.

Section 3. Use of Common Elements. Each Cottage Owner shall have the right to use the Common Elements for their intended purposes in common with all other Cottage Owners. Each Cottage Owner shall have also a non-exclusive easement appurtenant to their Unit for ingress and egress over the Common Elements for access to and from their Cottage, which shall extend to the family members, guests, agents, and servants of the Cottage Owner. All rights to use and enjoy the Common Elements shall be subject to the provisions of the Horizontal Property Act, this Master Deed, the By-Laws of the Association, and all rules and regulations adopted by the Board pursuant to the By-Laws.

Section 4. Operation and Maintenance. The maintenance, repair, replacement, management, operation, and use of the Common Elements shall be the responsibility of the Board, and the expenses incurred for such purposes shall be assessed as Common Expenses. The Board may, however, delegate these duties to the Regime Property Manager.

ARTICLE VIII. COMMON EXPENSES.

Section 1. Enumeration of Common Expenses. Each Cottage Owner shall bear in proportion to their respective interest in the Common Elements the following Common Expenses:

- 1.1 Expense incurred in operating, maintaining, improving, repairing, and replacing the Common Elements.
- 1.2 Expenses incurred in administering the affairs of the Association including salaries, wages, and any compensation paid to a managing agent for such purpose.
- 1.3 Expenses incurred in providing public liability insurance and hazard insurance adequate to cover the Condominium Property, exclusive of Unit contents and furnishings, as provided in Article X of this Master Deed.
- 1.4 Contributions to provide sufficient reserves to make such general reserves to operate the Common Elements and to administer the affairs of the Association.
- 1.5 Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.
- 1.6 Any other costs related to the operation of the Common Elements or administration of the affairs of the Association which are declared by this Master Deed to be Common Elements, and any valid charge against the Common Elements as a whole.

Section 2. Assessments. All assessments of Common Expenses shall be fixed by the Board and made payable at such times as the Board determines.

Section 3. Liability of Cottage Owner. No Cottage Owner may exempt themselves from liability for Common Expenses by waiving the use or enjoyment of the Common Elements or by abandoning their Unit.

Section 4. Lien Upon Cottage. All Assessments of the Association chargeable to any Cottage which are unpaid after becoming due shall, together with interest on the outstanding balance of **Eighteen (18%) Percent** per annum thereon and reasonable attorneys' fees and costs incurred by the Association in the collection thereof, constitute a lien against such Unit and the Common Element attributable thereto. Such lien shall be prior and superior to all other liens except (i) liens for property taxes upon the Unit in favor of any taxing authority; and (ii) mortgage liens duly recorded prior to such delinquency. The lien for such assessments may be foreclosed by the Board acting on behalf of the Association in the same manner as a mortgage upon real property. In the event of foreclosure, the Cottage Owner shall be required to pay a reasonable rental for the Unit during pendency of the foreclosure action, and a receiver may be appointed to collect the rentals during such period. The Board, on behalf of the Association, may bring suit for judgments against the Cottage Owner in the amount of delinquent assessments, whether general, special, or individual. The lien created by this section shall cover rentals accrued during the pendency of the foreclosure action, any outstanding fines or other charges due to the Association pursuant to this Master Deed, the By-Laws or any duly adopted rules and regulations, and any reasonable amount of attorney's fees and other costs of collection.

Section 5. Sales of Cottages-Unpaid Assessments. Upon the sale or conveyance of a Cottage, all unpaid Assessments or other charges against a Cottage Owner shall first be paid out of the sale price or by the purchaser or grantee in preference over any other assessments, charges, or liens, except the following: a) lien for taxes and special assessments upon the Unit which are unpaid; and b) payment due under mortgages upon the Unit which are duly recorded prior to such sale or conveyance.

Section 6. Foreclosure Purchaser. If the mortgagee of a Cottage acquires title by foreclosure of its mortgage, or by deed in lieu of foreclosure, or if a purchaser acquires title at a foreclosure sale, such purchaser shall not be liable for any Assessments or other charges assessed by the Association upon the Cottage so acquired accruing after the date of recording of such mortgage but prior to the acquisition of title. The unpaid Assessments or other charges occurring during such period shall be deemed Common Expenses collectible from all Cottage Owners, including such purchaser, their successors, heirs, and assigns. The provisions of this Section, however, shall not release any Cottage Owner from personal liability for any unpaid amounts.

Section 7. Records. The Board, or the Regime Property Manager, shall keep accurate and detailed records, in chronological order, of receipts and disbursements connected with the operation, administration, maintenance, repair, and replacement of the Condominium Property. Such records, together with the approved invoices, shall be available by appointment for examination by the Cottage Owners at convenient hours on working days upon written request of a Cottage Owner, setting forth the purpose for the request and the records to be inspected. The Association may charge a reasonable fee for reproducing copies of such records when requested by the Cottage Owner.

ARTICLE IX. RESTRICTIONS, COVENANTS, EASEMENTS.

Section 1. Covenant to Comply with Restrictions and Obligations. Each Cottage Owner by acceptance of a deed to a Cottage in this Regime ratifies and covenants to observe on behalf of themselves, their heirs, successors, and assigns, the following:

- 1.1 The Declaration of Covenants, Restrictions, and Affirmative Obligations by the Grantor, dated August 5, 1974, and recorded in the Office of the Clerk of Court for Beaufort County at Book 223 of Deeds at Page 1282, and any applicable recorded additions and amendments thereto.
- 1.2 The Declaration of Covenants and Restrictions of the Moss Creek Owners Association and the Bluff Corporation dated August 12, 1974, and recorded in the office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 223 at Page 1302 and any applicable recorded additions and amendments thereto.
- 1.3 This Master Deed, the Regime By-Laws, decisions, resolutions and any duly adopted rules and regulations of the Association, Board, or their representatives, as lawfully amended from time to time (collectively, the "Governing Documents"), and failure to comply with any such provisions, decisions, or resolutions, rules and regulations shall be grounds for an action to recover sums due for damages, including all costs, fines, fees, reasonable attorneys fees and other charges authorized by the Governing Documents, or for injunctive relief; provided that nothing contained herein shall limit the rights of the Declarant as set forth in the aforesaid Declaration.

Section 2. Utility Easements. Each Cottage Owner shall have a non-exclusive easement appurtenant to their Unit for the use in common with other Cottage Owners of all pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements located in any other Unit or within the Common Elements and serving their Unit. Each Cottage shall be subject to an easement in favor of the owners of all other Cottages to use the pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements serving other Cottages which are located in such Units.

Section 3. Encroachments. There shall be an easement in favor of the Association to the extent any portion of the Common Elements encroaches upon any Cottage, and there shall be an easement appurtenant to any Cottage to the extent any portion of the Cottage encroaches upon the Common Elements or upon another Cottage, whether such encroachment presently exists or occurs hereafter as a result of: (i) settling or shifting on any part of the Condominium Property; (ii) repair, alteration, or reconstruction of the Common Elements made by the Association or with its consent; (iii) repair or reconstruction necessitated by condemnation of any part of the Condominium Property. Any such easements shall be permitted and maintained so long as this Master Deed remains in effect, and the Condominium Property remains subject to the Horizontal Property Act.

Section 4. Right of Access. The Association, its representatives, agents, or employees, shall have the right of access to each Cottage during reasonable hours and with reasonable notice for a) maintaining, repairing, or replacing any Common Elements located within or accessible through the Cottage provided that damages resulting to any Cottage because of such maintenance repairs shall be corrected promptly at the expense of the Association, b) for making emergency repairs within the Cottage necessary to prevent damage to the Common Elements or to another Cottage, or c) for performing obligations of the Cottage Owner when, following notice in accordance with this Master Deed, said Cottage Owner has failed to timely undertake same. Any damage to a Cottage resulting from access for emergency repairs or for performing obligations of the Cottage Owner shall be the responsibility of the Cottage Owner unless caused by the gross negligence of the Association, its representatives, agents or employees. This easement and right of access may be exercised by the Board, by its agents and employees, or by the Regime Property Manager to whom the responsibility of maintaining has been delegated.

Section 5. Public Utility Easements. The Condominium Property is subject to utility easements for installation, operation, and maintenance of electric and telephone distribution lines, and for installation, operation, and maintenance of water and sewer lines. The Board may grant easements and relocate existing easements for installation of utilities if such easements are beneficial to the operation of the Condominium Property. If the location or nature of any utility easement is adverse to the Condominium Property or of doubtful benefit, the Board may grant such easements only when authorized by a vote of the Association.

ARTICLE X. INSURANCE.

Section 1. Hazard Insurance. The Board shall insure the Condominium Property against loss or damage due to fire and lightning, with extended coverage, in any amount equal to the maximum insurable replacement value of the Condominium Property as determined by its annual appraisal. The Board shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Condominium Property. All hazard insurance shall cover the entire Condominium Property, exclusive only of the contents and furnishings of the individual Cottages.

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

1.2 All hazard insurance policies obtained by the Board shall provide for the issuance of Certificates of Insurance to each Cottage 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 Cottage is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

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

Section 2. Public Liability Insurance. The Board may 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 Cottage Owner and to liabilities of one Cottage Owner to another Cottage Owner.

Section 3. Workmen's Compensation Insurance. The Board, if it deems it necessary or advisable, shall obtain Workmen's Compensation Insurance to meet the requirements of law.

Section 4. Flood Insurance. If required at any time by law, or if the Board deems it advisable, the Board shall obtain Flood Insurance as necessary.

Section 5. Premiums. All premiums and deductibles upon insurance policies purchased by the Board shall be assessed as Common Expenses and paid by the Board.

Section 6. Insurance by Cottage Owner. The insurance provided by the Association does not insure the contents or furnishings within a Cottage, including, but not limited to, furniture, appliances, or other personal property of the Cottage Owners. The Association's policy coverage extends to basic fixtures only. Upgrades to fixtures beyond that insured by the Regime shall be the responsibility of the Cottage Owner, who shall be responsible for obtaining, at their sole expense, insurance covering the personal property, decorations, and upgraded furnishings within their own Cottage, and the additions and improvements made by any current or previous owner to the Cottage. Each Cottage Owner shall also be responsible for obtaining, at their own expense, insurance covering their liability for the safety of the premises within their Cottage. All such insurance policies shall include, however, provisions waiving: (i) any right of the insurer to subrogation to claims against the Association and against individual Cottage Owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or pro-rata because of the master hazard policy.

Section 7. Substitution of Insurance Trustee. The Board, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in South Carolina. Any substitute Insurance Trustee appointed by the Board shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of this Master Deed.

ARTICLE XI. RECONSTRUCTION AND REPAIR.

Section 1. Reconstruction. In the event of casualty loss or damage to the Condominium Property, the Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Condominium Property in accordance with the Horizontal Property Act.

- 1.1 Any reconstruction or repair must follow substantially the original plans and specifications of the Condominium Property unless the Cottage Owners holding Eighty (80%) Percent or more of the total interest in Common Elements and their mortgagees, if any, vote to adopt different plans and specifications and all Cottage Owners whose Units are affected by the alterations unanimously consent. Notwithstanding the foregoing, the Board may substitute materials and finishes when required by applicable code regulations, or when such substitutions are deemed to be in the best interest of the Regime, provided that such substitutions will not materially alter the square footage of any Cottage.
- 1.2 The Board shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include professional fees and premiums for bonds as the Board deems necessary. Notwithstanding the foregoing, the Board shall not be required to obtain multiple estimates if it determines in good faith that such estimates are impossible or impractical due to high demand following a natural disaster, or where the amount of the repair is less than \$5,000.00.
- 1.3 If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as required by the Horizontal Property Act.
- 1.4 The insurance proceeds received by the Board and any Assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board shall disburse payment of the costs of reconstruction and repair. It shall be presumed that the first disbursements from the construction fund are insurance proceeds; and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be deposited into the capital reserve account for the Association, or distributed to the Cottage Owners in proportion to their percentage ownership interest in the Common Elements.

Section 2. Insurance Trust. In the event of casualty loss to the Condominium Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Board as Insurance Trustee. The Board, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this Article, and for the benefit of the Association, the Cottage Owners, and their respective mortgagees in the following shares:

- 2.1 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 Cottages.
- 2.2 Insurance proceeds paid on account of loss or damage to less than all of the Cottages, when the damage is to be restored shall be held for the Cottage Owners of the damaged Cottages in proportion to the costs of repairing each damaged Cottage.

2.3 Insurance proceeds paid when the Condominium Property is not to be restored shall be held for the benefit of all Cottage Owners whose Units are damaged or destroyed, the share of each being equal to the undivided share in Common Elements appurtenant to their Cottage.

2.4 In the event a Certificate of Insurance has been issued to a Cottage Owner bearing a mortgagee endorsement, the share of the Cottage Owner shall be held in trust for the mortgagee and the Cottage Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds paid jointly to the Cottage Owners and their respective mortgagees pursuant to the provisions of this Master Deed.

Section 3. Adjustment. Each Cottage Owner shall be deemed to have delegated to the Board their right to adjust with insurance companies all losses under policies purchased by the Association subject to the rights of mortgagees of such Cottage Owners.

ARTICLE XII. AMENDMENTS.

Section 1. By Cottage Owners. This Master Deed may be amended from time to time at a duly held meeting of the Association by the affirmative vote of the Cottage Owners holding two-thirds (2/3) or more of the total interest in Common Elements; provided, however, that no amendment shall alter the dimensions of a Cottage or its appurtenant interest in Common Elements without the written consent of the Cottage Owner and its mortgagees, if any, affected by the proposed alteration. Duly adopted amendments shall become effective when an instrument setting forth the amendment has been executed and filed of record by the officers of the Association.

ARTICLE XIII. TERMINATION.

Section 1. Casualty or Condemnation. The Condominium Property may be removed from the provisions of this Master Deed and the Horizontal Property Act following a casualty or condemnation in accordance with applicable provisions thereof.

Section 2. Voluntary Termination. This Regime may also be terminated, removing the Condominium Property from the provisions of this Master Deed and the Horizontal Property Act, if the record owners of title to the Cottage and the record owners of mortgages upon the Cottages agree in a written instrument to termination unanimously or in such percentage as may then be required for termination by the Horizontal Property Act. Termination shall become effective upon recordation of such written instrument, duly executed by the requisite number of Cottage Owners and mortgagees.

Section 3. Ownership After Termination. After termination of this Regime, the Cottage Owners shall own the Condominium Property as tenants in common in undivided shares and the holders of mortgages and liens upon the Cottages shall have mortgages and liens upon the respective undivided common interests of the Cottage Owners. The undivided share of each tenant in common shall be the same as their undivided interest in Common Elements prior to termination. Any asset of the Association, any funds held by the Board, and any insurance proceeds shall also be the property of the former Cottage

Owners as tenants in common in the same undivided shares as their interests in Common Elements prior to termination. The costs incurred by the Board in connection with termination shall be considered a Common Expense.

Section 4. Partition. After termination, the Condominium Property shall be subject to an action for partition by any Cottage Owner or any lienor.

ARTICLE XIV. MISCELLANEOUS PROVISIONS.

Section 1. Conflicts. This Master Deed is made and declared in compliance with the Horizontal Property Act. In the event of any conflict between this Master Deed and the provisions of the Horizontal Property Act, the provisions of this statute shall control.

Section 2. Applicable Law. The provisions of this Master Deed shall be construed under the laws of the State of South Carolina.

Section 3. Invalidity. The invalidity of any provisions of this Master Deed shall not impair the validity, enforceability, or effect of the remaining provisions; and in such event, all other provisions shall continue in full force as if the invalid provisions had not been included.

Section 4. Gender and Number. The use of the masculine gender in this Master Deed shall be deemed to refer to the feminine and neuter gender, and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

Section 5. Exhibits. All exhibits to this Master Deed shall be an integral part of this instrument.

Section 6. Captions. Captions are inserted in this Master Deed for convenience only and are not to be used to interpret the provisions of this instrument.

Section 7. Election of Remedies. All rights, remedies and privileges granted to the Association or the Board pursuant to any terms, provisions, covenants or conditions of this Master Deed, Articles of Incorporation or the By-Laws shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such other party by the Master Deed, Articles of Incorporation or the By-Laws or at law or in equity.

[SIGNATURE PAGE FOLLOWS]

EXHIBIT "A"

All that certain tract or parcel of land described in the Original Master Deed and the Master Deed Annexation of Phase II and III, as recorded in the Office of the Register of Deeds for Beaufort County, which descriptions are hereby incorporated herein by reference.

EXHIBIT "B"

TABLE OF VOTING PERCENTAGES
SALT MARCH COTTAGES, HORIZONTAL PROPERTY REGIME II

UNIT NO.	VALUE	PHASE I ONLY	PHASES I & II	PHASES I, II & III
101	\$75,000	6.25%	3.448%	2.38%
102	\$75,000	6.25%	3.448%	2.38%
103	\$75,000	6.25%	3.448%	2.38%
104	\$75,000	6.25%	3.448%	2.38%
105	\$75,000	6.25%	3.448%	2.38%
106	\$75,000	6.25%	3.448%	2.38%
107	\$75,000	6.25%	3.448%	2.38%
108	\$75,000	6.25%	3.448%	2.38%
109	\$75,000	6.25%	3.448%	2.38%
110	\$75,000	6.25%	3.448%	2.38%
111	\$75,000	6.25%	3.448%	2.38%
112	\$75,000	6.25%	3.448%	2.38%
113	\$75,000	6.25%	3.448%	2.38%
114	\$75,000	6.25%	3.448%	2.38%
115	\$75,000	6.25%	3.448%	2.38%
116	\$75,000	6.25%	3.448%	2.38%
117	\$75,000		3.448%	2.38%
118	\$75,000		3.448%	2.38%
119	\$75,000		3.448%	2.38%
120	\$75,000		3.448%	2.38%
121	\$75,000		3.448%	2.38%
122	\$75,000		3.448%	2.38%
123	\$75,000		3.448%	2.38%
124	\$75,000		3.448%	2.38%
125	\$75,000		3.448%	2.38%
126	\$75,000		3.448%	2.38%
127	\$75,000		3.448%	2.38%
128	\$75,000		3.448%	2.38%
129	\$75,000		3.448%	2.38%
130	\$75,000			2.38%
131	\$75,000			2.38%
132	\$75,000			2.38%
133	\$75,000			2.38%
134	\$75,000			2.38%
135	\$75,000			2.38%
136	\$75,000			2.38%
137	\$75,000			2.38%
138	\$75,000			2.38%
139	\$75,000			2.38%
140	\$75,000			2.38%
141	\$75,000			2.38%
142	\$75,000			2.38%
	\$3,150,000	100.00%	99.76%	99.96%

EXHIBIT "C"

Exhibit "C" consists of the Plat and Plans of Salt Marsh Cottages referred to herein, or in the Original Master Deed and Master Deed Annexations of Phases II and III, which are recorded elsewhere in the Office of the Register of Deeds for Beaufort County, South Carolina and which are incorporated herein and made a part hereof as if fully recited herein.

EXHIBIT "D"

AMENDED AND RESTATED BY-LAWS OF SALT MARSH COTTAGES

HORIZONTAL PROPERTY REGIME II

ARTICLE I

PLAN OF COTTAGE OWNERSHIP

Section 1. Definitions. Unless otherwise noted herein, all capitalized terms shall have the meaning ascribed in the Master Deed.

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

Section 3. Personal Application. All present or future Cottage Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Condominium Property in any manner, are subject to these By-Laws and the Master Deed establishing said Regime, and any rules, regulations or resolutions adopted pursuant thereto. The mere acquisition or rental of any of the Cottages (also referred to herein as "Cottages," "Units" " Dwelling Unit(s)" or Dwelling(s)" as defined in the Master Deed of the Condominium Property or the mere act of occupancy of any of said Cottages will signify that these By-Laws, the provisions of the Master Deed, and the Moss Creek Home Owners Association restrictions and declarations recorded in Beaufort Count Deed Book 223 at Page 1302 and any applicable recorded amendments thereto will be complied with.

ARTICLE II

VOTING, MAJORITY OF COTTAGE OWNERS QUORUM PROXIES

Section 1. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the Cottage Owner is entitled is the percentage assigned to the Cottage or Cottages in the Master Deed. Unless a higher voting threshold is expressly required by law, the Master Deed, or elsewhere in these By-Laws, the affirmative vote on any matter properly before the membership of a simple majority of the interests present, in person or by proxy, at any duly noticed meeting of the members for which a quorum is present shall be deemed an action of the Association.

Section 2. Majority of Cottage Owners. As used in these By-Laws, the term "majority of Cottage Owners" shall mean those Cottage Owners holding more than 50% of the total value of the Condominium Property, in accordance with the percentages assigned in the Master Deed.

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

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be timely filed with the Secretary as provided for in the Notice of Meeting, but in no event later than the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

Section 1. Association Responsibilities. The Association, by and through its Board of Directors shall have the responsibility: of the administering the Condominium Property; approving the annual budget; establishing and collecting Assessments; adopting rules and regulations governing the use and enjoyment of the Condominium Property; providing for fines for violations of the Master Deed, these By-Laws, and any duly adopted rules and regulations; and arranging for the management of the Condominium Property pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of the Regime Property Manager. Unless expressly required by law, the Master Deed or these By-Laws, decisions and resolutions of the Association shall be approved by the Board of Directors without a vote of the Cottage Owners.

Section 2. Place of Meetings. Meetings of the Association shall be held at such place, convenient to the Cottage Owners as may be designated by the Board. Meetings of the Association may be conducted via such technology as allowable by law and as the Board of Directors may elect, provided however, that the notice of meeting shall include all information necessary for the Cottage Owners to access same and further provided that all individuals recognized by the Chairman of the Meeting may be heard simultaneously by the Cottage Owners. Voting may be accomplished electronically, provided that a record of the vote shall be maintained by the Board of Directors until such time as the minutes of the meeting have been approved by the Cottage Owners.

Section 3. Annual Meetings. The annual meetings of the Association shall be held at the call of the Association President once a year. Annual meeting date shall be established at the original meeting. At such meetings there shall be elected by ballot of the Cottage Owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. The Cottage 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 Regime President to call a special meeting of the Cottage Owners as directed by resolution of the Board of Directors or upon a written petition signed by the Cottage Owners presented to the Regime Secretary in accordance with the S.C. Non-profit Corporation Act. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the votes present, either in person or by proxy.

Section 5. Notice of Meetings. It shall be the duty of the Secretary, or such person as the Board may otherwise direct, to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Cottage Owner of record, at least ten (10) but not more than thirty (30) days prior to such meeting. For purposes of this Section, mailing may, in the sole discretion of the Board of Directors, be accomplished by emailing such notice to the email address of the Cottage Owner on file with the Secretary. If no such email is provided, notice of meetings shall be sent to the Cottage Owner's mailing address on file with the Secretary. If no such address is maintained on file, the notice shall be sent to the mailing address for the Unit. The mailing of a notice in the manner provided in this Section shall be considered notice served. The record date for establishing the Cottage Owners

entitled to notice shall be three (3) business days prior to the mailing thereof. When a Cottage is owned by more than one Cottage Owner, notice to any one of owners shall be deemed notice to all. In cases where title to a Cottage transfers to a new Cottage Owner after the record date, notice to the previous Cottage Owner shall be deemed sufficient.

Section 6. Adjourned Meeting. If any meeting of the Association cannot be organized because a quorum has not attended, the President or Secretary may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. No additional notice of meeting need be sent if the rescheduled date and time are announced at the initial meeting prior to adjournment. At the rescheduled meeting, Cottage Owners holding Thirty (30%) percent of the total interest in the Regime shall constitute a quorum.

Section 7. Order of Business. Unless otherwise stipulated in the notice of meeting, the order of business at 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 meetings.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Review financial statement and monthly Regime charges.
- (g) Election of Directors.
- (h) Unfinished business.
- (i) New business.

The order of business at all special meetings 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.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors (hereinafter referred to as the "Board") comprised of a minimum of five (5) natural persons, all of whom must be Cottage Owners of Cottages in the Condominium Property or the Designated Voting Member of an entity owning a Cottage in the Condominium Property.

Section 2. General Powers and Duties. The Board shall have the power and duties necessary for the administration of the affairs of Association and may do all such acts and things as are set by law or by these By-Laws directed to be executed and done by the Association or individual Cottage Owners. Without limiting the foregoing, the Board of Directors, on behalf of the Association, shall have all of those powers enumerated in the S.C. Non-profit Corporation Act.

Section 3. Other Duties. In addition, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed, these By-Laws and any duly adopted rules and regulations and enforcement of the same, including the imposition of fines.
- (b) Care and upkeep of the Condominium Property and the common elements.
- (c) Collection of Assessments and other permitted charges from the Cottage Owners.
- (d) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.

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

Section 5. Election and Term of Office. At the first annual meeting, the initial term of office of two members of the Board shall be fixed at three (3) years. The term of office of two members of the Board shall be fixed at two (2) years, and the term of office of one member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, their 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. The Board may be expanded to seven (7) directors. In such event, the additional Directors shall serve for a term of one (1) year.

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

Section 7. Removal of Members of the Board. At any regular 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 Cottage Owners present in person or by proxy and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. A member of the Board of Directors shall be deemed to have resigned under the following circumstances: a) such Board member fails to attend two consecutive meetings of the Board, following proper notice thereof, unless such absence is excused by the Board President; or b) such Board member has unpaid Assessments, fines or other charges imposed by the Association that are past due for thirty (30) or more days and has failed to enter into a re-payment plan.

Section 8. Organization Meeting. Immediately following the Annual Meeting, the Board of Directors shall meet for the limited purpose of appointing officers of the Association, and no notice shall be necessary to the newly elected Board members in order legally to constitute such meeting, providing a majority of the Board shall be present. The first regular meeting of a newly elected Board shall be held within forty-five (45) days of the Annual Meeting.

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

Section 10. Special Meetings. Special meetings of the Board may be called by the President on three (3) days' notice to each Board member, given personally or by electronic means to such number or email address as the Board member shall provide for such purpose, which notice shall state the time, place (as hereinabove promised) and purpose of the meeting. Special Meetings of the Board shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) Board members.

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

Section 12. Meetings Generally – Form of and Board Quorum. Any meeting of the Board of Directors may be held via the use of such technology as the Board may designate, provided that all of the Board members present can hear and be heard simultaneously. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and the acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of the Board members present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Action in Lieu of a Meeting. Any action of the Board of Directors required or permitted by the Act, the Articles of Incorporation, the Master Deed or these By-Laws may be taken without a meeting if the action is assented to by all of the members of the Board. The action must be evidenced by one or more written consents and included in the minutes of the Board of Directors. Unless otherwise specified by the Board in writing, the action shall be deemed effective as of the date of the last consent obtained. An action taken pursuant to this Section shall have the same effect of a meeting vote and may be described as such in any document. For purposes of this Section, emailed consent shall be deemed sufficient evidence of assent.

Section 14. Fidelity Bonds. The Board may require any and all officers and employees of the Regime handling or responsible for Regime funds to furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Regime.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Regime shall be a President, Vice President, and Secretary-Treasurer; all of whom shall be elected by and from the Board. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other Officers as in their judgement may be necessary. At the discretion of the Board of Directors, the offices of Secretary and Treasurer may be held separately or by one individual.

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

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

Section 4. Officers.

- (a) President -- The President shall be the chief executive officer of the Regime and shall preside at all Association meetings of the Regime and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of a President of a Regime including, but not limited to, the power to appoint committees from among the Cottage Owners from time to time as appropriate to assist in the conduct of the affairs of the Association.
- (b) Vice President -- The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon them by the Board.
- (c) Secretary-Treasurer -- The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association shall have charge of such books and papers as the Board may direct and shall have responsibility for Regime funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Regime. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Regime in such depositories as may from time to time be designated by the Board. The office(s) shall, in general, perform all the duties incident to the offices of Secretary and Treasurer.

ARTICLE VI

OBLIGATIONS OF THE COTTAGE OWNERS

Section 1. Assessments.

- (a) Upon notice from the Board, all Cottage Owners are obligated to pay Assessments imposed by the Regime. The periodic assessments for Common Expenses shall be made pro-rata according to the value of the Cottage owned, and as stipulated in the Master Deed.
- (b) If the Assessments are not paid on the date when due (being the date specified by the Board), then such Assessment shall become delinquent and shall (together with interest, reasonable attorneys' fees and the cost of collection per Master Deed) become a charge and continuous lien on the property, against which each such Assessment is made. If any Assessment is not paid when due, the Association may bring an action at law against the Cottage Owner personally obligated to pay the same or to foreclose the lien against the property.
- (c) The transfer of ownership of an individual Cottage within the Regime carries with it the proportionate equity of that Cottage Ownership in the Regime Assessment Account. Each Cottage Owner will be assessed for the Regime Assessment Account in accordance with a set schedule in order to provide for a contingency fund for maintenance and repair of the Common Elements.

Section 2. Maintenance and Repair.

- (a) Every Cottage Owner must perform promptly all maintenance and repair necessary to keep their Cottage in good and habitable condition and shall not omit any repair or maintenance which, if left unperformed would affect the Condominium Property its entirety or in a part belonging to other Cottage Owners. A Cottage Owner shall be expressly responsible for the damages and liabilities that their failure to perform such maintenance or repair may engender.
- (b) The cost of all the repairs to the Cottage, except repairs necessitated by work performed by the Association on the Common Elements, shall be the sole responsibility of the Cottage Owner. Without limiting the foregoing, but by way of illustration only, repairs to water, light, gas, power, sewage, telephone, air conditioning, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Cottage shall be the expense of the Cottage Owner.
- (c) A Cottage Owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any common elements damaged through their fault.
- (d) Notwithstanding the foregoing, the Association may undertake certain repairs that would otherwise be the responsibility of the Cottage Owner and charge the cost thereof back to the Cottage Owner as an individual assessment under the following circumstances:
 - (i) When, following notice, a Cottage Owner has failed to timely make such repairs or undertake such maintenance; or
 - (ii) When the necessitated repair or maintenance is anticipated or discovered as part of a renovation of Common Elements, such as the maintenance or repair of roofing or

siding, and the Board of Directors determines, in its sole discretion, that providing such work as part of the general contract for such services to the Common Elements is in the best interest of the Regime. By way of example, and not as a limitation, when siding replacement will impact windows due to wood rot, the Board may elect to replace the affected windows and charge the cost back to the Cottage Owner rather than delay the project.

Section 3. Use of Cottages - Internal Changes:

- (a) All Cottages shall be utilized for residential purposes only.
- (b) A Cottage Owner shall not make structural modifications or alterations in their Unit or installations located therein without previously notifying the Regime in writing, as required by the Master Deed. Failure to notify the Regime of such structural modifications or alterations may result in a fine or other relief. The Cottage Owner shall indemnify and defend the Association, its Directors, Officers and agents, from any damages to the Common Elements or other Cottages, arising out of or relating to any structural modifications or alterations to their Cottage.

Section 4. Right of Entry.

- (a) A Cottage Owner shall grant the right of entry to the Regime Property Manager or to any other person authorized by the Board in case of any emergency originating in or threatening their Cottage, whether the Cottage Owner is present at the time or not.
- (b) A Cottage Owner shall permit the Association, or its representative when so required, to enter their Cottage for the purpose of performing installations, alterations or repairs to the mechanical or electrical services provided that requests for entry are made in advance and that such entry is at a time convenient to the Cottage Owner. In case of an emergency, such right of entry shall be immediate. In the event the Association is unable to gain access to the Cottage during an emergency, the Cottage Owner shall be responsible for any damages incurred as the result of such delayed access.

ARTICLE VII
AMENDMENTS

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

ARTICLE VIII
NOTICE TO BOARD OF DIRECTORS AND MORTGAGEES

Section 1. Notice to Board. Whenever a Cottage Owner is required by the Master Deed, these By-Laws, or any duly adopted rule or regulation to provide notice to the Board of Directors or to the Association, such notice shall be emailed to the President of the Board with a copy to the Regime Property Manager, if any, at such email addresses as they may make known to the Cottage Owners. Upon request,

a Cottage Owner who mortgages their Cottage shall notify the Board through the Regime Property Manager, if any, or the President if there is no management agent, of the name and address of their mortgagee.

Section 2. Notice of Unpaid Assessments. The Association shall, at the request of a mortgagee of a Cottage, report any unpaid Assessments due to the Regime from the Cottage Owner of such Cottage. The Association, or its Regime Property Manager if any, may charge a fee for providing such statement.

ARTICLE IX

COMPLIANCE

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

ARTICLE X

RULES AND REGULATIONS, FINING & DUE PROCESS

Section 1. Establishment of Rules and Regulations. Subject to the provisions hereof, the Board may establish reasonable rules and regulations concerning the use of Condominium Property. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Cottage Owners, their families, tenants, guests, invitees, servants and agents, until and unless any such rules or regulations are specifically overruled, cancelled or modified by the Board of Directors of the Association or in a regular or special meeting of the Association by a majority of the Cottage Owners.

Section 2. Authority and Enforcement. Subject to the provisions of Section 3 below, upon the violation of the Master Deed, the By-Laws, or any rules and regulations duly adopted hereunder (including, without limitation, the failure to timely pay any assessments), by any Cottage Owner, resident, guest, tenant or invitee, the Board of Directors of the Association shall have the power to:

- (a) impose reasonable monetary fines on the Cottage Owner responsible for such violation, which, together with interest thereon and the costs of collection including attorneys' fees, shall also constitute an equitable charge and a continuing lien upon the properties of such Owner; and
- (b) suspend an Owners right to vote in the Association. Any such suspension of rights may be for the duration of the infraction, not to exceed sixty (60) days.

Section 3. Procedure. Except with respect to the failure to pay assessments, the Board of Directors of the Association shall not impose a fine or suspend voting rights for violations of the Master Deed, these By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

- (a) Notice to cease and desist from, and/or abate an alleged violation shall be provided to the responsible Cottage Owner specifying:

- (i) the alleged violation;
- (ii) the corrective action required; and
- (iii) a time period of not less than five (5) days during which the violation may be abated without further sanction, if such violation is a continuing one; or, if the violation is not a continuing one, a statement that any further violation of the same provision of the Master Deed, these By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions and/or fines.

(b) If the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation reoccurs within twelve (12) months of such demand, the Board of Directors of the Association may impose the fine or sanction and send notice of same to the responsible Cottage Owner.

(c) Unless a Cottage Owner makes a written request for reconsideration of the imposition of such fine or sanction within ten (10) days of the foregoing notice, the violation shall be deemed admitted. Any such request shall be emailed, or sent via certified mail, return receipt requested, to the attention of the Regime Property Manager at the address maintained on the Association's website and must:

- (i) set forth the reasons for contesting same;
- (ii) identify any relevant evidence the Cottage Owner seeks to have considered; and
- (iii) state the relief requested.

(d) Upon receipt of a timely request for reconsideration by a Cottage Owner, the Board shall provide the Owner with notice of the hearing, which notice shall contain:

- (i) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice; and
- (ii) an invitation to attend the hearing and produce any statement, evidence and witnesses on their behalf.

(e) The hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the responsible Cottage Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction or fine contested by the Cottage Owner in accordance with the provisions of this Section, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer, director or other individual who delivered such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed.

(f) This Section 3 applies to the imposition of fines and/or sanctions only and shall not be construed as limiting the right of the Association to take immediate action to ameliorate a dangerous condition; respond to an emergency; or exercise any "self-help" provisions, including the right to seek reimbursement for the costs associated therewith.