

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

TENNIS MASTER ASSOCIATES,
A General Partnership,
TO
TENNIS MASTER VILLAS
HORIZONTAL PROPERTY REGIME

MASTER DEED
TWELVE - PHASED
HORIZONTAL PROPERTY REGIME

This Master Deed is made, published and declared by TENNIS MASTER ASSOCIATES, (hereinafter referred to as "Grantor"), a general partnership with a principal office and place of business in Livingston, New Jersey, this 17th day of November, 1978.

ARTICLE 1. ESTABLISHMENT OF A HORIZONTAL PROPERTY REGIME.

Section 1. General. The purpose of this Master Deed is to establish, pursuant to the Horizontal Property Act of the State of South Carolina, a twelve (12) phased horizontal property regime to be known as Tennis Master Villas Horizontal Property Regime (hereinafter referred to as the "Regime"). The land and improvements to be submitted to the provisions of the Horizontal Property Act and to the terms of this Master Deed are described in their totality in Article II as the Condominium Property. Grantor, by filing of record this Master Deed, publishes and declares that the Condominium Property shall be owned, occupied, used, conveyed, encumbered, leased and improved by phases in accordance with the provisions of the Horizontal Property Act of the State of South Carolina, and in accordance with the covenants, restrictions, encumbrances and obligations set forth and 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 Development. Grantor intends to develop the property hereinafter described as a twelve (12) phased condominium regime. The maximum number of units in Phase I shall be Four (4) units, the maximum number of units in Phase II shall be Six (6) units, the maximum number of units in Phase III shall be Six (6) units, the maximum number of units in Phase IV shall be Four (4) units, the maximum number of units in Phase V shall be Six (6) units, the maximum number of units in Phase VI shall be Four (4) units, the maximum number of units in Phase VII shall be Six (6) units, the maximum number of units in Phase VIII shall be Six (6) units, the maximum number of units in Phase IX shall be Four (4) units, the maximum number of units in Phase X shall be Four (4) units, the maximum number of units in Phase XI shall be Six (6) units, the maximum number of units in Phase XII shall be Six (6) units, all as identified and described herein. The units in Phase I have been completed and are herewith being submitted to condominium ownership by the recording of this Master Deed. Grantor will elect whether or not to submit Phase II property to condominium ownership on or before November 1, 1988; and Grantor will elect whether or not to submit Phase III property to condominium ownership on or before November 1, 1988; and Grantor will further elect whether or not to submit Phase IV to condominium ownership on or before November 1, 1988; Grantor may also elect whether or not to submit Phase V to condominium ownership on or before November 1, 1988; Grantor may elect whether or not to submit Phase VI to condominium ownership on or before November 1, 1988; Grantor may elect whether or not to submit Phase VII to condominium ownership on

Beaufort County Tax Map Reference
Map 15 Parcel 214 Blk Dist 0100

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ROBERTS VAUX, P.A.
ATTORNEY-AT-LAW
P. O. DRAWER 5817
HILTON HEAD ISLAND,
S. C. 29928

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or before November 1, 1988; Grantor may elect whether or not to submit Phase VIII to condominium ownership on or before November 1, 1988; Grantor may elect whether or not to submit Phase IX to condominium ownership on or before November 1, 1988; Grantor may elect whether or not to submit Phase X to condominium ownership on or before November 1, 1988; Grantor may also elect whether or not to submit Phase XI to condominium ownership on or before November 1, 1988; Grantor may elect whether or not to submit Phase XII to condominium ownership on or before November 1, 1988. Grantor hereby reserves the right in its sole discretion to develop and to submit to condominium ownership all or any of the phases, either in whole or in part or not at all, and further reserves the right to determine in its sole discretion to develop and submit the subsequent phases to condominium ownership without regard to any other phase development and submission, should it, the said Grantor, so decide. A general description of the nature and proposed use of all common elements which the Grantor is constructing appears in other portions of this document and on the recorded Plat identified as Exhibit "C" of this Master Deed. Any common elements associated with or constructed solely with Phase I through XII inclusive will not substantially increase the proportionate amount of the common expenses payable by existing unit owners, and are considered of a minor, incidental nature. A chart showing the percentage interest in the common elements of each original unit owner at each stage of development, if the Grantor herein submitting the property to condominium ownership elects to proceed with all phases of development, is attached hereto as Exhibit "B".

Section 3. Rights and Obligations. Grantor hereby acknowledges its obligation to submit herewith the within described Phase I property to condominium ownership and hereby reserves its right to elect to proceed with any, all, or any combination of Phases II through XII inclusive as required and/or permitted herein. The apartment owners of Phase I and any additional phases dedicated to the Regime by Grantor as provided herein shall have the full legal rights and be obligated as allowed or required by South Carolina law. The Villa Owners, by purchasing and accepting a unit of the property hereby acknowledge that further phase construction and dedication by Grantor shall diminish the percentage of ownership in the common property as described and provided in Exhibit "B" and attached hereto and in other applicable portions of this Master Deed. The Grantor shall add either any, all, or any combination of subsequent Phases to the provisions hereof by filing of record an appropriate document signed by the Grantor and referencing this Master Deed. Upon the proper recordation thereof, the added Phase(s) shall become an integral portion hereof as provided by the laws of this State and by this document.

ARTICLE II. CONDOMINIUM PROPERTY.

Section 1. Land. Grantor owns in fee simple the tract of land containing a total of Nine and Five-Tenths (9.5) acres which is described in Exhibit "A" of this Master Deed, subject to the following encumbrances or reservations:

1.1 Said 9.5 acre tract is owned by the Grantors, however only that portion described in Exhibit A-1 and containing 0.562 acres is accepted by the Grantees subject to those certain covenants, restrictions and easements recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 247 at Page 345.

1.2 A 1.5 acre tract located within the 9.5 acre tract

on Hilton Head Island, Beaufort County, South Carolina, and recorded Plat Book 25 at Page 152, is designated as Reserved Lagoon on said plat and is restricted to the use of the lagoon and related use.

Section 2. Villas. Grantor has constructed upon the land described in Exhibit "A-1" of this Master Deed buildings enclosing in Phase I, Four (4) condominium units (hereinafter referred to as "Villas" or "Dwelling Units"), and proposes in accordance with the provisions of this Master Deed to construct additional units numbering a maximum of Fifty Eight (58) in Phases II through XII inclusive of this regime. The site locations of the buildings and the maximum of Sixty-Two (62) Villas are shown on the plat of the condominium property in Exhibit "C" of this Master Deed but Grantor hereby reserves the right to determine the number of future units to construct and their location in accordance with the provisions of this Master Deed and applicable law. In addition, the Grantor reserves the right to build certain of the Phases without building all of them and further, reserves the right to build them in such order and sequence as it in its sole discretion determines fit and proper. The Villas are of general design as graphically depicted in the certified architect's plans which are compiled and annexed to this Master Deed in Exhibit "C". The Villas are also described verbally in Article VI of this Master Deed. Each Villa is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings, and building materials enclosed within the following boundaries:

2.1 The upper boundaries of the Villa shall extend to the inner surface of the roof over the Villa; the lower boundaries of the Villa shall extend to the top of the structural slab underlying the Villa.

2.2 The perimetrical boundaries of the Villa shall extend to the rear surface of the wall to which the exterior siding of the Villa is attached and to the edge of the center line of the frame party wall adjacent to the Villa.

2.3 The boundaries of each Villa shall extend also to include the area enclosed or bounded by the screens, partitions, railings, balustrades, of fences of any deck, terrace, balcony, stoop and steps, porch, courtyard, patio or any service area which is an integral and exclusive part of that particular Villa. If such an area is not thus bounded or enclosed, the boundaries of the Villas shall be extended to include the area defined or actually covered by any such deck, terrace, balcony, stoop and steps, porch, courtyard, patio or service area.

2.4 Each Villa shall also encompass and include and each Villa Owner shall be responsible for maintenance and repair of the following: (1) the doorways, windows and vents, floors, and ceilings of the Villa which are regarded as enclosures of space; (2) the doors opening into the Villa and into any mechanical area or courtyard integral to the Villa, including the frames, casings, hinges, handles and other fixtures which are part of the doors; (3) the window glasses, screens, frames, wells, and casings which are part of the windows opening from the Villa; (4) the metal flue and the plumbing and mechanical vents which exclusively serve the Villa; (5) the appliances, air conditioning and heating units, hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, flooring, trim, ceilings, framing, floor joists, trusses, beams, insulation, and other fixtures,

furnishings, and building materials which are part of the Villa when delivered to the initial Villa Owner; (6) the screens, partitions, railings, balustrades, or fences bounding or enclosing any deck, terrace, balcony, courtyard, or service area that is integral and exclusive to the Villa, and the treated wood decking or concrete surface within any such area; and, (7) all pipes, wires, conduits, ducts, and other plumbing, mechanical and electrical appurtenances which are integral and exclusive to the Villa, including lamps attached to the exterior of the Villa, and including water pipes serving the Villa extending to the meter, sewer pipes serving the Villa extending five (5) feet from the Villa, and the underground drainage system beneath the Villa.

Section 3. Common Elements. The Common Elements, either General or Limited, of the entire Condominium Property, are exclusive of the Villas, as shown on 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 Villas are situated; the paved parking areas; the walkways, fenced-in patios, and other limited common elements; the building area under the roof; and the remaining common areas surrounding the Villas; and all easements, rights and hereditaments appurtenant to the Land described in Exhibit "A-1" 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 Villas and Limited Common Elements, erected, or which may be erected in the future phases of this Regime, upon the Land described in Exhibits "A" and "A-1", including without limitation: (1) the roofs covering the Villas, including the shingles, roofing felt, sheathing and flashing; (2) the exterior siding, fascia, sheathing and building paper on the buildings enclosing the Villas; (3) the pipes, wires, conduits, pumps, motors, and other equipment installed to provide utility service to the Villas or to portions of the Common Elements, provided, however, that the title to all water and sewer pipes, pumps, mains and accessory equipment shall be, and hereby is reserved to the Grantor, its successors and assigns; (4) the roads, streets, parking areas, street signs, storm draining, guttering, retaining walls, walkways, paths, trees, gardens, and landscaping located upon the land; (5) any pier or dock extending from the land; (6) any swimming pool, bath house or other recreational facilities which may now or hereafter be located upon the land; and, (7) 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 include the following:

(a) The rear and front yards and service areas (shown on the Plat attached hereto and identified as Exhibit "C") adjacent to each Villa, the fences screening the service area and the patios adjacent to each Villa, if any.

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) "The Property" means the total of Nine and Five-Tenths

(9.5) acres of land ("Land") described in Exhibit "A" and/or the Phase I property described in Schedule "A-1"; the buildings constructed or to be constructed in future phases 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 proposed Sixty-Two (62) Villas 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 future phases to the Regime as described herein; and all other improvements and property, real, personal and mixed, situated upon or appurtenant to the Land, which are or may be made part of Tennis Master Villas Horizontal Property Regime by this Master Deed.

(2) "Assessment" means that portion of the Common Expenses, as hereinafter defined, which is to be paid for by each Villa Owner in proportion to his percentage interest in Common Elements as hereinafter described.

(3) "Council of Co-Owners" means the entity responsible for operation and management of the Condominium Property; and shall initially be an unincorporated association composed of all Villa Owners (hereinafter referred to as "Council").

(4) "By-Laws" means the rules and procedures prescribed for government of the Council 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 Administrators" means the body of persons elected, authorized and directed to manage and operate the Condominium Property and the affairs of the Council, 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 Villas and including a proportionate share of the hereafter described swimming pool site which swimming pool site is to be shared with all other Villa Owners of future Tennis Master Villas Horizontal Property Regime Phases to be constructed upon the hereafter described Nine and Five Tenths (9.5) acre property; said pool site is included in Schedule "A-1".

(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 Council, 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-1", the buildings, Villas and other improvements constructed upon the Land, real, personal or mixed, intended for use in connection with this horizontal property regime, including an interest in the swimming pool site hereafter described.

(10) "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" adopted and enacted from time to time.

(11) "Land" means the tract of land described by courses and distances in Exhibit "A" and "A-1", and also referred to as the "Property".

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

(13) "Plat" means the physical survey of the completed improvements prepared by E. H. Freiesleben Consulting Professional Engineering and Land Surveying firm, showing the dimensions and site locations of the buildings, the Four (4) Villas, parking lots, roads, walkways, and other improvements of Phase I of the Regime, and entitled, "As Built Plat, Phases I & II, Tennis Masters Villas, South Shipyard Drive, Shipyard Plantation, Hilton Head Island, Beaufort County, S. C." dated November 3, 1978, and finally revised Nov 3, 1978, and recorded in Plat Book 27 at Page 85, in the Office of the Clerk of Courts for Beaufort County, South Carolina, a copy of which is contained in Exhibit "C".

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

(15) "Villa" means one (1) of the dwelling units enclosed within the boundaries defined in Article II, Section 2, which is subject to separate ownership.

(16) "Villa Owner" means the person or persons owning one (1) or more of the Villas; or the person or persons owning one (1) or more Time Sharing interests of a Villa.

ARTICLE IV. TENNIS MASTER VILLAS HORIZONTAL PROPERTY REGIME
COUNCIL OF CO-OWNERS.

Section 1. Formation. Every Villa Owner shall be a member of the Council of Tennis Master Villas Horizontal Property Regime which initially shall be an unincorporated association. The Council shall be managed by a Board of Administrators elected by and from the Villa Owners.

Section 2. By-Laws. The affairs of the Council and the administration of the Condominium Property shall be governed by the provisions of this Master Deed and the By-Laws of the Council, a copy of which is attached hereto as Exhibit "D". The By-Laws of the Council 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 Council or to the Condominium Property upon which a vote of the Villa Owners is taken, the Villa Owners shall vote in proportion to their respective interests in the Common Elements as set forth in Exhibit "B". Any motion shall carry if it receives the affirmative vote of a simple majority of Villa Owners, unless a different majority is specified in this Master Deed or in the By-Laws. A simple majority of the Villa Owners shall consist of Fifty-One (51%) Percent or more of the total interest in the Common Elements.

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

Section 5. Management Agent. The responsibility for the administration of the Condominium Property may be delegated by the Council to a professional management agent. By proper resolution of the Council such a management agent may be authorized to assume any of the functions, duties and powers assigned to the Board of Administrators in the By-Laws or in this Master Deed.

Section 6. Incorporation. Nothing in this Master Deed shall preclude the Council from incorporating under the laws of the State of South Carolina if a requisite majority of the Council duly resolves to incorporate.

ARTICLE V. VILLAS: OWNERSHIP AND USE.

Section 1. Ownership of Villas. Each Villa, together with its undivided interest in the Common Elements, shall constitute a separate parcel of real property; and each Villa Owner shall be entitled to exclusive ownership of his/her Villa subject to: (1) the provisions of this Master Deed and the easements, restrictions, covenants and encumbrances set forth herein; (2) said property is conveyed by the Grantors and accepted by the Grantees subject to those covenants, restrictions and easements recorded in the Office of the Clerk of Courts for Beaufort County, South Carolina, in Deed Book 247 at Page 345, and any recorded additions or amendments thereof; (3) the rules and regulations of the multi-family residential areas of Shipyard Plantation; (4) the By-Laws of the Council, as they may be amended from time to time, together with the regulations and the resolutions that may be adopted by the Association or its Board pursuant to the By-Laws; (5) the Horizontal Property Act of the State of South Carolina.

Section 2. Legal Description. Each Villa may be sufficiently described for the 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 Tennis Master Villas Horizontal Property Regime as established by this Master Deed. The conveyance of an individual Villa shall be deemed to convey the undivided interest in the Common Elements appurtenant to that Villa. The ownership of an undivided interest in Common Elements appurtenant to a Villa shall be inseparable from the Villa, and no such undivided interest may be conveyed or encumbered except as an appurtenance to the Villa.

Section 3. Maintenance and Repair. Every Villa Owner shall be responsible at his own expense for maintaining, repairing and decoration of all walls, ceilings, floors and other elements of the Villa as defined in Article II, Section 2. However, no Villa Owner shall make structural modifications or alterations to his Villa, nor shall any Villa Owner alter any door, window, vent, flue, terrace, deck, balcony 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 Villa Owner of its decision in writing within One Hundred Twenty (120) days from receipt of the request. Nothing in this section shall relieve any Villa Owner from obtaining approval for alterations required by other applicable covenants or restrictions. No Villa Owner shall undertake to modify any portion of the Common Elements.

ARTICLE VI. VILLAS: LOCATION AND DESCRIPTION.

Section 1. Building Location. The Villas hereinafter described and known as Tennis Master Villas Horizontal Property Regime, Phase I, are located on that certain 0.562 acre parcel of land and des-

ignated on a plat entitled "As Built Plat, Phases I & II, Tennis Masters Villas, South Shipyard Drive, Shipyard Plantation, Hilton Head Island, Beaufort County, S. C.", prepared by E. H. Freiesleben Professional Engineering and Land Surveyors, #4624 and recorded in the Office of the Clerk of Courts for Beaufort County, South Carolina, in Plat Book 27 at Page 85.

Section 2. Villa Description. The individual Villa Types are described as follows:

2.1 Each "A" Unit is a two story, three bedroom unit containing a total of 1948.74 square feet of heated area. In addition, there is an entry court and gardens of 308.11 square feet and an adjacent service court of 111.25 square feet.

The first floor of the "A" Unit contains 1132.16 square feet. This square footage is apportioned in the following manner: the Entry itself contains 78.02 square feet. The Entry Hall contains 20.53 square feet. The Living/Dining Room has 371.61 square feet and is bordered by the kitchen using 84.00 square feet. Utility/Storage is off the Kitchen and uses 23.92 square feet, as is the Laundry/Breakfast Room with adjoining closet using 88.53 square feet. The powder Room adjacent to this area has 27.75 square feet. The Master Bedroom Hall has 25.69 square feet, and opens onto the Master Bedroom with 180.00 square feet. The Master Bedroom contains four (4) closets with a total square footage of 34.02; the adjoining bath contains 85.71 square feet. An outdoor Deck, servicing both the Living Room and Master Bedroom contains 106.16 square feet. The Stairwell to the second floor of the unit has 31.66 square feet.

The second floor of the Unit contains 851.68 square feet and is divided proportionally as follows: a Gallery of 31.66 square feet, a Hall of 35.00 square feet. The Linen Closet has 4.60 square feet. The Second Bedroom is on this floor and contains 208.88 square feet. In the same area are the Bedroom Closets (2) with a total area of 16.00 square feet, Hallway of 15.00 square feet, and the Second Bedroom Bath with 37.70 square feet. Further down the Hall is the Third Bedroom, with 180.00 square feet, Closets (2) of 16.00 square feet, adjoining Hallway of 15.00 square feet, and Third Bedroom Bath of 37.70 square feet. On this floor also is an Owner's Closet of 150.33 square feet. There are two (2) decks off the Second and Third Bedrooms with 87.50 and 74.09 square feet respectively.

2.2 Each "B" Unit is a two story, two bedroom unit containing a total of 1474.86 square feet of heated area. In addition, there is an Entry Deck of 66.68 square feet and an adjacent service court of 48.75 square feet.

The first floor of the "B" Unit contains 728.66 square feet, and is apportioned as follows: the Entry has 34.64 square feet, and the Entry Hall has 50.55 square feet. The Powder Room off the Hall has 21.00 square feet. The Owner's Closet, also off the Hall, has 10.83 square feet, and a Coat Closet in the area has 5.78 square feet. The Living/Dining Room contains 368.36 square feet, and is flanked by a Kitchen of 84.00 square feet, a Laundry Area of 64.00 square feet, and a Stairwell of 31.69 square feet.

The second floor of the "B" Unit contains 697.32 square feet, as follows: a Gallery of 30.02 square feet, and Hall of 55.45 square feet. Off the Hall is the Master Bedroom, with 180.00 square feet, a Master Bedroom Hall of 16.00 square feet, Closets (2) of 16.00 square feet, and Master Bedroom Bath of 37.70 square feet. There is also a Second Bedroom of 180.00 square feet, with Hall of 16.00 square feet,

Closets (2) of 16.00 square feet, and Second Bedroom Bath of 37.70 square feet. The Decks off these two bedrooms are of 73.30 and 60.69 square feet respectively. On this floor there are two (2) Owner's Closets, of which the first is 11.65 square feet and the second is 42.00 square feet. The Linen Closet is 4.60 square feet.

2.3 The total square footages on both the "A" Type Unit and the "B" Type Unit are inclusive of all walls, duct space and stairs at each level of the two story units, but do not include the Balconies, Terraces, Entry Courts or Service Yards. Individual room square footages only include the area from wall face to wall face, (no walls) and therefore the sum of the individual spaces will total up to less than the overall square footage. The difference will be the area of the unit taken up by the walls and ducts.

ARTICLE VII. COMMON ELEMENTS: OWNERSHIP AND USE.

Section 1. Ownership of Common Elements. Each Villa Owner, either of the initial Phase or hereafter established Phase(s), shall own as an appurtenance to his Villa the undivided interest in the Common Elements specified in Exhibit "B". The percentage interest set out therein represents the values of each Villa in proportion to the total value of the Property, as well as the proportionate representation for voting purposes in the meeting of the Council of the Regime. The total value of the Property herein is FIVE MILLION THREE HUNDRED SEVENTY AND NO/100 (\$5,370,000.00) DOLLARS for all Twelve (12) Phases. The values for the individual Phases are as listed in Exhibit "B" hereto. The stated individual value for each Villa indicated in Exhibit "B" shall not be deemed to establish or limit the price for which the 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 two-thirds (2/3) of the Condominium Property has not been substantially destroyed within the meaning of Article XI, the Common Elements shall remain undivided; and no Villa Owner shall have the right to bring any action for partition or division.

Section 3. Use of the Common Elements. Each Villa Owner shall have the right to use the Common Elements for their intended purposes in common with all other Villa Owners. Each Villa Owner shall also have a non-exclusive easement appurtenant to his Villa for ingress and egress over the Common Elements for access to and from his Villa, which shall extend to the family members, guests, agents and servants of the Villa Owner. All rights to use and enjoy the Common Elements shall be subject to the provisions of the Horizontal Property Act, this Master Deed, the certain aforementioned covenants, easements and restrictions and any recorded additions or amendments thereto, the rules and regulations governing the multi-family residence areas of Shipyard Plantation, the By-Laws of the Council, and all rules and regulations adopted by the Council 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 a management agent.

ARTICLE VIII. COMMON EXPENSES.

Section 1. Enumeration of Expenses. Each Villa Owner shall bear in proportion to his respective interest in the Common Elements the

following expenses:

- 1.1 Expenses incurred in operating, maintaining, improving, and replacing the Common Elements.
- 1.2 Expenses incurred in operating, maintaining, improving, repairing, insuring, replacing, etc., the swimming pool located as described in Exhibits "A-1" and "C" in common and in proportion of total unit value with other owners of past or future phases of Tennis Master Villas Horizontal Property Regime, if any, constructed upon the remaining acreage undedicated to condominium ownership and described in Exhibit "A" as a 9.5 acre tract, less the land described in Exhibit "A-1".
- 1.3 Expenses incurred in administering the affairs of the Council including salaries, wages, and any compensation paid to a managing agent for such purpose.
- 1.4 Expenses incurred in providing for public liability insurance and hazard insurance adequate to cover the Condominium Property, exclusive of Villa contents and furnishings, as provided in Article X of this Master Deed.
- 1.5 Contributions to provide sufficient reserves to make such general reserves to operate the Condominium Property and to administer the affairs of the Council.
- 1.6 Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.
- 1.7 Any other costs related to the operation of the Condominium Property or administration of the affairs of the Council which are declared by this Master Deed to be Common Elements, and any valid charge against the Condominium Property 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, but not less frequently than quarterly.

Section 3. Liability of Villa Owner. No Villa Owner may exempt himself from liability for Common Expenses by waiving the use or enjoyment of the Common Elements or abandoning his/her Villa.

Section 4. Lien Upon Villa. All assessments of the Council for the share of Common Expenses chargeable to any Villa which are unpaid after becoming due, shall upon proper recording in the Office of the Clerk of Courts for Beaufort County, South Carolina, constitute a lien against such a Villa, prior and superior to all other liens except: (1) liens for property taxes upon the Villa in favor of any taxing authority; and, (2) mortgage liens duly recorded prior to such delinquency. The lien for such assessments may be foreclosed by the Board acting in behalf of the Council in the same manner as a mortgage upon real property. In the event of foreclosure, the Villa Owner shall be required to pay a reasonable rent for the Villa during pendency of the foreclosure action, and a receiver may be appointed to collect the rentals during such period. The Board, in behalf of the Council may bring suit for judgments against the Villa Owner in the amount of the delinquent assessments. In the event of foreclosure or suit for money

judgment, a reasonable amount may be added to the sum due for Attorney's fees and other costs of collection. The lien created in this section shall cover rentals accruing during the pendency of the foreclosure action and any reasonable amount of Attorney's fees and other costs of collection.

Section 5. Sales of Villa. Upon sale or conveyance of a Villa, all unpaid assessments against a Villa Owner for his pro-rata share of the Common Expenses shall be first paid out of the sale price by the purchaser or grantee in preference over any other assessments, charges or liens, except the following:

5.1 Lien for taxes and special assessments upon the Villa which are unpaid.

5.2 Payment due under mortgages upon the Villa which are duly recorded prior to such sale or conveyance.

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

Section 7. Records. The Board, or a managing agent which it employs, shall keep accurate and detailed records, in chronological order, of receipts and disbursements connected with the operation, administration, maintenance, repair and replacement of the Condominium Property. Such records, together with vouchers authorizing payment, shall be available for examination by Villa Owners at convenient hours on working days and with the appropriate hours being set and announced for general knowledge.

ARTICLE IX. RESTRICTION, COVENANTS AND EASEMENTS.

Section 1. Covenant to Comply with Restrictions and Obligations. Each Villa Owner, by acceptance of a deed to a Villa in this horizontal property regime ratifies and covenants to observe on behalf of himself, his heirs, successors, and assigns, the following:

1.1 That certain declaration of covenants, restrictions and easements, and any additions or amendments thereto, and applicable to residents of Shipyard Plantation, recorded in the Office of the Clerk of Courts for Beaufort County, South Carolina in Deed Book 247 at Page 345.

1.2 This Master Deed, the Regime By-Laws, decisions and resolutions of the Council, Board or their representatives, as lawfully amended from time to time, and failure to comply with any such provisions, decisions or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief; provided that nothing contained herein shall limit the rights of Hilton Head Company.

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

Section 3. Encroachments. There shall be an easement in favor of the Council to the extent any portion of the Common Elements encroaches upon any Villa, and there shall be an easement appurtenant to any Villa to the extent any portion of the Villa encroaches upon the Common Elements or upon another Villa, whether such encroachment presently exists or occurs hereafter as a result of: (1) settling or shifting on any part of the Condominium Property; (2) repair, alteration or reconstruction of the Common Elements made by the Association or with its consent; and, (3) 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 Council shall have the right of access to each Villa during reasonable hours and with reasonable notice for maintaining, repairing or replacing any Common Elements located within or accessible through the Villa, or for making emergency repairs within the Villa necessary to prevent damage to the Common Elements or to another Villa. This easement and right of access may be exercised by the Board, its agents and employees, or by a managing agent to whom the responsibility of maintaining has been delegated. Damages resulting to any Villa because of such maintenance repairs shall be corrected promptly at the expense of the Council.

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 the 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 vote of the Council.

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 an amount equal to the maximum insurable replacement value of the Condominium Property as determined by its annual appraisal. The Board shall have the authority to insure also against other hazards and risks as it may deem desirable for the protection of the Condominium Property. All hazard insurance shall cover the entire Condominium Property exclusive only of contents and furnishings of individual Villas.

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 Villa Owners and their mortgages collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall

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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 Villa Owner. Each Certificate shall evidence the issuance of the Master Policy and shall indicate the amount of insurance covering the building within which the respective Villa is located. If a Villa is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

1.3 If obtainable, all hazard insurance policies upon the Condominium Property shall include provisions waiving: (1) any rights of the insurer to subrogation against the Council, its agents and employees, and against the individual Villa Owners and their servants, agents and guests; and, (2) any rights of the insurer to contribution from hazard insurance purchased by the Villa Owners upon the contents and furnishings of their Villas.

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 Council to an individual Villa Owner and to liabilities of one Villa Owner to another Villa Owner.

Section 3. Workmens Compensation Insurance. The Board as necessary, shall obtain Workmens Compensation Insurance to meet the requirements of law.

Section 4. Premiums. All premiums upon insurance policies purchased by the Board shall be assessed as Common Expenses and paid by the Board.

Section 5. Insurance By Villa Owner. Each Villa Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal property, decorations and furnishings within his own Villa, and the additions and improvements made by him to the Villa. Each Villa Owner shall also be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Villa. All such insurance policies shall include, however, provisions waiving: (1) any right of the insurer to subrogation to claims against the Council and against individual Villa Owners, as well as their agents, servants, employees and guests; and, (2) any right of the insurer to contribution or proration because of the Master Hazard Policy.

Section 6. Substitution of Insurance Trustee. The Board, in its discretion, may decline to serve as the Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in Beaufort County, South Carolina. Any substitute Insurance Trustee appointed by the Board shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of this Master Deed; specifically those terms defined in Article XI, Section 2.

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 recon-

struction of the Condominium Property in accordance with the provisions of this Article. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Condominium Property is destroyed or substantially damaged. If two-thirds (2/3) or more of the Condominium Property is destroyed or substantially damaged, the insurance indemnity received by the Board shall be distributed pro rata to the Villa Owners and their mortgagees jointly in proportion to their respective interests in Common Elements. The remaining portion of the Condominium Property shall be subject to an action for partition at the suit of any Villa Owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one (1) fund, and distributed pro rata among all Villa Owners and their mortgagees jointly in proportion to their respective interests in Common Elements. If less than two-thirds (2/3) of the Condominium Property is destroyed or substantially damaged repair shall be in the following manner:

1.1 Any reconstruction or repair must follow substantially the original plans and specifications of the Condominium Property unless the Villa Owners holding Seventy-Five (75%) Percent or more of the total interest in Common Elements and their mortgagees, if any, vote to adopt different plans and specifications and all Villa Owners whose Villas are affected by the alterations unanimously consent.

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 bids as the Board sees necessary.

1.3 If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Villa Owners whose units are directly affected by the damage in proportion to the damage done to their respective Villas.

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

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 Council, the Villa 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 proappurtenant to each of the Villas.

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

2.3 Insurance proceeds paid when the Condominium Property is not to be restored shall be held for the benefit of all Villa Owners, the share of each being equal to the undivided share in Common Elements appurtenant to his/her Villa.

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

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

ARTICLE XII. AMENDMENTS.

Section 1. By Villa Owners. The Master Deed and the By-Laws of the Council may be amended from time to time at a duly held meeting of the Council by the affirmative vote of the Villa Owners holding two-thirds (2/3) or more of the total interest in the Common Elements; provided, however, that no amendment shall alter the dimensions of a Villa or its appurtenant interest in the Common Elements without the written consent of the Villa 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 Council.

ARTICLE XIII. TERMINATION.

Section 1. Casualty or Condemnation. If two-thirds or more of the Condominium Property is substantially destroyed or taken by condemnation, the Condominium Property may be removed from the provisions of this Master Deed and the Horizontal Property Act in accordance with Article XII, as the case may be.

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

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Section 3. Ownership After Termination. After termination of this Horizontal Property Regime, the Villa Owners shall own the Condominium Property as tenants in common in undivided shares, and the holders of mortgages and liens upon the respective undivided common interests of the Villa Owners. The undivided share of each tenant in common shall be the same as his undivided interest in Common Elements prior to termination. Any asset of the Council, any funds held by the Board, any insurance proceeds shall also be the property of the former Villa Owners and tenants in common in the same undivided shares as their interests in the 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 Villa Owner of any lienor in which event the net proceeds from the judicial sale shall be divided among all Villa Owners in proportion to their respective interests in Common Elements and paid to each Villa Owner and mortgagee.

ARTICLE XIV. MISCELLANEOUS PROVISIONS.

Section 1. Conflicts. This Master Deed is made and declared in compliance with the Horizontal Property Act of the State of South Carolina. 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 the 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 requires.

Section 5. Exhibits. All exhibits in this Master Deed shall be deemed 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.

IN WITNESS WHEREOF, Grantor has executed this Master Deed in its name, this day, month and year first above written.

Signed, sealed and delivered in the presence of:

Karen J. Hill

Kathryn D. Brunson

TENNIS MASTERS ASSOCIATES (SEAL)

By: Lawrence Stern, Partner.

By: Warren Silverman, Partner.

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By: Gerald Jentis
Gerald Jentis, Partner.

By: Frederick Gordon
Frederick Gordon, Partner.

By: Victor H. Kasner
Victor H. Kasner, Partner.

By: Carol Slater
Carol Slater, Partner.

By: Eric Metzger
Eric Metzger, Partner.
Sheldon Schoen by his attorneys-in-fact

By: Alan Kaplan
Alan Kaplan, Partner.

By: Allan J. Naishuler
Allan J. Naishuler, Partner.

By: Marc H. Slater
Marc H. Slater, Partner.

STATE OF NEW JERSEY }
COUNTY OF ESSEX } PROBATE

PERSONALLY appeared before me, Karen J. Hill, who on oath says that s/he saw the within named Tennis Master Associates, a New Jersey General Partnership, by and through its partners, Lawrence Stern, Victor H. Kasner, Warren Silverman, Gerald Jentis, Frederick Gordon, Carol Slater, Eric Metzger, Marc H. Slater, Alan Kaplan, Allan J. Naishuler, Sheldon S. Schoen, sign seal and as their act and deed, deliver the within written Master Deed and that s/he with Katherine D. Brunson witnessed the execution thereof.

Karen J. Hill

SWORN TO before me this 17
day of November, 1978.

Edgar W. Seidenzahl (SEAL)
Notary Public for New Jersey

My Commission Expires: EDGAR W. SEIDENZAHL
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires January 1, 1982

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EXHIBIT "A"
LEGAL DESCRIPTION

ALL those certain pieces, parcel or tracts of land situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, and shown and designated on a plat entitled "Plat Site Plan, Phases I and II, Tennis Masters Villas", dated July 28, 1977 and revised April 17, 1978, prepared by E. H. Freiesleben, S. C. P. E. & L. S. number 4624, prepared for Mr. Lawrence S. Stern and Dr. Warren Silverman and recorded in the Office of the Clerk of Courts for Beaufort County, South Carolina in Plat Book 24 at Page 27.

SAID pieces, parcels and tracts of land having dimensions, metes and bounds as follows: Beginning at a point at the intersection of the southerly right-of-way of Shipyard Drive and the westerly right-of-way of Barcelona Road in Shipyard Plantation on Hilton Head Island, said point of beginning being the concrete monument at the said intersection and thence running South $01^{\circ} 42' 50''$ West for a distance of 183.66 feet to a concrete monument thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 103.50 feet to a concrete monument thence turning and running South $01^{\circ} 42' 50''$ West for a distance of 40 feet to a concrete monument thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 25.0 feet to a concrete monument thence turning and running South $01^{\circ} 42' 50''$ West for a distance of 25.0 feet to a concrete monument thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 23.0 feet to a concrete monument thence turning and running North $01^{\circ} 42' 50''$ East for a distance of 25.0 feet to a concrete monument thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 25.0 feet to a concrete monument thence turning and running North $01^{\circ} 42' 50''$ East for a distance of 25.0 feet to a concrete monument thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 178.50 feet to a concrete monument thence turning and running North $01^{\circ} 42' 50''$ East for a distance of 255.43 feet to a concrete monument thence turning and running South $75^{\circ} 47' 42''$ East for a distance of 88.62 feet to a concrete monument and then continuing on the same bearings South $75^{\circ} 47' 42''$ East for a distance of 61.19 feet for a total distance on the said bearings of 149.81 feet to a concrete monument thence turning and running South $81^{\circ} 37' 40''$ East for a distance of 210.15 feet to the point of beginning.

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EXHIBIT A-1TENNIS MASTER VILLAS HORIZONTAL PROPERTY REGIMEPHASE I PROPERTY

ALL THAT CERTAIN piece, parcel or tract of land, situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, and being within the confines of Shipyard Plantation on said Island, and within said County and State, and being on South Shipyard Drive, all as shown on a plat entitled "As Built Plat, Phases I & II, Tennis Masters Villas, South Shipyard Drive, Shipyard Plantation, Hilton Head Island, Beaufort County, S. C.", as prepared by E. H. Freiesleben, Professional Engineering and Land Surveying, P. E. & L. S. #4624, and dated November 3, 1978.

SAID PROPERTY is more particularly described as beginning on the Northern boundary of said property and South Shipyard Drive at a concrete monument and running South $1^{\circ} 42' 50''$ West for a distance of 183.66 feet to a concrete monument, thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 103.50 feet to a concrete monument, thence turning and running South $1^{\circ} 42' 50''$ West for a distance of 40.00 feet to a concrete monument, thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 25.00 feet to a concrete monument, thence turning and running North $1^{\circ} 42' 50''$ East for a distance of 174.00 feet to a concrete monument, thence turning and running North $30^{\circ} 22' 20''$ East for a distance of 69.27 feet to a concrete monument, thence turning and running South $81^{\circ} 37' 40''$ East for a distance of 95.93 feet to the point of commencement. Said property being more particularly described and shown on said plat hereinabove mentioned and containing 0.562 acres, and shown as Phase I on said plat.

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TENNIS MASTER VILLAS HORIZONTAL PROPERTY REGIME

PHASE II PROPERTY

ALL THAT CERTAIN piece, parcel or tract of land, situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, and being within the confines of Shipyard Plantation on said Island, and within said County and State, and being on South Shipyard Drive, all as shown on a plat entitled "As Built Plat, Phases I & II, Tennis Masters Villas, South Shipyard Drive, Shipyard Plantation, Hilton Head Island, Beaufort County, S. C.", as prepared by E. H. Freiesleben, Professional Engineering and Land Surveying, P. E. & L. S. #4624, and dated November 3, 1978.

SAID PROPERTY is more particularly described as beginning at a concrete monument 149.15 feet Northwest of the intersection of the Phase I property and South Shipyard Drive, and running North $8^{\circ} 22' 20''$ East for a distance of 25.00 feet to a concrete monument, thence turning and running South $2^{\circ} 9' 45''$ West for a distance of 55.12 feet to a concrete monument, thence turning and running South $1^{\circ} 42' 50''$ West for a distance of 161.00 feet to a concrete monument, thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 25.00 feet to a concrete monument, thence turning and running North $1^{\circ} 42' 50''$ East for a distance of 33.00 feet to a concrete monument, thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 78.50 feet to a concrete monument, thence turning and running North $1^{\circ} 42' 50''$ East for a distance of 60.50 feet to a concrete monument, thence turning and running North $88^{\circ} 17' 10''$ West for a distance of 13.50 feet to a concrete monument, thence turning and running North $1^{\circ} 42' 50''$ East for a distance of 167.76 feet to a concrete monument, thence turning and running South $75^{\circ} 47' 42''$ East for a distance of 61.19 feet to a concrete monument, thence turning and running South $81^{\circ} 37' 40''$ East for a distance of 36.00 feet to a concrete monument, thence turning and running South $8^{\circ} 22' 20''$ West for a distance of 25.00 feet to a concrete monument, thence turning and running South $81^{\circ} 37' 40''$ East for a distance of 25.00 feet to a concrete monument, at the intersection at the point of beginning. Said property being more particularly described and shown on said plat hereinabove mentioned and containing 0.569 acres, and shown as Phase II on said plat.

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TENNIS MASTER VILLAS HORIZONTAL PROPERTY REGIME

SWIMMING POOL TRACT

ALL THAT CERTAIN piece, parcel or tract of land, situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, and being within the confines of Shipyard Plantation on said Island, and within said County and State, and being on South Shipyard Drive, all as shown on a plat entitled "As Built Plat, Phases I & II, Tennis Masters Villas, South Shipyard Drive, Shipyard Plantation, Hilton Head Island, Beaufort County, S. C.", as prepared by E. H. Freiesleben, Professional Engineering and Land Surveying, P. E. & L. S.. #4624, and dated November 3, 1978.

SAID property is more particularly described as beginning 271.34 feet Northwest of the intersection of the Phase I property and South Shipyard Drive, beginning at a concrete monument and running South 10° 42' 50' West for a distance of 167.76 feet to a concrete monument, thence turning and running South 88° 17' 10' East for a distance of 13.50 feet, thence turning and running South 10° 42' 50' West for a distance of 60.50 feet to a concrete monument, thence turning and running South 88° 17' 10' East for a distance of 78.50 feet to a concrete monument, thence turning and running South 10° 42' 50' West for a distance of 8.00 feet to a concrete monument, thence turning and running North 88° 17' 10' West for a distance of 178.50 feet to a concrete monument, thence turning and running North 10° 42' 50' East for a distance of 255.43 feet to a concrete monument, thence turning and running South 75° 47' 42' East for a distance of 88.62 feet to the point of beginning. Said property being more particularly described and shown on said plat hereinabove mentioned and containing 0.524 acres, and shown as Pool Area on said plat.

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EXHIBIT "B" - PERCENTAGE OF OWNERSHIP

Unit #	Value Per Unit	Phase I incl.	Phases I-II incl.	Phases I-III incl.	Phases I-IV incl.	Phases I-V incl.	Phases I-VI incl.	Phases I-VII incl.	Phases I-VIII incl.	Phases I-IX incl.	Phases I-X incl.	Phases I-XI incl.	Phases I-XII incl.
101 A	\$90,000.	25%	10.34%	6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
102 A	90,000.	25%	10.34%	6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
103 A	90,000.	25%	10.34%	6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
104 A	90,000.	100%	10.34%	6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
201 A	90,000.		10.34%	6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
202 A	90,000.		10.34%	6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
203 B	75,000.		8.64%	5.44%	4.20%	3.33%	2.87%	2.42%	2.6%	1.9%	1.76%	1.55%	1.4%
204 B	75,000.		8.64%	5.44%	4.20%	3.33%	2.87%	2.42%	2.6%	1.9%	1.76%	1.55%	1.4%
205 A	90,000.		10.34%	6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
206 A	90,000.		10.34%	6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
301 A	90,000.		6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%	
302 A	90,000.		6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%	
303 B	75,000.		5.44%	4.20%	3.33%	2.87%	2.42%	2.6%	1.9%	1.76%	1.55%	1.4%	
304 B	75,000.		5.44%	4.20%	3.33%	2.87%	2.42%	2.6%	1.9%	1.76%	1.55%	1.4%	
305 A	90,000.		6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%	
306 A	90,000.		6.52%	5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%	
401 A	90,000.		5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%		
402 A	90,000.		5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%		
403 A	90,000.		5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%		
404 A	90,000.		5.20%	4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%		
501 A	90,000.		4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%			
502 A	90,000.		4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%			
503 B	75,000.		3.33%	2.87%	2.42%	2.6%	1.9%	1.76%	1.55%	1.4%			
504 B	75,000.		3.33%	2.87%	2.42%	2.6%	1.9%	1.76%	1.55%	1.4%			
505 A	90,000.		4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%			
506 A	90,000.		4.001%	3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%			
601 A	90,000.		3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%				
602 A	90,000.		3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%				
603 A	90,000.		3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%				
604 A	90,000.		3.45%	2.88%	2.5%	2.25%	2.06%	1.85%	1.675%				
			100%										

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Unit #	Value Per Unit	Phase I incl.	Phases I-II incl.	Phases I-III incl.	Phases I-IV incl.	Phases I-V incl.	Phases I-VI incl.	Phases I-VII incl.	Phases I-VIII incl.	Phases I-IX incl.	Phases I-X incl.	Phases I-XI incl.	Phases I-XII incl.
701 A	\$90,000.							2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
702 A	90,000.							2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
703 B	75,000.							2.42%	2.6%	1.9%	1.76%	1.55%	1.4%
704 B	75,000.							2.42%	2.6%	1.9%	1.76%	1.55%	1.4%
705 A	90,000.							2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
706 A	90,000.							2.88%	2.5%	2.25%	2.06%	1.85%	1.675%
801 A	90,000.								2.5%	2.25%	2.06%	1.85%	1.675%
802 A	90,000.								2.5%	2.25%	2.06%	1.85%	1.675%
803 B	75,000.								2.6%	1.9%	1.76%	1.55%	1.4%
804 B	75,000.								2.6%	1.9%	1.76%	1.55%	1.4%
805 A	90,000.								2.5%	2.25%	2.06%	1.85%	1.675%
806 A	90,000.								2.5%	2.25%	2.06%	1.85%	1.675%
901 A	90,000.									2.25%	2.06%	1.85%	1.675%
902 A	90,000.									2.25%	2.06%	1.85%	1.675%
903 A	90,000.									2.25%	2.06%	1.85%	1.675%
904 A	90,000.									2.25%	2.06%	1.85%	1.675%
1001 A	90,000.										2.06%	1.85%	1.675%
1002 A	90,000.										2.06%	1.85%	1.675%
1003 A	90,000.										2.06%	1.85%	1.675%
1004 A	90,000.										2.06%	1.85%	1.675%
1101 A	90,000.											1.85%	1.675%
1102 A	90,000.											1.85%	1.675%
1103 B	75,000.											1.55%	1.4%
1104 B	75,000.											1.55%	1.4%
1105 A	90,000.											1.85%	1.675%
1106 A	90,000.											1.85%	1.675%
1201 A	90,000.												1.675%
1202 A	90,000.												1.675%
1203 B	75,000.												1.4%
1204 B	75,000.												1.4%
1205 A	90,000.												1.675%
1206 A	90,000.												1.675%
													100%

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TENNIS MASTER VILLAS
INDIVIDUAL CLASSIFICATION AND CUMULATIVE COST

Phase Number	Number of Units in Phase	Type	Individual Unit Cost	Phase Cost	Cumulative Cost
Phase I	4	"A"	\$90,000.	\$360,000.	\$ 360,000.00
Phase II	4	"A"	90,000.	510,000.	870,000.00
	2	"B"	75,000.		
Phase III	4	"A"	90,000.	510,000.	1,380,000.00
	2	"B"	75,000.		
Phase IV	4	"A"	90,000.	360,000.	1,740,000.00
Phase V	4	"A"	90,000.	510,000.	2,250,000.00
	2	"B"	75,000.		
Phase VI	4	"A"	90,000.	360,000.	2,610,000.00
Phase VII	4	"A"	90,000.	510,000.	3,120,000.00
	2	"B"	75,000.		
Phase VIII	4	"A"	90,000.	510,000.	3,630,000.00
	2	"B"	75,000.		
Phase IX	4	"A"	90,000.	360,000.	3,990,000.00
Phase X	4	"A"	90,000.	360,000.	4,350,000.00
Phase XI	4	"A"	90,000.	510,000.	4,860,000.00
	2	"B"	75,000.		
Phase XII	4	"A"	90,000.	510,000.	5,370,000.00
	2	"B"	75,000.		
TOTALS: Phases I-XII (inclusive)		62 Units (48 "A" Units) (14 "B" Units)			\$ 5,370,000.00

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TENNIS MASTER VILLAS HORIZONTAL
PROPERTY REGIME
EXHIBIT "D"

ARTICLE I.

PLAN OF UNIT OWNERSHIP

Section 1. HORIZONTAL PROPERTY REGIME. The Property (the term "Property" as used herein means and includes the land, the buildings, and all improvements and structures thereon) located in Shipyard Plantation, Hilton Head Island, Beaufort County, South Carolina, and known as Tennis Master Villas Horizontal Property Regime has been, by Master Deed, submitted to the provisions of the Horizontal Property Act of the State of South Carolina, which said properties shall henceforth be known as the Tennis Master Villas Horizontal Property Regime (hereinafter referred to as the "Regime").

Section 2. BY-LAWS APPLICABILITY. The provisions of these By-Laws are applicable to the Property and to the Regime.

Section 3. 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 same, as they may be amended from time to time. The mere acquisition or rental of any of the Dwelling Units (hereinafter referred to as "Units") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Units will signify that these By-Laws, the provisions of the Master Deed, the provisions of the Covenants, Easements and Restrictions of the Hilton Head Company, dated February 10, 1972, and recorded in the Office of the Clerk of Courts for Beaufort County, South Carolina in Deed Book 247 at Page 345 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. VOTING. Voting shall be on a percentage basis and the percentage of the vote to which the co-owner is entitled is the percentage assigned to the Unit or Units in the Master Deed.

Section 2. 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 value of the Property, in accordance with the percentages assigned in the Master Deed.

Section 3. QUORUM. Except as otherwise provided in Section 6 and elsewhere in these By-Laws, the presence in person or by proxy of a majority of co-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 filed with the Secretary before the appointed time of

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each meeting.

Section 5. 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 where in the Master Deed or in these By-Laws, or by law, a higher percentage of the vote is required.

ARTICLE III.

COUNCIL OF CO-OWNERS

Section 1. COUNCIL RESPONSIBILITIES. The co-owners of the Units will constitute the Council of Co-Owners (hereinafter referred to as "Council") who will have the responsibility of administering the Property, approving the annual budget, establishing and collecting periodic assessments, and arranging for the management of the Property pursuant to the agreement containing provisions relating to the duties, obligations, removal and compensation of the Management Agent. Except as otherwise provided, decisions and resolutions of the Council shall require approval by a majority of co-owners.

Section 2. PLACE OF MEETINGS. Meetings of the Council shall be at such place, convenient to the co-owners, as may be designated by the Council.

Section 3. ANNUAL MEETINGS. The annual meetings of the Council shall be held at the call of the Regime President once a year on the first Saturday in December, or at such other time as the co-owners may agree upon. At such meetings there shall be elected by ballot of the co-owners a Board of administration in accordance with the requirements of Section 5 of Article IV of these By-Laws. The co-owners may also transact such other business of the Council 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 resolution of the Board of Administration or upon a petition signed by a majority of co-owners and having been presented to the Secretary. A notice of any special meeting shall state the time and place of such a meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice except by consent of four-fifths (4/5) of the votes present, either in person or by proxy.

Section 5. NOTICE OF MEETINGS. It shall be the duty of the Secretary 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 co-owner of record, at least fifteen (15) days, but not more than forty-five (45) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. ADJOURNED MEETING. If any meeting of the Council 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. Upon the reconvening of said meeting a quorum shall be constituted if co-owners holding at least twenty-five (25%) percent of the total value of the Property in accordance with the percentages assigned in the Master Deed are present at said reconvened meeting.

Section 7. ORDER OF BUSINESS. The order of business at all Annual Meetings of the Council shall be as follows:

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

The order of business at a Special Meeting of the Council 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 ADMINISTRATION

Section 1. NUMBER AND QUALIFICATION. The affairs of the Council shall be governed by a Board of Administration (hereinafter referred to as the "Board") comprised of five (5) persons. Until succeeded by the Board Members elected by the Unit Owners, Board of Administration members need not be Unit Owners. So long as the sponsor owns one (1) or more Units, the sponsor shall be entitled to elect at least one (1) member of the Board of Administration, who need not be a Unit Owner. After sponsor has conveyed all units, and is no longer entitled to elect one (1) member of the Board of Administration, 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 Council 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 Council or individual co-owners.

Section 3. OTHER DUTIES. In addition to the duties imposed by these By-Laws, or by resolutions of the Council, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of the same.
- (b) Care, upkeep and surveillance of the property and the common elements.
- (c) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.
- (d) Collection of assessments from the co-owners.
- (e) Performing repairs caused by any natural disaster or man-made damage from the escrow account and any special assessment, or causing the same to be done.
- (f) Obtaining of insurance for the property, pursuant to the provisions herein, and the provisions of the Master Deed or causing the same to be done.

(g) Grant or re-locate easements which are not inconsistent with the owners' full use and enjoyment of the common properties.

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

Section 4. MANAGEMENT AGENT. The initial management agent shall be chosen by the first Board of Administration, whose contract shall extend for a period of one (1) year from the establishment of Tennis Master Villas Horizontal Property 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.

Section 5. FIRST BOARD OF ADMINISTRATION. The first Board of Administration consisting of five (5) members shall be elected by the co-owners at the first Annual Meeting of the Unit Owners held pursuant to the provisions of these By-Laws. At the first Annual Meeting of the Council, 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 for the remaining 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 and all of said Board Members shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 6 of this Article.

Section 6. VACANCIES. Vacancies in the Board of Administration caused by reason other than the removal of a member of the Board by a vote of the Council, 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 Council.

Section 7. REMOVAL OF MEMBERS OF THE BOARD. At any regular or special meeting of the Council duly called, any one (1) or more of the members of the Board may be removed with or without cause by a majority of the co-owners, and a successor may be then and there elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Council 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 Owner.

Section 8. ORGANIZATIONAL MEETING. The first meeting of a newly-elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board members were elected by the Council, 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 meetings of the Board shall be given by the Secretary-Treasurer, or other designated person, to each Board member, personally or by mail, telephone or telegraph, at least ten (10) days prior to the day named for such a 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 mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), and the purpose of the meeting. Special meetings of the Board shall be called by the President or the Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) Board members.

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

Section 12. BOARD QUORUM. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and acts of the majority of members present at a meeting at which a quorum is present shall be acts of the Board. If at any meeting of the Board there is less than a quorum present, the majority of the Board members present may adjourn the meeting from time to time. At any such adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

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

Section 14. COMPENSATION. No member of the Board of Administration shall receive any compensation from the Regime for acting as such.

Section 15. LIABILITY OF THE BOARD OF ADMINISTRATORS. The members of the Board of Administration shall not be liable to the Unit Owners for any mistake of judgement, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Administration against all contractual liability to others arising out of contracts made by the Board of Administration on behalf of the Regime 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 Administration shall have no personal liability with respect to any contract made by them on behalf of the Regime. It is also intended that the liability of a Unit Owner arising out of any contract made by the Board of Administration or out of the aforesaid indemnity in favor of the members of the Board of Administration 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 Administration or by the managing agent or by the manager on behalf of the Regime shall provide that the members of the Board of Administration, 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 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 Regime shall be a President, a Vice-President, and a Secretary-Treasurer, all of whom shall be elected by and from the Board. The Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as, in their judgement shall be necessary.

Section 2. ELECTION OF OFFICERS. The officers of the Regime 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, 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. PRESIDENT. The President shall be the chief executive officer of the Regime. He shall preside at all Council meetings of the Regime and of the Board. He shall have all the general powers and duties usually vested in the office of President of a Regime, 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 Regime.

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

Section 6. SECRETARY-TREASURER. The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Council; he shall have charge of such books and papers as the Board may direct; and he shall have the 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. He shall be responsible for the deposit of all monies and other valuable effects in name, and to the credit of the Regime, in such depositories as may from time to time be designated by the Board. He shall, in general, perform all the duties incidental to the office of the Secretary and the Treasurer.

ARTICLE VI.

NOTICES

Section 1. DEFINITION. Whenever under the provision of the Master Deed or of these By-Laws notice is required to be given to the Board of Administration, any manager or Unit Owner, it shall be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing same in a post office or letter box, in a post-

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paid sealed wrapper, addressed to the Board of Administration, such manager, or such Unit Owners at such address as appears on the books of the Regime. 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, 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 Regime to meet all Regime 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. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Property. 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 proposed budget for the next calendar 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. Sponsor will be liable for the amount of any assessment against completed units within the Regime which have not been sold and sponsor shall have all the voting rights attendant to the ownership of said unit until the unit or units are sold. Payment of the periodic assessment shall be in equal monthly or quarterly (as determined by the Board) installments on or before the first day of each month or quarter, as appropriate, or in any such other reasonable manner as the Board may designate.

The transfer of ownership of an individual unit within the Regime shall carry with it the proportionate equity of that unit's ownership in the Regime Escrow Account set aside to provide a contingency fund for the maintenance and repair of the Regime Property.

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

Section 3. RECORDS. The Manager of the Board of Administration 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 THE COMMON CHARGES. The Board of Administration 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 of Administration the common charges as determined by the Board of Administration, such Unit Owner shall be obligated to pay interest at the rate of Eight (8%) Percent per annum on such common charges from the due date thereof, together with all expenses, including Attorney's fees, incurred by the Board of Administration in any proceeding brought to collect such unpaid common charges. The Board of Administration shall have the right and duty to attempt to recover such common charges, together with the interest thereon, and the expenses of the proceeding including Attorney's fees, in an action to recover the same brought against any Unit Owner, or by foreclosure of the lien on such Unit granted by Sections 22-31-210 of the South Carolina Code of Laws, Annotated, 1976, as amended.

Section 5. STATEMENT OF COMMON CHARGES. The Board of Administration shall, for a reasonable fee not to exceed Ten and No/100 (\$10.00) Dollars, promptly provide any purchaser, Unit Owner, encumbrancer, or prospective encumbrancer of a unit so requesting the same in writing, with a written statement of all unpaid common charges due from the owner of that unit and the purchaser's liability therefor shall be limited to the same amount as set forth in the statement. Any encumbrancer holding a lien on a condominium unit may pay any unpaid common charges payable with respect to such condominium unit and upon such payment such encumbrancer shall have a lien on such unit for the amounts paid of the same rank as the lien of his encumbrance.

Section 6. MAINTENANCE AND REPAIR. Maintenance and repair shall be as follows:

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

(b) All the repairs of internal installations of the units, such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, interior doors, windows, lamps, and all other accessories belonging to that 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, the painting and decorating of the exterior doors and exterior window sash and the washing of exterior glass, shall be made by the Board of Administration 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 case the expense shall be charged to such Unit Owner.

Section 7. WATER CHARGES AND SEWER RENTS. Water shall be supplied to all the units and common elements through one (1) or more meters, and the Board of Administration shall, if the co-owners so elect, pay as a common expense all charges for water consumed on the Property, (including the units) promptly after the bills for the same

have been rendered. Sewer services shall be supplied by the utility company or district serving the area and shall likewise, if practicable, be paid by the Board of Administration as a common expense.

Section 8. ELECTRICITY. Electricity shall be supplied by the public utility company serving the area directly to each unit through a separate meter and each 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 of Administration shall pay all bills for the electricity consumed in such portions of the common element as a common expense.

Section 9. USE OF UNITS - INTERNAL OR EXTERNAL CHANGES.

(a) All units shall be utilized for residential purposes only.

(b) A co-owner shall not make structural modifications or alterations in his unit or installations located therein without previously notifying the Regime in writing, through the Management Agent if any, or through the President, if no Management Agent is employed. The Regime shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

(c) A co-owner shall make no changes whatsoever to exterior of the unit, or any stairs or balconies appurtenant thereto, or to any of the limited or general common elements without the approval of two-thirds (2/3) of the co-owners of said Regime.

Section 10. USE OF THE COMMON ELEMENTS. A co-owner shall not place or cause to be placed in the passages, parking areas, or 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 purposes than the normal transit through or use of them for normal vehicular parking.

Section 11. TERRACES AND BALCONIES. A terrace or balcony to which there is direct access from the interior of a unit, shall be for the exclusive use of the owner of such unit. Any such terrace or balcony shall be kept free of debris and all other accumulation by the owner of such unit, who shall also make all repairs thereto caused or permitted by his negligence, misuse or neglect. All other repairs, in, to, or with respect to such terrace or balcony shall be made by the Board of Administration and the cost thereof shall be a common expense. No alterations shall be made to said terrace or balcony without the written consent of the Board of Administration and as a part of an overall modification made throughout the Regime.

Section 12. RIGHT OF ENTRY.

(a) A co-owner shall grant the right of entry to the Management Agent or any person authorized by the Board of Administration in the case if any emergency originating in or threatening his unit, whether the co-owner is present at that 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

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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 13. RULES OF CONDUCT. In order to assure the peaceful and orderly use and enjoyment of the units and the common elements of the Regime, 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 (2/3) 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 said persons on the Property of the Regime 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, and shall be binding upon all unit owners and 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 or amplifiers that may disturb the other residents.

(b) No resident of the Property shall:

(1) Post any advertisements or posters of any kind in or on the Property except as authorized by the Regime;

(2) Hang garments, towels, rugs, or similar objects from the windows or balconies or from any of the facades of the Property;

(3) Hang dust mops, rugs, or similar objects from the windows, balconies, or clean rugs or similar objects 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 unreasonably with the peace and enjoyment of the residents of the other units of the Property;

(6) Maintain any pets which cause distress to the co-owners through barking, biting, scratching, or damaging of property.

(c) No co-owner or resident or lessee shall install wiring for electrical or telephone installations, television antennae, machines, or air conditioning units, or similar objects outside his dwelling or which protrude through the walls or roof of his dwelling unit except as authorized by the Board.

Section 14. ABATEMENT AND ENJOINTMENT OF VIOLATIONS BY UNIT OWNERS. The violation of any rules or regulations adopted by the Board the breach of any By-laws contained herein, or the breach of any provisions of the Master Deed, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the unit in which or as to which such violation or breach exists and to summarily

abate and remove, at the expense of the defaulting 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.

ARTICLE VIII.

INSURANCE

The Board of Administration shall be required to obtain and maintain to a reasonable extent the following insurance: (1) fire insurance with extended coverage insuring the building containing the units (including all of the units, the interior partitions and painted surfaces, the carpeting within the units, the bathroom and the kitchen fixtures initially installed therein by sponsor, but not including drapes, wall-covering, fixtures, furniture, furnishings, or other personal property supplied or installed by the unit owners) together with all air conditioning equipment and other service machinery contained therein and covering the interests of the Regime, the Board of Administration, and all unit owners and their mortgagees, as their interests may appear, in the amount determined by the Board of Administration, each of which policies shall contain a standard mortgagee clause in favor of each mortgagee of the unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear; subject however, to the loss payment provisions in favor of the Board of Administration; (2) Workmens' Compensation Insurance; (3) public liability insurance in such amounts and with such coverage as the Board of Administration shall from time to time determine, but at least covering each member of the Board of Administration, the Managing Agent, the Manager, and each Unit Owner with cross liability endorsements to cover liabilities of the unit owners as a group to a unit owner if reasonably obtainable; (4) flood insurance; and (5) such other insurance as the Board of Administration may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Administration and that the net proceeds thereof shall be payable to the Board of Administration.

All policies of physical damage insurance shall contain, if reasonably available, waivers of subrogation and waivers of any reduction of pro-rata liability of the insurer as a result of any insurance carried by unit owners or of any invalidity arising from any acts of the insured or any unit owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days written notice to all of the insureds, including all mortgagees of units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of units at least ten (10) days prior to the expiration of the then current policies.

Unit owners should carry insurance for their own benefit insuring their wall coverings, fixtures, furniture, furnishings, and other personal property not covered by the Regime insurance provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Administration shall not be affected or diminished by reason of any such additional insurance carried by any unit owner.

ARTICLE IX.

AMENDMENTS

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Section 1. BY-LAWS. These By-laws may be amended by the Council in a duly constituted meeting held for such purpose, and no amendment shall take effect unless approved by co-owners representing at least two-thirds (2/3) of the total value of the Property as shown on the Master Deed; except as provided in the Master Deed for an amendment or amendments to admit further Phases to the Regime, if appropriate. So long as the sponsor remains the owner of any unit in this Horizontal Property Regime, these By-laws may not be amended so as to adversely affect the sponsor without the sponsor's consent.

ARTICLE X.
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 Regime shall maintain such information in a book entitled "Mortgages on Units".

Section 2. NOTICE TO MORTGAGEE. The Board shall give thirty (30) days written notice of the following events to all mortgagees of which it has notice:

- (a) Any change in the condominium documents;
- (b) Any unpaid assessments due the Regime 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 condominium documents when such default is not cured within thirty (30) days.

ARTICLE XI.
COMPLIANCE

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

ROBERTS VAUX, P.A.
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P. O. DRAWER 5817
HILTON HEAD ISLAND,
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Vaux

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8:00 O'CLOCK	NOV 22 1978	273
<i>A.M.</i>		PAGE 712
<i>Roxanne W. Buehly</i> CLERK OF COURT OF COMMON PLAS		

RECORDED THIS 28th OF Nov 1978
 IN BOOK 9 PAGE 310
 FILED Mary Ann Gray
 CLERK, BEAUFORT COUNTY

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