

WMS:ds;12/6/82;JOB A:COTTON

BEAUFORT COUNTY DEVELOPMENT STANDARDS
- FINAL PLAN APPROVAL -

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

This is to certify that the Beaufort County Planning Commission has found the site plan hereon to be in compliance with the Beaufort County Development Standards Ordinance and has authorized issuance of a development permit.

MASTER DEED of Planning Commission approval
Development Permit # 488

OF Certified by Charles L. Latta

COTTON HOPE

HORIZONTAL PROPERTY REGIME I

DB 359/1511

THIS MASTER DEED made by COTTON HOPE ASSOCIATES (hereinafter referred to as "Grantor"), a limited partnership duly organized and existing under the laws of the State of South Carolina with its principal offices and place of business at Hilton Head Island, Beaufort County, South Carolina, this 6th day of December 1982.

W I T N E S S E T H

ARTICLE 1

Establishment of Horizontal Property Regime

1.1 The purpose of this Master Deed is to establish, pursuant to the Horizontal Property Act of the State of South Carolina a horizontal property regime to be known as COTTON HOPE HORIZONTAL PROPERTY REGIME I (hereinafter referred to as "Regime I"). 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 2 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 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 or incorporated by reference in this Master Deed, all of which shall be deemed to be covenants and obligations running with the Land.

1.2 The buildings and improvements constituting Regime I have been constructed in one stage which is referred to and described in this Master Deed as Regime I.

ARTICLE 2

The Condominium Property

2.1 Land. Grantor owns in fee simple the tract of

BEAUFORT COUNTY TAX MAP REFERENCE

BLK	LOT	BLK	LOT	BLK	LOT
50	5		18		

land containing 5.622 acres which is described in "Exhibit A" of this Master Deed as Regime 1.

2.2 Villas. Grantor has constructed upon the Land described in "Exhibit A" of the Master Deed four buildings enclosing forty eight condominium units (hereinafter referred to as "Villas"). The site locations of the four building and forty eight Villas are shown on the plat of the Condominium Property contained in "Exhibit C" of this Master Deed. The Villas are graphically depicted in the certified architect's plans which are compiled and recorded in the office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 31 at Page 17 (hereinafter sometimes Plat). The Villas also are described verbally in Article 6 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:

- (i) The horizontal (upper and lower) boundaries of each Villa shall extend to the interior unfinished surfaces of the floors and ceilings of each Villa.
- (ii) The vertical or perimetric boundaries of each Villa, extended to an intersection with the upper and lower boundaries, are as follows: (a) as to all Villa exterior walls which physically divide the Villa from Common Elements of the building, it shall be the vertical plane of the interior surface of the exterior sheathing and the vertical plane of the centerline of all insulated glass windows and all doors; (b) as to all Villa exterior walls which physically divide one Villa from another Villa, it shall be the vertical plane of the centerline of said partition walls; (c) all vertical planes of each Villa shall extend to intersections with each other.
- (iii) The boundaries of each Villa shall extend also to include the area enclosed or bounded by the screens, partitions, railings, balustrades or fences of any deck, terrace, balcony, stoop and steps, porch, courtyard, patio or service area which is an integral and exclusive part of that particular Villa. If any such 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.

- (iv) Each Villa shall also encompass and include and each Villa Owner shall be responsible for maintenance and repair of the following: (a) the doorways, windows, vents and other structural elements in walls, floors and ceilings of the Villa which are regarded as enclosures of space; (b) 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; (c) the window glasses, screens, frames, wells and casings which are part of the windows opening from the Villa; (d) the metal flue and the plumbing and mechanical vents which exclusively serve the Villa; (e) the appliances, air conditioning and heating units, hot water heaters, lavatories, bath trim, ceilings, walls, framing, floor joists, trusses, beams, insulation, structural slab and fill and other fixtures, furnishings and building materials which are part of the Villa when delivered to the initial Villa Owner; (f) 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 (g) all pipes, wires, 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 feet from the Villa and the underground drainage system beneath the Villa.

2.3 Common Elements. The Common Elements, either general or limited, of the entire Condominium Property, exclusive of the Villas, as shown on the plat contained in "Exhibit C" of this Master Deed.

2.3.1 The general Common Elements shall include without limitation the following:

- (1) The Land upon which the buildings enclosing the Villas are situated containing approximately 18,080 square feet; the paved parking area containing 52,280 square feet; the walkways; the remaining

common areas surrounding the Villas containing 174,534 square feet; all easements, rights and hereditaments appurtenant to the land described in "Exhibit A" and shown on the plat contained in "Exhibit C".

- (ii) All improvements, exclusive of the Villas and limited Common Elements, erected upon the Land described in "Exhibit A" including without limitation: (a) the roofs covering the Villas, including shingles, roofing felt, sheathing and flashing; (b) the exterior siding, fascia, sheathing and building paper on the buildings enclosing the Villas; (c) 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 title to all water and sewer pipes, pumps, mains and accessory equipment shall be and hereby is reserved to Grantor, its successors and assigns; (d) the roads, streets, parking areas, street signs, storm draining, guttering, retaining walls, walkways, paths, trees, gardens and landscaping located upon the Land; (e) any swimming pool, bath house and other recreational facilities which may now or hereafter be located upon the Land; (f) all other elements of the Condominium Property rationally of common use or necessary to its existence, maintenance and safety.
- (iii) A one-third interest in and to all those certain pieces, parcels or tracts of land designated as Recreation Area #1 containing 0.171 acres and Recreation Area #2 containing 0.869 acres together with walkway access thereto along the easements as reflected on the attached "Exhibit C".

All those certain areas as shown on "Exhibit C" as roads, parking areas, and recreation areas shall be for the use and enjoyment of all the Villas as may be developed on the entire site and shall be subject to cross easements for ingress and egress to and from adjacent property of the within Grantor.

2.3.2 The limited Common Elements shall include the rear and front yards and service areas (shown on the

plat attached hereto as "Exhibit C") if any, adjacent to each Villa, the storage cabinets, if any, located in the service areas and the fences screening the service areas.

ARTICLE 3

Definitions

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

3.1 "Regime I" means the 5.622 acre tract of land ("Land") described in "Exhibit A"; the four buildings constructed upon the Land covering a ground area of 18,080 square feet, situated as shown on the plat of the Condominium Property contained in "Exhibit C"; the forty eight Villas enclosed within such buildings which are described verbally in Articles 2 and 4 of this Master Deed and which are portrayed graphically on the plans contained in "Exhibit C" as reflected on the Plat and all other elements of the Property constructed or to be constructed on the Property, rationally of common use or necessary to the existence, upkeep and safety of the Property and in general all other devices or installations existing for common use, which are made part of Regime I by this Master Deed.

3.2 "Assessments" means that portion of the common expenses which is to be paid by each Villa Owner in proportion to his percentage interest in Common Elements.

3.3 "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 constituting the entity referred to in the Horizontal Property Act, (hereinafter referred to as "Council").

3.4 "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.

3.5 "Board of Administrators" means the body of Persons selected, 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").

3.6 "Common Elements" means all those portions of the Condominium Property not included with the Villas.

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

3.8 "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.

3.9 "Condominium Property" means the Land described in "Exhibit A", the buildings, Villas and other improvements constructed upon the Land, real, personal or mixed, intended for use in connection with Regime I.

3.10 "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" shall be construed to include any amendments to the Horizontal Property Act adopted and enacted from time to time.

3.11 "Land" means the tract of land designated as Regime I and described by courses and distances in "Exhibit A".

3.12 "Plans" means the floorplans 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 recorded on the Plat.

3.13 "Plat" means the physical survey of the completed improvements of which Regime I is composed, prepared by Benjamin Wilson, R.L.C., S.C. #5424 showing the dimensions and site locations of the buildings, the forty eight Villas, the parking areas, roads, walkways and other improvements in Regime I.

3.14 "Person" means a natural person, a corporation, partnership, trustee or other legal entity.

3.15 "Villa" means one of the condominium units enclosed within the boundaries defined in Article 2, 2.2, which is subject to separate ownership.

3.16 "Villa Owner" means the Person or Persons owning one or more of the Villas.

ARTICLE 4

Cotton Hope Council of Co-Owners

4.1 Formation. Every Villa Owner shall be a

member of the Council of Regime I which initially shall be an unincorporated association known as "Cotton Hope Regime I Council of Co-Owners". The Council shall be managed by a Board of Administrators elected by and from the Villas Owners.

4.2 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 and Article 12 of this Master Deed.

4.3 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 Common Elements as set forth in "Exhibit B". Any motion shall carry if it received 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 Villas Owners shall consist of fifty-one per cent or more of the total interest in Common Elements.

4.4 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.

4.5 Management Agent. The responsibility for 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 in the By-Laws or in this Master Deed.

4.6 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 5

Ownership and Use

5.1 Ownership of Villas. Each Villa, together with its undivided interest in Common Elements, shall constitute a separate parcel of real property, and each Villa Owner shall be entitled to exclusive ownership and possession of his Villa subject to (a) the provisions of this Master Deed and the easements, restrictions, covenants and encumbrances set forth herein; (b) by By-Laws of the Council

as they may be amended from time to time, together with the regulations, and resolutions that may be adopted by the Council or its Board pursuant to the By-Laws; and (c) the Horizontal Property Act.

5.2 Legal Description. Every Villa Owner shall be sufficiently described for purposes of deeds, mortgages, leases and other conveyances by referring to its designated unit number and letter and by reciting that it is part of Regime I as established by this Master Deed. The conveyance of an individual Villa shall be deemed to convey the undivided interest in 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.

5.3 Maintenance and Repair. Every Villa Owner shall be responsible at his own expense for maintaining, repairing and decorating all walls, ceilings, floors and other elements of his Villa as defined in Article 2, Section 2.2. 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 the 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 days from its 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, save and except as may be provided for herein-elsewhere.

ARTICLE 6

Location and Description

6.1 Villa Location. The Villas in Regime I are enclosed within the following buildings, to-wit:

- (a) In Building A there are twelve (12) individual Villas as follows: on the ground floor there are four (4) Villas numbered 110C, 111AR, 112A, 113AR. On the second floor there are eight (8) Villas numbered 120E, 121DR, 122D, 123DR, 124D, 125DR, 126D, 127DR.

- (b) In Building B, there are twelve (12) individual Villas as follows: on the ground floor there are four Villas numbered 210A, 211AR, 212A, 213BR. On the second floor there are eight (8) Villas numbered 220D, 221DR, 222D, 223DR, 224D, 225DR, 226D, 227ER.
- (c) In Building C, there are twelve (12) individual Villas as follows: on the ground floor, there are four (4) Villas numbered 310B, 311AR, 312A, 313BR. On the second floor, there are eight (8) Villas numbered as follows: 320E, 321DR, 322D, 323DR, 324D, 325DR, 326D, 327ER.
- (d) In Building D, there are twelve (12) individual Villas as follows: on the ground floor there are four (4) Villas numbered 410B, 411AR, 412A, 413BR. On the second floor, there are eight (8) Villas numbered 420E, 421DR, 422D, 423DR, 424D, 425DR, 426D, 427ER.

6.2 Villa Description.

A. Those Villa designations ending with the letter "A" are called "A Villas" and contain 1,120 square feet of enclosed area, exclusive of balconies. Entrance is gained to the Villa by means of a foyer containing 50 square feet. To the left of the foyer is a kitchen of 100 square feet and contains all Whirlpool appliances, or equivalent, as follows:

Electric Range - RJE363

Refrigerator - 161JM, with icemaker

Dishwasher - 3004DW

Disposal - By In-Sink-Erator, Model Badger No. 10

Range Hood - Miami-Carey, Model No. RH2030

Beyond the foyer is a great room containing 430 square feet with a built-in fireplace and a sliding glass door opening on to a 140 square foot balcony. Upon entering the great room to the left is a hall closet and laundry area of 48 square feet. Leading off the hall is a second floor bath of 40 square feet, and a second bedroom with closet of 148 square feet. Beyond this hallway is a second hall also off the right of the great room leading to the master bedroom area. This hallway has a utility closet and a linen closet, both of which are 26 square feet. The master bedroom of 194 square feet leads off the master hallway. A walk-through double master closet of 44 square feet leads to the master

full bath also of 40 square feet. By a sliding glass door from the master bedroom, entry is gained to the rear deck and thus leads back to the great room door.

B. Those Villa designations ending with the letters "AR" are called "AR Villas" and contain a mirror image of the floor plan of the "A Villas".

C. Those Villa designations ending with the letter "B" are called "B Villas" and contain the same floor plan as the "A Villas" except that they have one side window in the great room.

D. Those Villa designations ending with the letters "BR" are called "BR Villas" and are mirror images of the "B Villas".

E. Those Villa designations ending with the letter "C" are called "C Villas" and contain the same floor plan as the "A Villas" except that the "C Villas" contain two side windows in the great room.

F. Those Villa designations ending with the letter "D" are called "D Villas" and are two story townhouse villas. Entry is gained at the first level into a foyer containing 24 square feet. Immediately in front of the door is a stairwell rising to the second level. To the left of the stairwell is a hall containing 32 square feet. The kitchen of 91 square feet is entered from the left. Opposite the kitchen entry, under the stairwell, is a utility room of 30 square feet. The hall opens to the great room, with a fireplace, of 353 square feet. To the right upon entering the great room is a half bath and closet of 30 square feet. The great room opens to a 65 square foot balcony. Entry to the second level is made by the stairwell from the first floor, occupying 36 square feet. The stairwell opens into a main center hall with two storage closets and laundry closet of 52 square feet. Turning double left is the second bedroom and closet over the stairwell of 156 square feet. Entering the hall to the left is a full guest bath of 45 square feet. Parallel to the stairwell, the hall opens to the master bedroom area through an entry passage of 19 square feet. On the right is a master closet of 12 square feet, and on the left is a full bath of 44 square feet. The passage then opens to the master bedroom of 196 square feet.

G. Those Villa designations ending with the letters "DR" are called "DR Villas" and contain a mirror image of the floor plan of the "D Villas".

H. Those Villa designations ending with the letter "E" are called "E Villas" and contain the same floor plan as the "D Villa" save and except that the "E Villa" contains a side window in the great room.

I. Those Villa designations ending with the letters "ER" are called "ER Villas" and contain a mirror image of the floor plans of the "E Villas".

All Villas contain 1,120 square feet of enclosed area exclusive of balconies and contain similar appliances to those reflected in the "A Villas".

ARTICLE 7

Common Elements: Ownership and Use

7.1 Ownership of Common Elements. Each Villa Owner shall own as an appurtenance to his Villa the undivided interest in Common Elements specified in "Exhibit B". The percentage interests set out in this column represent the values of each Villa in proportion to the total value of all Villas in Regime I.

7.2 No Partition. So long as this Master Deed has not been terminated in accordance with the provisions of Article 13 and so long as two-thirds (2/3) of the Condominium Property has not been substantially destroyed within the meaning of Article 11, the Common Elements shall remain undivided; and no Villa Owner shall have the right to bring any action for partition or division.

7.3 Use of 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 have also a nonexclusive 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, agents, servants, and guests 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 Covenants and Restrictions listed in Article 5, Section 1, the By-Laws of the Council, and all rules and regulations adopted by the Council pursuant to the By-Laws.

7.4 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 8

COMMON EXPENSES

8.1 Enumeration of Expenses. Each Villa Owner shall bear in proportion to his respective interest in the Common Elements the following expenses:

- (i) Expenses incurred in operating, maintaining, improving, repairing, and replacing the Common Elements.
- (ii) Expenses incurred in administering the affairs of the Council including salaries, wages, and any compensation paid to a managing agent for such purpose.
- (iii) Expenses incurred in providing public liability insurance and hazard insurance adequate to cover the Condominium Property, exclusive of Villa contents and furnishings, as provided in Article 10 of this Master Deed.
- (iv) Contributions to provide sufficient working capital and general reserves to operate the Condominium Property and to administer the affairs of the Council.
- (v) Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.
- (vi) 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 Expenses, and any valid charge against the Condominium Property as a whole.

8.2 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.

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

8.4 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 thereupon constitute a lien against such Villa prior and superior to all other liens except (i) liens for property taxes upon the Villa in favor of any taxing authority, and (ii) mortgage liens duly recorded prior to such delinquency. The lien for such Assessments may be foreclosed by the Board acting 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 rental 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 judgment against the Villa Owner in the amount of 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 by 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.

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

- (i) Lien for taxes and special assessments upon the Villa which are unpaid.
- (ii) Payments due under mortgages upon the Villa which are duly recorded prior to such sale or conveyance.

8.6 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 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 occurring 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 together with reasonable attorneys' fees for the collection thereof.

8.7 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 the vouchers authorizing payment, shall be available for examination by the Villa Owners at convenient hours on working days, with the appropriate hours being set and announced for general knowledge.

ARTICLE 9

Restrictions, Covenants, Easements

9.1 Covenant to Comply with Restrictions and Obligations. Each Villa Owner by acceptance of a deed to a Villa in Regime I ratifies and covenants to observe in behalf of himself, his heirs, successors, and assigns, this Master Deed, the 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 Grantor as set forth in the aforesaid Declaration.

9.2 Utility Easements. Each Villa Owner shall have a nonexclusive easement appurtenant to his Villa for the use in common with other Villa Owners of all pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements 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.

9.3 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 (i) settling or shifting of any part of the Condominium Property, (ii) repair, alteration, or reconstruction of the Common Elements made by the Association or with its consent, (iii) repair or reconstruction necessitated by condemnation of any part of the Condominium Property. Any such easements shall be permitted and maintained so long as this Master Deed remains in effect and the Condominium Property remains subject to the Horizontal Property Act.

9.4 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, by its agents and employees, or by a managing agent to whom the responsibility of maintenance has been delegated. Damages resulting to any Villa

because of such maintenance or repairs shall be corrected promptly at the expense of the Council.

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

ARTICLE 10

Insurance

10.1 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 also to insure against other hazards and risks as it may deem desirable for protection of the Condominium Property. All hazard insurance shall cover the entire Condominium Property, exclusive only of the contents and furnishings of the individual Villas.

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

- (iii) If obtainable, all hazard insurance policies upon the Condominium Property shall include provisions waiving (i) 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 guest and (ii) any of rights of the insurer to contribution from hazard insurance purchased by the Villa Owners upon the contents and furnishings of their Villas.

10.2 Public Liability Insurance. The Board shall obtain comprehensive public liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Council to an individual Villa Owner and to liabilities of one Villa Owner to another Villa Owner.

10.3 Workmen's Compensation Insurance. The Board shall obtain Workmen's Compensation Insurance to meet the requirements of law.

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

10.5 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 (i) 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 (ii) any right of the insurer to contribution or proration because of the master hazard policy.

10.6 Substitution of Insurance Trustee. The Board in its discretion may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in 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.

ARTICLE 11

Reconstruction and Repair

11.1 Reconstruction. In the event of casualty loss or damage to the Condominium Property, the Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Condominium Property in accordance with the 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 or more of the Condominium Property is destroyed or substantially damaged, unless the Villa Owners unanimously agree to reconstruction, the insurance indemnity received by the Board shall be distributed prorata 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 fund and distributed prorata 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, the Condominium Property shall be reconstructed or repaired in the following manner:

- (i) Any reconstruction or repair must follow substantially the original plans and specifications of the Condominium Property unless the Villa Owners holding seventy-five per cent (75%) or more of the total interest in Common Elements vote to adopt different plans and specifications and all Villa Owners whose Villas as affected by the alterations unanimously consent.
- (ii) The Board shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include professional fees and premiums for bonds as the Board deems necessary.
- (iii) 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.

- (iv) 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 repairs, 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.

11.2 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 mortgages in the following shares:

- (i) Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interests in the Common Elements which are appurtenant to each of the Villas.
- (ii) 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.
- (iii) 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 Villa.
- (iv) In the event a Certificate of Insurance has been issued to a Villa Owner bearing a mortgage 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 any right to

determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds paid jointly to the Villa Owners and their respective mortgagees pursuant to the provisions of this Master Deed.

11.3 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 12

Amendments

12.1 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 Common Elements; provided, however, that no amendment shall alter the dimensions of a Villa or its appurtenant interest in Common Elements without the written consent of the Villa Owner 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 13

Termination

13.1 Casualty or Condemnation. If two-thirds (2/3) 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 11 or Article 12, as the case may be.

13.2 Voluntary Termination. Regime I 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 a written instrument to termination unanimously or in such percentage as may then be required for termination by the Horizontal Property Act. Termination shall become effective upon recordation of such written instrument, duly executed by the requisite number of Villa Owners and mortgagees.

13.3 Ownership After Termination. After termination of Regime I, the Villa Owners shall own the Condominium Property as tenants in common in undivided shares, and the holders of mortgages and liens upon the Villas shall have 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, and any insurance proceeds shall also be the property of the former Villa Owners and tenants in common in the same undivided shares as their interest in Common Elements prior to termination. The costs incurred by the Board in connection with termination shall be considered a Common Expense.

13.4 Partition. After termination, the Condominium Property shall be subject to an action for partition by any Villa Owner or any lienor in which event the net proceeds from the judicial sale shall be divided among all Villa Owners in proportion to their respective interest in Common Elements and paid to each Villas Owner and mortgagee.

ARTICLE 14

Miscellaneous Provisions

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

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

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

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

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

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

WITNESS our hands and seals this 6th day of December in the year of our Lord one thousand nine hundred eighty-two and in the two hundred sixth year of the Sovereignty and Independence of the United States of America.

Signed, sealed and delivered
in the presence of:

COTTON HOPE ASSOCIATES
By CAROLINA BAY COMPANY, INC.,
It's General Partner.

Brenda J. O'Shields
Mary Jane Bender

By: [Signature] (SEAL)

Attest: [Signature] (SEAL)

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

PERSONALLY appeared before me Brenda O'Shields and made oath that (s)he saw the within named COTTON HOPE ASSOCIATES, by its proper officials sign, affix the corporate seal, and as its act and deed, deliver the within written Master Deed, and that (s)he with MARY JANE BENDER witnessed the execution thereof.

Brenda J. O'Shields

SWORN to before me this 6th
day of December, 1982.

Mary Jane Bender (SEAL)
Notary Public for S.C.
My Commission Expires: 8/9/91

BEAUFORT COUNTY DEVELOPMENT STANDARDS
- FINAL PLAN APPROVAL -

This is to certify that the Beaufort County Joint Planning Commission has found the site plan shown hereon to be in compliance with the Beaufort County Development Standards Ordinance and has authorized issuance of a development permit.

Date of Planning Commission approval 6/21/82

Development Permit # 458

Certified by Charles L. Latham 12/21/82

EXHIBIT A

1532

PROPERTY DESCRIPTION

ALL that certain piece, parcel, or tract of land located on Hilton Head Island, Beaufort County, South Carolina, containing 5.622 acres, more or less, as reflected on a plat thereof prepared by Benjamin Wilson R.L.S.S.C. No. 5424, which said plat is attached to the within Master Deed as a portion of Exhibit "C". According to said plat, said property is bounded on the North by lands now or formerly of R. L. Varn and J. M. Waddell, Jr.; on the East by the western right-of-way of Dillon Road (S-7-334); on the South and West by the marshes of Fish Haul Creek. Said property commences at the intersection of the western right-of-way of Dillon Road (S-7-334) and the southwestern corner of lands now or formerly of R. L. Varn and J. M. Waddell, Jr.; thence North $51^{\circ} 11' 42''$ East for a distance of 1,033.54 feet to a point; thence along the marshes of Fish Haul Creek South $7^{\circ} 46' 02''$ West a distance of 225.71 feet; thence continuing along the marshes of Fish Haul Creek South $21^{\circ} 42' 37''$ West a distance of 333.18 feet; thence continuing along the marshes of Fish Haul Creek South $59^{\circ} 36' 50''$ West a distance of 161.87 feet; thence continuing along the marshes of Fish Haul Creek South $58^{\circ} 18' 14''$ West a distance of 211.32 feet; thence continuing along the marshes of Fish Haul Creek South $48^{\circ} 43' 38''$ West a distance of 250.39 feet; thence along the western right-of-way of Dillon Road (S-7-334), along a curve having a delta of $5^{\circ} 33' 37''$, a radius of 2917.06 feet; a chord bearing North $30^{\circ} 36' 03''$ West, a chord distance of 282.97 feet, for a total distance of 283.09 feet to the point of commencement. LESS AND EXCEPT all that certain piece, parcel, or tract of land containing 0.171 acres and designated as Recreation Area No. 1 as reflected on the aforementioned plat. To find the point of commencement of Recreation Area No. 1, commence at a point located at the intersection of the western right-of-way of Dillon Road (S-7-334) at its intersection with the northwestern corner of the marshes of Fish Haul Creek; thence North $48^{\circ} 43' 38''$ East a distance of 250.39 feet; thence North $58^{\circ} 18' 14''$ East a distance of 211.32 feet; thence North $0^{\circ} 10' 39''$ East a distance of 42.43 feet to the point of true commencement; thence South $43^{\circ} 40'$ West a distance of 93 feet; thence North $46^{\circ} 20'$ West a distance of 80 feet; thence North $43^{\circ} 40'$ East a distance of 93 feet; thence South $46^{\circ} 20'$ East a distance of 80 feet to the point of true commencement.

AND ALSO, a one-third interest in and to that certain area designated as Recreation Area No. 1 containing 0.171 acres, as reflected on the plat as aforementioned;

AND ALSO, a one-third interest in and to that area designated as Recreation Area No. 2 containing 0.869 acres, more or less, as reflected on the aforementioned plat, together with a ten foot wide access easement containing 0.089 acres as reflected on the aforementioned plat.

EXHIBIT "B"

1533

<u>DWELLING UNIT</u>	<u>VALUE OF DWELLING UNIT</u>	<u>PERCENTAGE OF INTEREST</u>
110 C	\$90,100.00	2.099
111 AR	\$90,000.00	2.083
112 A	\$90,000.00	2.083
113 AR	\$90,000.00	2.083
120 E	\$90,000.00	2.083
121 DR	\$90,000.00	2.083
122 D	\$90,000.00	2.083
123 DR	\$90,000.00	2.083
124 D	\$90,000.00	2.083
125 DR	\$90,000.00	2.083
126 D	\$90,000.00	2.083
127 DR	\$90,000.00	2.083
210 A	\$90,000.00	2.083
211 AR	\$90,000.00	2.083
212 A	\$90,000.00	2.083
213 BR	\$90,000.00	2.083
220 D	\$90,000.00	2.083
221 DR	\$90,000.00	2.083
222 D	\$90,000.00	2.083
223 DR	\$90,000.00	2.083
224 D	\$90,000.00	2.083
225 DR	\$90,000.00	2.083
226 D	\$90,000.00	2.083
227 ER	\$90,000.00	2.083
310 B	\$90,000.00	2.083
311 AR	\$90,000.00	2.083
312 A	\$90,000.00	2.083
313 BR	\$90,000.00	2.083
320 E	\$90,000.00	2.083
321 DR	\$90,000.00	2.083
322 D	\$90,000.00	2.083
323 DR	\$90,000.00	2.083
324 D	\$90,000.00	2.083
325 DR	\$90,000.00	2.083
326 D	\$90,000.00	2.083
327 ER	\$90,000.00	2.083
410 B	\$90,000.00	2.083
411 AR	\$90,000.00	2.083
412 A	\$90,000.00	2.083
413 BR	\$90,000.00	2.083
420 E	\$90,000.00	2.083
421 DR	\$90,000.00	2.083
422 D	\$90,000.00	2.083
423 DR	\$90,000.00	2.083
424 D	\$90,000.00	2.083

<u>DWELLING UNIT</u>	<u>VALUE OF DWELLING UNIT</u>	<u>PERCENTAGE OF INTEREST</u>
425 DR	\$90,000.00	2.083
426 D	\$90,000.00	2.083
427 ER	\$90,000.00	2.083
	<hr/>	<hr/>
	\$4,320,100.00	100%

THE BASIC VALUES ESTABLISHED HEREIN ARE FIXED FOR THE SOLE PURPOSE OF COMPLIANCE WITH THE SOUTH CAROLINA HORIZONTAL PROPERTY ACT AND ARE IRRESPECTIVE OF ACTUAL VALUE. NOTHING HEREIN SHALL PREVENT EACH CO-OWNER FROM FIXING A DIFFERENT CIRCUMSTANTIAL VALUE TO HIS UNIT IN ALL TYPES OF ACTS AND CONTRACTS.

EXHIBIT D

BY-LAWS OF COTTON HOPE PLANTATION HORIZONTAL PROPERTY REGIME I

ARTICLE I

PLAN OF APARTMENT OWNERSHIP

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

Section 2. BY-LAWS APPLICABILITY. The provisions of these By-Laws are applicable to the Property and 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 said Regime as they may be amended from time to time. The mere acquisition or rental or any of the Dwelling Units (hereinafter usually referred to as "Apartments") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Apartments will signify that these By-Laws, the provisions of the Master Deed, and any authorized 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 Apartment or Apartments 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, and any authorized amendments thereto.

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 each meeting.

Section 5. MAJORITY VOTE. The vote of a majority of the apartment owners present at a meeting at which a quorum shall be present shall be binding upon all apartment owners for all purposes except where in the Master Deed or in these By-Laws, or by law, a higher percentage vote is required.

ARTICLE III

COUNCIL OR CO-OWNERS

Section 1. COUNCIL RESPONSIBILITIES. The co-owners of the Apartments will constitute the Council of Co-owners (hereinafter usually 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 an agreement containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Council shall require approval by a majority of co-owners.

Section 2. PLACE OF MEETING. 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 during the month of October or at such other time as a majority of the co-owners may agree upon. At such meetings there shall be elected by ballot of the co-owners a Board of 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 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), 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 Minutes of Preceding Meeting.
- (d) Reports of Officers.
- (e) Reports of Committees.
- (f) Election of 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") composed of five (5) persons. Until succeeded by the Board Members elected by the Apartment Owners, Board of Administration Members need not be Apartment Owners. So long as the Grantor (as defined in the Master Deed) owns one or more Apartments, the Grantor shall be entitled to elect at least one member of the Board of Administration, who need not be an Apartment Owner. After Grantor has conveyed all Apartments and is no longer entitled to elect one member of the Board of Administration, all Board Members shall be Apartment 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 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 any amendments thereto and enforcement of 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 reserve account and any special assessment, or causing the same to be done.
- (f) Obtaining of insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done.
- (g) Grant or relocate 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 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 the Apartment Owners.

Section 4. MANAGEMENT AGENT. The initial management agent shall be Carolina Bay Company, Inc., whose contract extends for a period of one (1) year from the establishment of COTTON HOPE PLANTATION HORIZONTAL PROPERTY REGIME I. 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 designated by the Grantor. These appointments will be temporary and will continue only until the first annual meeting of the Apartment 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 of one (1) member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting. Any and all of said Board Members shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 6 of this Article. During the period in which the Grantor's designees constitute a majority of the Board of Administration, the Board of Administration shall not enter into any contract having a term which extends beyond the term of the Management Agreement with Carolina Bay Company, Inc.

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 or more of the members of the Board may be removed with or without cause by a majority of co-owners and a successor may then and there be 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 an Apartment owner (except as provided in Section 5 regarding Sponsor's appointee).

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 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 Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) Board members.

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

Section 12. BOARD QUORUM. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of the Board members present may adjourn the meeting from time to time. At any such adjourned

meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

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

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

Section 15. LIABILITY OF THE BOARD OF ADMINISTRATION. The members of the Board of Administration shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Apartment 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 understood and permissible for the original Board of Administration, who are members of or employed by Cotton Hope Associates, to contract with Cotton Hope Associates and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Apartment 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 Apartment 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 Apartment owners and shall have no personal liability thereunder (except as Apartment Owners), and that each Apartment owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Apartment 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 judgment, may 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 either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. No officer shall continue to serve as such if, during his term of office, he shall cease to be an Apartment 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 of the general powers and duties which are 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, 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 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 the 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 incident to the office of the Secretary and Treasurer.

ARTICLE VI

NOTICES

Section 1. DEFINITION. Whenever under the provisions of the Master Deed or of these By-Laws notice is required to be given to the Board of Administration, any manager or Apartment owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board of Administration, such manager or such Apartment 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 and any authorized additions thereto. Such may include without limitation, any amount for 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 Apartment 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. Grantor will be liable for the amount of any assessment against completed Apartments within the Regime which have not been sold and Grantor shall have all voting rights attendant to the ownership of said Apartment until said 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 such other reasonable manner as the Board shall designate.

The transfer of ownership of an individual Apartment within the Regime shall carry with it the proportionate equity of that Apartment'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 hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the Master Deed and By-Laws or a release of any owner from the obligation to pay the assessments, or an installment thereof, for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. Amendments to this paragraph shall be effective upon unanimous written consent of the owners and their mortgagees. No owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the General or Limited Common Elements or by abandonment of his unit.

Section 3. RECORDS. The Manager or Board of 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 COMMON CHARGES. The Board of Administration shall take prompt action to collect any common charge due from any Apartment owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Apartment owner in paying to the Board of Administration the common charges as determined by the Board of Administration, such Apartment owner shall be obligated to pay interest at the rate of one and one-half (1-1/2%) percent of the delinquent amount per month on such unpaid 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 interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Apartment owner, or by foreclosure of the lien on such Apartment granted by Section 27-31-210, Code of Laws of South Carolina, 1976

Section 5. STATEMENT OF COMMON CHARGES. The Board of Administration shall, for a reasonable fee not to exceed Ten (\$10.00) Dollars, promptly provide any purchaser, unit owner, encumbrancer or prospective encumbrancer of an Apartment so requesting the same in writing, with a written statement of all unpaid common charges due from the owner of that Apartment and the purchaser's liability therefor shall be limited to the amount as set forth in the statement. Any encumbrancer holding a lien on a condominium Apartment may pay any unpaid common charges payable with respect to such condominium Apartment and upon such payment such encumbrancer shall have a lien on such Apartment for the amounts paid of the same rank as the lien of his encumbrance. Any encumbrancer holding mortgages on more than five (5) Apartments within the Regime shall be entitled, upon request, to receive a statement of account on the units securing all of said mortgages once each calendar year without any fee or charge.

Section 6. MAINTENANCE AND REPAIR.

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

(b) All the repairs of internal installations of the Apartment, such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, interior doors, windows, lamps, and all other accessories belonging to the Apartment 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 Apartment owners as a common expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of the Apartment owner, in which such case the expense shall be charged to such Apartment owner.

Section 7. WATER CHARGES AND SEWER RENTS. Water shall be supplied to all Apartments and the Common Elements through one 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 Apartments, 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 Apartment through a separate meter and each Apartment owner shall be required to pay the bills for electricity consumer or used in his Apartment. The electricity serving the Common Elements shall be separately metered, and the Board of Administration shall pay all bills for electricity consumed in such portions of the Common Elements, as a common expense. 1546

Section 9. **USE OF APARTMENTS - INTERNAL OR EXTERNAL CHANGES**

(a) All Apartments shall be utilized for residential purposes only. This shall expressly include the right of the owner to rent such Apartments to others for residential purposes. Moreover, so long as any units remain unsold by Grantor, Grantor or its agent shall be authorized to maintain a sale model within the Regime for purposes of promoting the sale of units, and Grantor shall have the right to use one Villa (either owned by Grantor or otherwise) for a manager's office.

(b) A co-owner shall not make structural modifications or alterations in his Apartment 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 from the actual receipt of such notice 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 the exterior of the Apartment, any stairs, decks, patio or balconies appurtenant thereto, or to any of the limited or general Common Elements without approval of two thirds (2/3) of the co-owners of said Regime. Provided, however, that the Board of Administration shall be authorized to approve minor additions to landscaping and other exterior minor changes or additions of this nature which in their sole discretion will not interfere or conflict with the overall scheme and appearance of the common areas.

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

Section 11. **RIGHT OF ENTRY.**

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

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

Section 12. RULES OF CONDUCT. In order to assure the peaceful and orderly use and enjoyment of the Apartments and 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 persons on said 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 by posting same with postage prepaid addressed to the owner at the last registered address of the owner and shall be binding upon all Apartment owners and the occupants of Apartments in the Regime. The following shall constitute the Initial Rules of Conduct for the Regime:

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

(b) No residents 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) Dust mops, rugs or similar objects from the windows or 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 in any way as to interfere unreasonably with the peace and enjoyment of the residents of the other Apartments in the Property;

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

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

Section 13. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS. The violation of any rules or regulations adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provisions of the Master Deed, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the Apartment in which or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Apartment owner, any structure, thing or condition, that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorneys' fees, and until such expense is recovered it shall be a lien upon said Apartment which lien shall be inferior to the lien of all prior mortgages.

ARTICLE VIII

AMENDMENTS

Section 1. BY-LAWS. These By-Laws may be amended by the Council in a duly constituted meeting held for such purpose, or in a properly conducted referendum by use of the mails which include proper notice to all co-owners, 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 Grantor remains the owner of any Apartment in this Horizontal Property Regime, these By-Laws may not be amended so as to adversely affect the Grantor without the Grantor's consent.

ARTICLE IX

MORTGAGES

Section 1. NOTICE TO BOARD. A co-owner who mortgages his Apartment 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 Apartments".

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 Apartment;
- (c) Any default by the co-owner (mortgagor) of an Apartment in the performance of such co-owner's obligations under the condominium documents when such default is not cured within thirty (30) days;
- (d) Any notice of special or annual meetings of the Regime.

Section 3. STATEMENTS TO MORTGAGEE. Upon request of any mortgagee listed in the book entitled "Mortgages on Apartments", the Board, Manager or Management Agent shall supply such mortgagee with a reasonably current financial statement of the Regime.

ARTICLE X

Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

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ARTICLE XI

COMPLIANCE

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

RECORDED THIS 10th DAY
OF January 1983
IN BOOK On PAGE 1240
FEES, \$
Mary Ann Gray
AUDITOR, BEAUFORT COUNTY, S. C.

Brown

FILED AT <u>3:20</u> O'CLOCK <u>P. M</u>	BEAUFORT COUNTY S. C. DEC 21 1982	RECORDED IN BOOK <u>359</u> PAGE <u>1511</u>
<u>Nancy H. Lowry, Dip.</u> CLERK OF COURT OF COMMON PLEAS		