

MASTER DEED
OF
TABBY WALK HORIZONTAL PROPERTY REGIME

Lot 7, Block C, Northridge Park Subdivision, Phase I
Hilton Head Island, Beaufort County, South Carolina

Declarant:

TABBY ASSOCIATES
A North Carolina Joint Venture
c/o The Spectrum Group, Inc.
Atlanta, Georgia

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TO
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STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT

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MASTER DEED FOR TABBY WALK
HORIZONTAL PROPERTY REGIME

THIS MASTER DEED is executed this the 21st day of September, 1984, by TABBY ASSOCIATES, a North Carolina Joint Venture, hereinafter "Declarant," of which The Spectrum Group, Inc., a Georgia corporation, and Preferred Investments, Inc., a North Carolina corporation, are sole Joint Venture Partners.

WHEREAS, Declarant is the owner in fee simple of certain real property (hereinafter called the "Real Property") located in Beaufort County, South Carolina, which is more particularly described in EXHIBIT "A" attached hereto and incorporated herein by this reference, and the buildings and improvements constructed thereon (herein after collectively referred to as the "Property"); and

WHEREAS, Declarant desires to submit the Property to the provisions of the South Carolina Horizontal Property Act, Chapter 31 of Title 27 of the Code of Laws of South Carolina, 1976, as amended (hereinafter sometimes referred to as the "Act"), thereby creating a horizontal property regime known as Tabby Walk Horizontal Property Regime; and

WHEREAS Declarant desires to publish a plan for the individual ownership of the Apartments in Tabby Walk Horizontal Property Regime and the ownership of individual interests in that real property hereinafter defined as "Common Elements"; and

WHEREAS, Declarant desires to convey the Property pursuant and subject to certain protective covenants, conditions, restrictions, reservations, liens and charges hereinafter set forth;

NOW, THEREFORE, Declarant hereby submits the Property to the provisions of the South Carolina Horizontal Property Act, Chapter 31 of Title 27 of the Code of Laws of South Carolina, 1976 (as amended), and hereby publishes its plan as to the development of the Property, the imposition of covenants, conditions, restrictions, reservations, liens and charges thereon, and the individual ownership thereof. Declarant hereby specifies that this Master Deed and all provisions thereof shall constitute covenants, conditions and restrictions which shall run with the Property and shall bind and inure to the benefit of Declarant, its successors and assigns, and all subsequent owners of any interest in the Property, and their grantees, successors, heirs, executors, administrators, devisees or assigns.

1. DEFINITIONS

The following words and terms used in this Master Deed, and in the By-Laws and Exhibits attached hereto or referred to herein, and all amendments thereof, unless the context otherwise requires, shall be defined as follows:

1.1 "Additional Property" means and refers to the real property which may be annexed to the Regime in accordance with the provisions of Section 4 hereof, which property is described in the attached EXHIBIT "B."

1.2 "Apartment" means and refers to each separate and numbered dwelling unit as described and delineated in EXHIBIT "E" to this Master Deed, together with the share of Common Elements assigned to such Apartment in accordance with EXHIBIT "C" to this Master Deed and, in the event of annexation of the Additional Property, in accordance with EXHIBIT "D."

1.3 "Apartment Owner" means and refers to the Owner of an Apartment and the share of Common Elements assigned to such Apartment in fee simple and, if more than one Owner, each Owner of an undivided interest in fee simple in the Apartment.

1.4 "Assessment" means and refers to an Owner's share of the funds required for the payment of Common Expenses which are assessed from time to time against the Owners by the Association.

1.5 "Association" means and refers to Tabby Walk Owners' Association, Inc., a South Carolina non-profit, non-stock corporation.

1.6 "Board of Directors" or "Board" means and refers to the governing body responsible for administration of the Association.

1.7 "By-Laws" means and refers to the By-Laws of Tabby Walk Owners' Association, Inc., as the same may be amended from time to time, which govern the administration and operation of the Association, a copy of which is attached to this Master Deed as EXHIBIT "G."

1.8 "Common Elements" means and refers to the General Common Elements and the Limited Common Elements collectively, excluding the Apartments.

1.9 "Common Expenses" means and refers to the expenses for which the Owners are liable to the Association, as more fully defined in Section 18 below.

1.10 "Common Surplus" means and refers to the amount by which the receipts of the Association, including but not limited to assessments, rents, profits, and revenues on account of the Common Elements, exceeds the amount of Common Expenses.

1.11 "Declarant" means and refers to TABBY ASSOCIATES, a North Carolina joint venture consisting of The Spectrum Group, Inc., a Georgia corporation, and Preferred Investments, Inc., a North Carolina corporation, and any successor in title or interest by merger or by express assignment of the rights of Declarant by instrument executed by Declarant and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina.

1.12 "General Common Elements" means and refers to the portions of the Property which are intended for common use, are not included in the Apartments, and which are not reserved for use by certain Apartments (Limited Common Elements). General Common Elements shall also include the tangible personal property required for maintenance and operation of the Property, even though owned by the Association.

1.13 "Horizontal Property Act" or "Act" means and refers to the Horizontal Property Act of the State of South Carolina, Title 27, Chapter 31, Code of Laws of South Carolina, 1976 (as amended).

1.14 "Limited Common Elements" means and includes those Common Elements which are reserved for the use of a certain Apartment or Apartments, to the exclusion of all other Apartments.

1.15 "Management Agreement" means and refers to agreements executed by the Association providing for the management of the Property.

1.16 "Management Firm" means and refers to the entity responsible for the management of the Property under the provisions of the Management Agreement. The Management Firm shall be responsible for the management of the Property as provided in the Management Agreement.

1.17 "Master Deed" means and refers to this instrument, as it may be amended from time to time.

1.18 "Mortgage" means and refers to a first mortgage covering any portion of the Property held by Declarant, or a bank, trust company, savings and loan association, insurance company, union pension fund, agency of the United States Government, real estate or mortgage investment trust, or any other recognized lending institution.

1.19 "Occupant" means and refers to any person or persons, including the Apartment Owner, in possession of and residing in an Apartment.

1.20 "Owner" means and refers to one or more persons or entities, including Declarant, who or which own fee simple title to an Apartment.

1.21 "Person" means and refers to one or more individuals, corporations, partnerships, joint ventures or other business entities, or any combination thereof.

1.22 "Property" means and refers to that certain real property described on the attached EXHIBIT "A" and the buildings constructed or to be constructed thereon; the proposed Apartments which are or may be contained within such buildings as described in this Master Deed; and all other improvements and property, whether real, personal or mixed, situated upon or appurtenant thereto, which are or may hereafter be part of Tabby Walk Horizontal Property Regime, including the Additional Property.

1.23 "Real Property" means and refers to the real property and the buildings constructed or to be constructed thereon as described in the attached EXHIBIT "A."

1.24 "Regime" means and refers to the Tabby Walk Horizontal Property Regime.

1.25 "Regime Plans" means and refers to the floor plans of the buildings and Apartments therein prepared by Niles Bolton Associates, Inc. Architects and Planners, Atlanta, Georgia, dated April 2, 1984, which plans are attached hereto as EXHIBIT "F."

1.26 "Rules and Regulations" means and refers to those rules and regulations adopted by the Board of Directors from time to time governing the use and operation of the Property.

1.27 "Tabby Walk" means and refers to that certain multi-family residential community which is being developed by Declarant on the Real Property owned by Declarant in Beaufort County, South Carolina, together with the Additional Property which may be annexed thereto in accordance with the provisions of this Master Deed.

2. HORIZONTAL PROPERTY REGIME

2.1 Regime Subject to Act and Master Deed. The Tabby Walk Horizontal Property Regime, and all property and interests in the property contained therein, shall be owned, occupied, used, conveyed, encumbered, leased, maintained and governed in accordance with the provisions of the Act and in accordance with the covenants, restrictions, encumbrances, and obligations set forth or incorporated by reference in this Master Deed, all of which shall be deemed to be covenants, restrictions, encumbrances and obligations touching, concerning and running with the land.

3. TABBY WALK OWNERS' ASSOCIATION, INC.

3.1 Responsibility for Administration. The administration of the Tabby Walk Horizontal Property Regime, the maintenance, repair, replacement and operation of the Common Elements as herein provided, and those acts required of the Association by this Master Deed and By-Laws

shall be the responsibility of the Association. Such administration shall be in strict accordance with the provisions of the Act, this Master Deed and the By-Laws.

3.2 Management Agreements. The Association shall be and hereby is authorized to enter into such agreements, including without limitation management contracts, as it may deem necessary or desirable for the administration and operation of the Regime. Each Owner by acquiring or holding an interest in any Apartment thereby agrees to be bound by the terms and conditions of all such agreements entered into by the Board of Directors on behalf of the Association. A copy of all such agreements shall be made available at the office of the Association for review by each Owner.

4. GENERAL DESCRIPTION OF PLAN OF DEVELOPMENT

4.1 Phased Project. Declarant expressly reserves the right and option to develop the Tabby Walk project as a single regime in two phases and to annex additional property (the "Additional Property") and additional Apartments in the second phase to the Regime. The Additional Property which Declarant may annex consists of all or any part of that certain tract of land generally known as Lot 8, Northridge Park Subdivision, Phase II, which lies generally to the north of and is adjacent to the Real Property described in EXHIBIT "A." The Additional Property is fully described in the attached EXHIBIT "B."

4.2 Improvements in Subsequent Phases. All Apartments constructed on the Additional Property shall be restricted exclusively to residential use and any buildings erected thereon will be compatible in architectural style, materials, and quality of construction with the buildings now located in the Regime. If the Additional Property is added to the Regime, Declarant has the right, but not the obligation, to construct thereon such recreational facilities and other improvements as Declarant, in its sole discretion, shall deem desirable, provided that no assurances are made by Declarant that any such improvements shall be constructed. In the second phase, Declarant intends to construct the same general types of amenities as constructed in the first phase and such common elements will not substantially increase the proportionate amount of the Common Expenses payable by the Owners of Apartments in the first phase.

4.3 Statutory Information. The development of the second phase of Tabby Walk and the expansion of the Regime to include such second phase shall not require the consent of the Association or the Owners. The maximum number of units which will be contained in the first phase of development is one hundred and twelve (112) units and the maximum number in the second phase is one hundred fifty (150), for a combined total of up to two hundred sixty-two (262) Apartments. Declarant will elect whether or not to proceed with the second phase of development within three (3) years after the date of execution of this Master Deed.

4.4 Percentage Interests. A chart showing the percentage interest in the Common Elements of each Owner in the first phase of development is attached hereto as EXHIBIT "C" and a chart showing such percentage interest upon annexation of the second phase of development, if it is annexed, is attached hereto as EXHIBIT "D."

4.5 Annexation to Regime. The expansion of the Regime to include the second phase shall be accomplished by the recording of an amendment to this Master Deed executed by Declarant only (notwithstanding any other provisions of this Master Deed regarding amendment to the Master Deed to the contrary), which amendment shall contain a survey of the Additional Property and any other documents, plats and building plans which are required under the Horizontal Property Act for the conveyance of Apartments in the second phase. Acceptance of a deed to an Apartment constitutes consent by the Owner thereof to Declarant's right to add an additional phase to the Regime.

5. LEGAL DESCRIPTION OF REAL PROPERTY

5.1 Real Property. The land (the "Real Property") which is hereby submitted to the Regime is described and the area thereof stated on EXHIBIT "A" attached hereto and made a part hereof by reference. The land which may hereafter be submitted to the Regime in accordance with Section 4 (the "Additional Property") is described and the area thereof stated on EXHIBIT "B" attached hereto and made a part hereof by reference.

6. SURVEY AND DESCRIPTION OF IMPROVEMENTS

6.1 Regime Plans and Survey. Incorporated herein by reference as if set forth in full herein is an as-built survey showing the location of all buildings and other improvements, and a set of floor plans of the buildings which show graphically the dimensions, area and location of each Apartment therein and the dimensions, area, and location of the General Common Elements and Limited Common Elements affording access to each Apartment (hereinafter the "Regime Plans"). Each Apartment is identified thereon by specific number and no Apartment bears the same designation as any other Apartment. A description of the as-built survey is attached hereto as EXHIBIT "E" and a description of the Regime Plans is attached as EXHIBIT "F," both of which are made a part hereof by reference. In addition, the Architect's Certificate that such floor plans accurately depict the layout and dimensions of the Apartments and the Common Elements, is attached hereto as EXHIBIT "G," which is likewise incorporated by reference.

7. APARTMENTS, GENERAL COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

7.1 Regime. The Regime consists of Apartments, General Common Elements, Reserved General Common Elements, and Limited Common Elements, as said terms are hereinafter defined.

7.2 Apartments. Apartments, as the term is used herein, shall mean and comprise the separate and numbered Apartments which are designated in the Regime Plans described in EXHIBIT "F" to this Master Deed. Each Apartment is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings, and building materials enclosed within the following boundaries:

7.2.1 The upper boundary of the Apartment shall extend to the horizontal plane of the unfinished surface of the ceiling of the Apartment. The lower boundary of the Apartment shall extend to the horizontal plane of the upper surface of the unfinished subfloor thereof.

7.2.2 The perimetrical boundaries of the Apartment shall extend to the vertical plane which includes the unfinished interior surfaces of the perimeter walls of the Apartment (excluding load bearing structural interior walls or components) extended to intersections with each other and with the upper and lower boundaries.

7.2.3 Each Apartment shall also include and each Owner shall be responsible for maintenance and repair of the following: (i) the doors (including screen doors) opening into the Apartment and onto any balcony or deck reserved to the use of an Apartment, including the frames, casings, hinges, handles, and other fixtures which are part of the doors; (ii) the window glasses, screens, frames, and casings which are part of window openings of the Apartment; (iii) the plumbing, wiring, and mechanical vents which exclusively serve the Apartment; (iv) the appliances, air conditioning and heating units, hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, trim finished surface of ceilings and walls, insulation, and other fixtures and furnishings which are within or exclusively serve the Apartment when delivered to the initial Owner; and (v) all appurtenances which are integral and exclusive to the Apartment, including but not limited to lamps attached to the exterior of the Apartment, and water and sewer pipes exclusively serving the Apartment. Any portion of a utility system serving more than one Apartment (i.e., pipes, conduits, ducts) which is partially within and partially outside an Apartment is part of the General Common Elements.

7.3 General Common Elements. General Common Elements means and includes:

7.3.1 The Real Property (excluding the Limited Common Elements and the Apartments), including but not limited to the land on which the buildings containing the Apartments are constructed;

7.3.2 The foundations, slabs, main walls, unfinished perimeter walls and roofs, weight-supporting or load-bearing interior walls within each Apartment, which are identifiable in the Regime Plans, and the area between the unfinished ceilings and the interior surface of floors immediately above, where applicable;

7.3.3 The plumbing, wiring, air ducts, conduits and utility lines not exclusively serving an Apartment;

7.3.4 The rooms, compartments or installations for central services such as electricity, telephone, gas, laundry, janitor's storage, cold and hot water, refrigeration, reservoirs, water tanks and pumps, and the like;

7.3.5 Any garbage receptacles and any enclosures thereof, and, in general, all devices and installations existing for common use;

7.3.6 All swimming pools, playgrounds and related and supporting facilities, exterior shower facilities, all parking areas, roads, walkways, paths, trees, shrubs, yards, gardens, bridges, gazebos, and Regime entrance signs and lighting on the Real Property (outside of the Apartments).

7.3.7 All other elements of the property rationally of common use or necessary to its existence, upkeep and safety, including the improvements designated as General Common Elements on the plans described in EXHIBIT "F" attached hereto, if any.

7.4 Reserved General Common Elements. The Board of Directors shall have the power in its discretion to: (i) designate from time to time certain General Common Elements as Reserved General Common Elements; (ii) grant reserved rights thereon to the Association or to any or less than all of the Owners; and (iii) if necessary, establish a reasonable charge to such Owners for the use and maintenance thereof. Such designation by the Board shall not be construed as a sale or disposition of the General Common Elements, and such designation may be revoked or terminated at the discretion of the Board of Directors.

7.5 Limited Common Elements. Limited Common Elements means and includes:

7.5.1 The decks, patios and balconies adjacent to any Apartment, which shall be appurtenant to such Apartments and reserved for permanent and exclusive use, possession and occupancy by the Owners and Occupants thereof; and

7.5.2 The additional improvements designated as Limited Common Elements on the plans described in EXHIBIT "F" attached hereto, if any.

7.6 Common Elements. The General Common Elements, Reserved General Common Elements and the Limited Common Elements may hereinafter be occasionally collectively referred to as the "Common Elements."

7.7 Use of General Common Elements. Any person who is an Owner, and his family, social guests, tenants, lessees, invitees and licensees may use the General Common Elements. Where a corporation is an Owner, the use of said facilities shall be limited at any one time to

such officers, directors, employees or guests of said corporation who are Occupants, and such individuals shall be deemed to be the Owner for the purposes of this Paragraph. Where a party owns an Apartment and leases same, the lessee shall be entitled to the use of the General Common Elements and said lessee's rights thereto shall be the same as though said lessee were the Owner, and during the term of said lease the Owner and his family shall not be entitled to the use of the General Common Elements.

7.8 Rules and Regulations. The Association may deny Owners (and their families, guests, invitees, lessees, tenants, etc.) and Occupants the use and enjoyment of the General Common Elements until such time as all Assessments applicable to such Apartment are paid. The Association shall further have the right in its sole discretion to suspend use of the General Common Elements by Owners and Occupants for a period not to exceed seven (7) days and to levy fines collectible in the same manner as Assessments for violation by such Owners or Occupants of any of the Rules and Regulation governing the uses of such facilities. Suspension of the right to use the General Common Elements shall not reduce the Assessments due and payable by Owners.

8. OWNERSHIP OF APARTMENTS AND APPURTENANT INTEREST IN COMMON ELEMENTS

8.1 Independent Ownership. An Apartment in the Regime may be individually conveyed and encumbered and may be the subject of ownership, possession or sale and of all types of juridic acts as if it were entirely independent of the other Apartments in the Regime, and the corresponding individual titles and interests shall be recordable. Any Apartment may be held and owned by more than one Person as tenants in common or in any other recognized form of real property ownership, subject to the provisions of Section 9 hereof.

8.2 Appurtenant Percentage Interests. An Apartment Owner shall have the exclusive ownership of his Apartment and shall have as an appurtenance to such Apartment an undivided interest in the Common Elements of the Regime, which interest is equivalent to the percentage representing the value of the individual Apartment with relation to the value of the whole Regime. All voting rights, percentage of assessments, and every other Apartment right or liability are based on this percentage, which is set forth on EXHIBIT "C" attached hereto as to the first phase of development and in EXHIBIT "D," which is applicable upon annexation of the Additional Property. The percentage interests in the Common Elements shall not be altered without the consent of the Owners representing all the Apartments of the Regime and the holders of Mortgages covering such Apartments, except upon annexation of the Additional Property and expansion of the Regime as provided in Section 4 above.

8.3 Inseparability of Percentage Interests. The undivided interest in the Common Elements declared to be an appurtenance to each Apartment shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Apartment, and the undivided interest in the

Common Elements appurtenant to each Apartment shall be deemed conveyed, devised, encumbered, or otherwise included with the Apartment even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such Apartment. Any instrument conveying, devising, encumbering or otherwise dealing with any Apartment which describes said Apartment by the Apartment Number assigned thereto in EXHIBIT "F" shall be deemed and construed to affect the entire Apartment and its appurtenant undivided interest in the Common Elements. Nothing contained in this Paragraph shall be construed as limiting or preventing ownership of any Apartment and its appurtenant undivided interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or any other recognized form of real property ownership.

8.4 Statutory Value. The basic value (identified as the "Value for Statutory Purposes" on said EXHIBITS "C" and "D") which shall be fixed for the sole purpose of this Master Deed and irrespective of the actual value, shall not prevent each Owner from fixing a different circumstantial value to his Apartment in all types of acts and contracts.

9. RESTRAINT UPON SEPARATION AND PARTITION OF COMMON ELEMENTS

9.1 No Partition. The Common Elements shall remain undivided and shall not be the object of an action for partition or division of the ownership; subject, however, to the right of all the Owners or the sole Owner of the Regime to waive the Regime and regroup or merge the records of the individual Apartments with the Real Property, provided that the individual Apartments are unencumbered, or, if encumbered, the creditors in whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the property owned by the debtors.

9.2 Restrictions on Separation, Subdivision and Abandonment. Unless all of the holders of Mortgages (based upon one vote for each Mortgage owned) and all Owners of the Apartments have given their prior written approval, the Association shall not be entitled to:

9.2.1 Seek to abandon or terminate the Regime;

9.2.2 Change the percentage interest or obligations of any Apartment for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Apartment in the Common Elements;

9.2.3 Partition or subdivide any Apartment; or

9.2.4 By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. The granting of easements for public utilities or for other public or private purposes consistent with the intended use of the Common Elements by the

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Regime shall not be deemed a transfer within the meaning of this Paragraph.

10. TERMINATION

10.1 Casualty or Condemnation. If two-thirds (2/3) or more of the Property is substantially destroyed or taken by condemnation, the Property may be removed from the provisions of this Master Deed and the Horizontal Property Act in accordance with the provisions of Paragraph 20.4 and Section 19 of this Master Deed, respectively.

10.2 Voluntary Termination. The Regime may also be terminated, removing the Property from the provisions of this Master Deed and the Horizontal Property Act, if the record Owners of title to the Apartments and the record holders of mortgages upon the Apartments agree unanimously in a written instrument to termination or agree 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 Owners and institutional mortgagees.

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

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

11. RESTRICTIONS ON USE OF APARTMENTS AND COMMON ELEMENTS; RULES AND REGULATIONS

11.1 Restrictions, Rules and Regulations. Each and every Apartment and the Common Elements are hereby declared to be subject to and shall be used and occupied in compliance with the restrictions, easements, conditions and covenants established herein, in the By-Laws, and in the Rules and Regulations promulgated by the Board of Directors, which may be amended from time to time. Copies of such Rules and Regulations and any amendments thereto shall be given to each Owner. The Apartments and the Common Elements are further declared to be

subject to the restrictions, easements, conditions, and limitations now of record affecting the Real Property and/or the improvements thereon.

11.2 No Subdivision. No Apartment may be divided or subdivided into a smaller Apartment or smaller Apartments than as described in EXHIBIT "F" attached hereto, nor shall any Apartment, or portion thereof, be added to or incorporated into any other Apartment.

11.3 Residential Purposes. Each Apartment is hereby restricted to residential use by the Owner or Owners thereof, their immediate families, guests, tenants, lessees, licensees and invitees; provided, however, Declarant may retain title to or lease one or more Apartments to be utilized by Declarant, its successors or assigns, for a sales office, model, rental office, management office, or any and all related activities related to the sale, resale, rental, and management of the property contained in the Regime.

11.4 General Common Elements. No Owner shall obstruct any of the General Common Elements or otherwise prevent the non-exclusive use thereof by all Owners, except where such General Common Elements have been designated as Restricted General Common Elements by the Board of Directors in accordance with Paragraph 7.4.

11.5 Window Coverings. All draperies or other window coverings on a window facing the exterior of any Apartment and visible from any Common Element or public or private street or area shall be lined with a white or neutral lining with the lining exposed to the exterior of the Apartment.

11.6 Signs. No "For Sale" or "For Rent" signs or the like shall be permitted on any Common Element or in any Apartment so as to be visible from any Common Element or public or private street or area.

11.7 Time Sharing. No Apartment shall be "time-shared," nor shall any Apartment be owned, used or operated under the statutory provisions regulating Vacation Time Sharing Plans, §§27-32-10 et seq., Code of Laws of South Carolina, 1976 (as amended), as the same may be amended from time to time, nor shall any Apartment be owned, used or operated so as to constitute such Apartment as a "time-sharing unit" within the meaning of such statutory provisions.

11.8 Offensive Activities. No immoral, improper, offensive or unlawful use shall be made of any Apartment or of the Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Regime shall be observed.

11.9 Nuisance; Insurance. No Owner or Occupant shall permit or suffer any thing to be done or kept in his Apartment, or on the Common Elements, which will increase the rate of or cause cancellation or suspension of the insurance of the Regime, or which will obstruct or interfere with the rights of other Owners or Occupants or annoy them by unreasonable noises, nor shall any such Owner undertake any use or

practice which shall create and constitute a nuisance to any other Owner, or which interferes with the peaceful possession and proper use of any other Apartment or the Common Elements.

11.10 Exterior of Apartments. Owners shall not cause any balcony or deck abutting an Apartment to be screened-in or enclosed, cause any improvements or changes to be made on the exterior of the building, including painting or other decoration, install electrical wiring, television antennae, machines or air conditioning units which may protrude through the walls or roof of the building, or in any manner change the external appearance of any portion of the building, without the consent of the Board of Directors. Owners shall not cause anything to be affixed or attached to, hung, displayed or placed on or removed from the exterior walls, doors, or windows of the Apartment, nor shall they cause any type of ground coverage to be installed nor shall they grow any type of plant, shrubbery, flower, vine or grass outside the Apartment, nor shall they cause awnings, storm shutters, screens, enclosures or the like to be affixed or attached to the Apartment or Common Elements, nor shall they place any furniture or equipment in or on any of the General Common Elements, except in conformity with the Rules and Regulations adopted by the Board or otherwise with the prior written consent of the Board. Owners may place plants, deck or patio furniture, grills and other similar items within the Limited Common Elements adjacent and appurtenant to their Apartments.

11.11 Clotheslines. No clothesline or similar device shall be allowed on any portion of the Property, nor shall rugs, clothes, bathing suits or towels be hung anywhere outside of an Apartment.

11.12 Pets. The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Apartment or upon the Common Elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats or caged birds), not to exceed two pets per Apartment without the approval of the Board of Directors, is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise must be permanently removed from the Property upon ten (10) days' written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. Any Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have agreed to indemnify and hold the Association, each Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping such pet within the Regime.

12. EASEMENTS

12.1 General. The General Common Elements are subject to a perpetual non-exclusive easement in favor of all of the Owners of Apartments in the Regime for their use and the use of their families,

tenants, lessees, licensees, guests, and invitees, for all proper and normal purposes, for ingress and egress, for the furnishing of services and facilities for which the same are reasonably intended and for the enjoyment of said Owners. Notwithstanding anything above provided in this Article, in accordance with the provisions of Paragraph 7.4, the Board of Directors shall have the right to designate Reserved General Common Elements pursuant to which the Owners may be entitled to the exclusive use of any parking space or spaces or the exclusive use of some other portion of the General Common Elements for any other purpose, such as storage. Each Apartment is hereby burdened with and made subject to the within easement for ingress and egress through, over and across the General Common Elements by persons lawfully using or entitled to use same.

12.2 Encroachments. In the event that any portion of the Common Elements now or hereafter encroaches upon any Apartment, or vice versa, or in the event that any portion of one Apartment now or hereafter encroaches upon another Apartment, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, does and shall exist, whether such encroachment presently exists or occurs hereafter as a result of: (i) any deviation from the Regime Plans in the construction, renovation, restoration, or replacement of any improvement; (ii) settling or shifting of any part of the Property; (iii) alteration or reconstruction of the Common Elements by the Association or with its consent; or (iv) repair or reconstruction necessitated by condemnation of any part of the Property. This easement shall not, however, relieve any party from liability for a willful and intentional deviation from the Regime Plans beyond normal construction tolerances in the course of any such construction.

12.3 Common Elements. Each Owner shall have a non-exclusive easement appurtenant to his Apartment for the use in common with the other Owners of all pipes, wires, ducts, flues, cables, conduits, public utility lines and other Common Elements located within the Property serving his Apartment. Each Owner shall have also a non-exclusive easement appurtenant to his Apartment for ingress and egress over the Common Elements for access to and from his Apartment, which shall extend to the family members, guests, agents and servants of the Owner.

12.4 Utilities. The Property is subject to utility easements for installation, operation and maintenance of electric, telephone and cable television distribution lines and for the 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 reasonably necessary or beneficial to the operation of the Regime. If, within the judgement of the Board, the location or nature of any utility easement is adverse to the Regime or is of doubtful benefit, the Board may grant such easements only when authorized by a majority vote of the Association.

12.5 Reserved by Declarant.

12.5.1 Declarant reserves unto itself and its successors and assigns an easement for ingress and egress over, upon, and across the Common Elements and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction, development and sales of the Apartments, the operation of the Apartments, the Common Elements, and the Regime, and the overall development of the Property. Declarant, its successors and assigns, retains the right to use an Apartment or Apartments as sales offices and model Apartments and the Common Elements in connection therewith during the period of development and sale of the Apartments. In addition, Declarant shall have the right to install and operate a construction trailer for use as an office during the period of construction and sale of the Apartments.

12.5.2 Declarant hereby reserves for the benefit of Declarant, its successors and assigns in title to the Additional Property, for the benefit of and as an appurtenance to such Additional Property and as a burden upon the Property, a perpetual, non-exclusive right and easement for: (i) pedestrian and vehicular access, ingress, and egress over and across all roads and driveways from time-to-time located within the Property, including the right for vehicular parking in parking areas not designated hereunder for the exclusive use of any Owner; (ii) the installation, maintenance, repair and use of utility facilities and distribution lines, including, without limitation, storm sewers and electrical, gas, telephone, water and sanitary sewer lines; and (iii) drainage and discharge of surface water, provided that such drainage and discharge shall not materially damage or affect the Property or any improvements located thereon.

13. LIMITATION UPON RIGHT OF OWNERS TO ALTER AND MODIFY APARTMENTS AND COMMON ELEMENTS

13.1 Interior Modifications. Owners may make variations of the interior floor plans or other modifications or alterations within the interior boundaries of their Apartments without first obtaining the written consent of the Association, unless the variation, modification or alteration desired by the Owner involves the removal of any permanent interior partition, which the Association may allow only if the permanent interior partition to be removed is not a load-bearing partition and such removal would not affect or interfere with the Common Elements located therein providing utility services to other Apartments or other Common Elements.

14. RIGHT OF ENTRY INTO APARTMENTS IN EMERGENCIES

14.1 Emergency Entry. In case of any emergency originating in or threatening any Apartment, regardless of whether the Owner or Occupant is present at the time of such emergency, the Board of Directors of the Association, any other person or firm authorized by it, the building superintendent, or Management Firm shall have the right to enter such Apartment for the purpose of remedying or abating the cause

of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the Owner of each Apartment, if required by the Association, shall deposit a key to such Apartment with the Association. Any entry made in the exercise of the rights granted under this Paragraph shall not be deemed a trespass.

15. RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS

15.1 Maintenance. Whenever it is necessary to enter any Apartment for the purpose of performing any maintenance, alteration or repair to any portion of the Common Elements, the Owner of each Apartment shall permit other Owners or their representatives, or the duly constituted and authorized agent of the Association, to enter such Apartment, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

16. MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY ASSOCIATION AND ASSESSMENT THEREFOR

16.1 Association Responsible. The Association shall be responsible for the maintenance, repair and replacement of all of the Common Elements (including the Limited Common Elements) as defined herein, whether located inside or outside of an Apartment; provided, however, that each Owner shall perform the maintenance responsibilities set forth in Section 17 below. Should any incidental damage be caused to any Apartment by virtue of any work which may be done or caused to be done by Association in the maintenance, repair, or replacement of any Common Elements, the Association shall repair such incidental damage. All such expenses shall be Common Expenses payable from assessments collected from the Owners of all the Apartments in accordance with the provisions of Section 18 below.

16.2 Improvements to Common Elements. The Association shall have the right to make, or cause to be made, alterations, modifications and improvements to the Common Elements, provided such alterations, modifications or improvements are first approved in writing by the Board of Directors of the Association; provided that such alterations, modifications or improvements do not adversely affect the value of the Common Elements or Apartments in the Regime. The cost of such alterations, modifications or improvements shall be assessed as Common Expenses and collected from the Owners of all Apartments according to their percentage of ownership of the Common Elements; provided, however, that the cost of any improvements contemplated under this Subparagraph may not exceed an amount equal to ten (10%) percent of the Association's budget for the prior year without approval of fifty-one (51%) percent of the Association ownership.

17. MAINTENANCE AND REPAIR BY OWNERS OF APARTMENTS

17.1 Owner Responsible. Every Owner shall keep his Apartment in good order, condition and repair and in a clean and sanitary condition and appearance, and each Owner must promptly perform all maintenance and repair work within his Apartment, including the repair

of any plumbing or electrical connections providing service to such Apartment, which, if omitted, could adversely affect the Regime or Apartments. Any Owners failing to perform such maintenance or repairs shall be responsible for the resulting damages and liability.

17.2 Maintenance of Equipment, Fixtures, Etc. Each Owner shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all equipment (wherever located), appliances and appurtenances serving his Apartment, including any fixtures and their connections required to provide water, light, power, telephone, cable television and sewage service to his Apartment and which may now or hereafter be situated in his Apartment. Each Owner shall further be responsible and liable for maintenance, repair and replacement of any and all window glass, wall, ceiling and floor exterior surfaces, painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his Apartment.

17.3 No Disturbance. Each Owner shall perform his maintenance responsibilities set forth herein in such manner as shall not unreasonably disturb or interfere with the other Owners, and each Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Board of Directors is responsible.

17.4 Maintenance of Limited Common Elements. The Owner of any Apartment to which a Limited Common Element balcony, patio or deck is appurtenant shall perform the normal maintenance for such Limited Common Element, including keeping it in a clean and sanitary condition, free and clear of dirt, debris, snow, ice and any accumulation of water and shall also make all repairs thereto caused or permitted by his negligence, misuse, or neglect. All structural maintenance, repair or replacement shall be made by the Association as a Common Expense, as provided in Section 16 above.

17.5 Owner's Failure to Perform Obligations to Maintain. In the event that the Association determines that any Owner has failed or refused to discharge properly his obligations with respect to the maintenance, cleaning, repair or replacement of items for which he is responsible under this Master Deed, then, in that event, the Association, except in the event of an emergency situation, shall give such Owner written notice of the Association's intent to provide such maintenance, cleaning, repair, or replacement at such Owner's sole cost and expense, and setting forth with reasonable particularity the maintenance, cleaning, repair, or replacement deemed necessary. Except in the event of emergency situations, such Owner shall have fifteen (15) days in which to complete said maintenance, cleaning, repair, or replacement in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said fifteen (15) day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete said maintenance, cleaning, repair, or replacement in a good and workmanlike manner. In the event of emergency situations or the

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

18. COMMON EXPENSES AND ASSESSMENTS AGAINST OWNERS

18.1 Common Expenses. The Common Expenses of the Regime shall be shared by the Owners in proportion to their respective percentage of ownership of the Common Elements, and any Common Surplus of the Association shall be owned by each of the Owners in the same percentage specified for sharing Common Expenses. The Common Expenses shall be defined as and include those expenses for which the Owners are liable to the Association and are more particularly described as follows:

18.1.1 Expenses incurred in operating, maintaining, altering, modifying, improving, repairing and replacing the Common Elements;

18.1.2 Expenses incurred in administering the affairs of the Association, including salaries, wages and other compensation paid to a Management Firm for such purpose;

18.1.3 Expenses incurred in providing public liability insurance and hazard insurance adequate to cover the Regime;

18.1.4 Contributions to provide sufficient working capital a general operating reserve, and reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.

18.1.5 Any other costs related to the operation of the Regime or administration of the affairs of the Association, and such other costs or charges as may be authorized by the Board of Directors of the Association in accordance with the By-Laws of the Association.

18.2 Assessments. In accordance with the provisions of the By-Laws of the Association, the Association, through its Board of Directors, shall have the power to fix and determine from time to time the sum or sums necessary and adequate to provide for the Common Expenses of the Regime, and such other assessments as are specifically provided for in this Master Deed and By-Laws attached hereto. The procedure for the determination of all such assessments shall be as set forth in this Master Deed and the By-Laws.

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

18.4 Lien. The Association shall have a lien on each Apartment for unpaid Assessments, together with interest and penalties thereon as provided herein and in the By-Laws. The lien of the Association shall be superior to all other liens except: (i) liens for property taxes or assessments upon the Apartment in favor of any taxing authority or other authority having priority by law; and (ii) mortgage liens duly recorded prior to such delinquency. Reasonable attorney's fees incurred by the Association incident to the collection of such assessments or the enforcement of such lien, together with all sums advanced and paid by the Association for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, shall be payable by the Owner and secured by such lien. The Board of Directors may take such action as it deems necessary to collect assessments by personal action or by enforcing and foreclosing said lien, and may settle and compromise the same if deemed in the best interest of the Association.

18.5 Delinquent Assessments. Assessments that are unpaid for over ten (10) days after due date shall bear interest at the rate of fifteen (15%) percent per annum (or at the maximum rate allowed by South Carolina law then applicable, whichever is less) from due date until paid, and, at the sole discretion of the Board of Directors, a late charge of \$25.00 shall be due and payable.

18.6 Bid at Foreclosure; Rental; Receiver. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose any assessments lien, and to apply as a cash credit against its bid all sums due as provided herein. In case of such foreclosure, the Owner shall be required to pay a reasonable rental for the Apartment for the period of time it is occupied by the Owner or by anyone by, through and under said Owner, and the Association in such foreclosure shall be entitled to the appointment of a receiver to collect same from the Owner and/or Occupant.

18.7 Acquisition by Foreclosure; Deed in Lieu of Foreclosure. Where the holder of a Mortgage of record obtains title to an Apartment as a result of a foreclosure of the Mortgage, or when the holder of a Mortgage of record accepts a deed to said Apartment in lieu of foreclosure, such acquirer of title, its heirs, successors and assigns, shall not be liable for the share of Common Expenses or Assessments due to the Association pertaining to such Apartment charged to the former Owner accruing after the date of recording such Mortgage but prior to acquisition of title. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all Owners, including such acquirer, its heirs, successors or assigns.

18.8 Sale of Apartment. Unpaid assessments shall be paid from the sales proceeds upon the sale or conveyance of an Apartment and the purchaser of an Apartment (other than a purchaser at a foreclosure sale or one taking a deed in lieu of foreclosure) shall be jointly and severally liable with the seller for any unpaid assessments in accordance with the provisions of the Horizontal Property Act.

19. EMINENT DOMAIN

19.1 Board of Directors Participation. Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury, or destruction of all or part of the Common Elements or one or more Apartments or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Board of Directors of the Association and each Apartment Owner shall be entitled to notice thereof and the Board of Directors shall, and the Apartment Owners at their expense may participate in the proceedings incident thereto.

19.2 Owners' Share in Award. With respect to Common Elements, any damages or awards shall be determined for such taking, injury or destruction as a whole and not for each Apartment Owner's interest therein. After such determination, each Apartment Owner shall be entitled to a share in the damages in the same proportion as his percentage of undivided interest in the Common Elements. This provision does not prohibit a majority of Apartment Owners from authorizing the Board of Directors to use such damages or awards for replacing or restoring the Common Elements so taken on the remaining land, or on other acquired land, provided that this Master Deed and Regime Plans are duly amended to show the Common Elements as restored or replaced.

19.3 Distribution of Proceeds. With respect to one or more Apartments or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damage or destruction, and, pursuant to the By-Laws of the Association, shall be deposited with the Insurance Trustee as defined therein. Even though the damage or awards may be payable to one or more Apartment Owners, the Apartment Owners shall deposit the damages or awards with the Insurance Trustee, and in the event of failure to do so, at the option of the Board of Directors, either a special assessment shall be made against a defaulting Apartment Owner on his Apartment in the amount of the award or the amount of such award shall be set off against the sums hereafter made payable to such Apartment Owner. The proceeds of the damages or awards shall be distributed or used in the manner provided for in the By-Laws of the Association and the Owners of affected Apartments shall have the rights provided in the By-Laws of the Association for insurance proceeds provided the damaged Apartments or parts thereof are removed from the Regime and from the provisions of the Act as may be allowed by applicable law. If the property is not removed from the Regime and from the provisions of the Act, and one or more Apartments are taken, in whole or in part, the taking shall have the following effects:

19.3.1 If the taking reduces the size of an Apartment and the remaining portion of the Apartment may be made tenantable, the Apartment shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the Owner of the Apartment. In the event of any surplus in the award, the balance shall be distributed to the mortgagee (if any) of the Apartment to the extent of the unpaid balance of its mortgage and the excess, if any, shall be distributed to the Apartment Owner. If there

is a balance of the award distributed to the Apartment Owner or a mortgagee, the Apartment Owner's percentage of undivided interest in the Common Elements and facilities shall be equitably reduced to the extent allowed by law. This reduction shall be done by reducing such interest in the proportion by which the floor area of the Apartment is reduced by the taking, and then recomputing the percentages of undivided interest of all Apartment Owners in the Common Elements.

19.3.2 If the taking destroys or so reduces the size of an Apartment that it cannot be made tenantable, the award shall be paid to the mortgagee (if any) of the Apartment to the extent of the unpaid balance of its mortgage and the excess, if any, shall be distributed to the Apartment Owner, and the remainder of the Apartment shall become a part of the Common Elements and shall be placed in condition for use by all Apartment Owners in the manner approved by the Board of Directors. The percentages of undivided interests in the Common Elements appurtenant to the Apartment that continue as part of the Property shall, to the extent allowed by law, be equitably adjusted to distribute the ownership of the Common Elements among the reduced number of Apartment Owners.

19.3.3 Changes in Apartments, in the Common Elements, and in the ownership of the Common Elements that are effected by the taking referred to in this Section 19 shall be evidenced by an appropriate amendment to this Master Deed and Regime Plans, which must be approved by a majority of the Owners of the Apartments, and a majority of the holders of Mortgages.

20. INSURANCE

20.1 Association. The Association shall insure the Regime against risks as set forth in the By-Laws of the Association attached hereto as the same may be amended from time to time.

20.2 Owner. The Owner of each Apartment may, at such Owner's expense, obtain insurance coverage for loss of or damage to any furniture, appliances, plumbing, fixtures, furnishings, carpet, floor, and ceiling, and wall coverings, personal effects and other personal property belonging to such Owner and may, at his own expense and option obtain insurance coverage against personal liability for injury to the person or property of another while within such Owner's Apartment or upon the Common Elements. All such insurance obtained by the Owner of each Apartment shall, where available, provide that the insurer waives its right of subrogation as to any claims against other Owners of Apartments, the Association, and the servants, agents and guests of the other Owners and Association. Risk of loss of or damage to any furniture, appliances, furnishings, personal effects and other personal property (other than such furniture, appliances, furnishings and personal property constituting a portion of the Common Elements) belonging to or carried on the person of the Owner located in or upon the Common Elements shall be borne by the Owner of each such Apartment. All furniture, appliances, furnishings, carpet, floor, ceiling, and wall coverings, and other personal property constituting a portion of the

Common Elements and held for the joint use and benefit of all Owners of all Apartments shall be covered by such insurance as shall be maintained in force and effect by Association as hereinafter provided. The Owner of an Apartment shall have no personal liability for any damages caused by the Association or in connection with the use of the Common Elements. The Owner of an Apartment shall be liable for injuries or damage resulting from an accident in his own Apartment, to the same extent and degree that the Owner of a house would be liable for an accident occurring within the house.

20.3 Owner Liable for Negligent Acts. An Owner shall be personally liable for the expense of any maintenance, repair or replacement of other Apartments or Common Elements rendered necessary by his act, neglect or carelessness, or by that of any member of his family, guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by Association. Such liability shall include any insurance deductible payable by the Association and any increase in insurance rates occasioned by such use, misuse, occupancy or abandonment of an Apartment or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

20.4 Application of Insurance Proceeds. In the event of casualty, loss or damage to an Apartment, the Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Apartment in accordance with the provisions of this Paragraph. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Apartments are destroyed or substantially damaged. If two-thirds (2/3) or more of the Apartments are destroyed or substantially damaged, the insurance indemnity received by the Board shall be distributed pro rata first to the holders of Mortgages covering the destroyed Apartments in proportion to the respective interest of such Owners in the Common Elements. The holders of Mortgages covering such destroyed Apartments shall use such funds to satisfy any outstanding mortgage debts, and any proceeds remaining after the satisfaction of such mortgage debts shall be transferred to the Owners of such destroyed (and not to be reconstructed) Apartments. The remaining interest in the destroyed Apartments shall be subject to an action for partition at the suit of any Owner or holder of a Mortgage as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and distributed pro rata among all Owners and the holders of Mortgages jointly in proportion to their respective interest in Common Elements. If less than two-thirds (2/3) of the Apartment is destroyed, repairs shall follow substantially the original Regime plans and specifications unless the Owners holding seventy-five (75%) percent or more of the total interests in the Common Elements and a like percentage of the holders of Mortgages, if any, vote to adopt different plans and specifications and all Owners whose Apartments are affected by the alterations unanimously consent.

20.5 Estimates. 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 insurance or bonds as the Board deems necessary.

20.6 Special Assessments. If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Owners whose Apartments are directly affected by the damage in proportion to the value of their respective Apartments.

20.7 Construction Fund. 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 Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be that of the Association.

21. MANAGEMENT AGREEMENT

21.1 Management Agreement. The responsibility of the Association for the administration of the Regime may be delegated by the Association to a professional management firm. The Association has entered into a Management Agreement with Donegan Realty Co., Inc. (the "Management Firm"), a copy of which shall be provided to each Owner. Copies of all subsequent management agreements entered into by the Association shall also be provided to Owners. The Association has delegated to the Management Firm the power of the Association, through its Board of Directors, to determine the budget, and to collect assessments for Common Expenses. Each Owner shall be bound by said Management Agreement for the purposes therein expressed, including but not limited to:

21.1.1 Adopting, ratifying, confirming and consenting to the execution of said Management Agreement by the Association and the acts of the Board of Directors and the Officers of the Association in negotiating and entering into said Agreement.

21.1.2 Covenanting and promising to perform each and every one of the covenants, promises and undertakings to be performed by the Owners in the cases provided therefor in said Management Agreement.

21.1.3 Ratifying, confirming and approving each and every provision of said Management Agreement, and acknowledging that all of the terms and provisions thereof are reasonable.

21.1.4 Agreeing that persons acting as Directors and Officers of the Association entering into such an Agreement have not breached any of their duties or obligations to the Association.

21.1.5 Recognizing that some or all of the persons comprising the original Board of Directors of the Association are or may be stockholders, officers and directors of the Management Firm, and that such circumstances shall not and cannot be construed or considered as a breach of their duties and obligations to the Association, nor as possible grounds to invalidate such Management Agreement in whole or in part.

22. APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED AND ASSESSED AGAINST THE REGIME AS A WHOLE

22.1 Assessment Against Regimes. In the event that any taxing authority having jurisdiction over the Regime shall levy or assess any tax or special assessment against the Regime as a whole, as opposed to levying and assessing such tax or special assessment against each Apartment and its appurtenant undivided interest in the Common Elements as now provided by law, then such tax or special assessment so levied shall be paid as a Common Expense by the Association, and any taxes or special assessments which are to be levied shall be included, whenever possible, in the estimated annual budget of the Association, or shall be separately levied and collected as an assessment against all of the Owners.

22.2 Apportionment of Tax. The amount of any tax or special assessment paid or to be paid by Association in the event that such tax or special assessment is levied against the Regime as a whole shall be apportioned among the Owners according to the percentages of ownership of the undivided interests in the Common Elements.

23. AMENDMENT OF MASTER DEED

23.1 Amendment. Subject to the provisions of Section 9 of this Master Deed and subject to any applicable laws requiring a greater majority, neither this Master Deed nor any of its provisions shall be revoked or amended without the approval of the Owners owning at least sixty-six per cent (66%) of the Apartments and the record holders of first Mortgages affecting at least sixty-six per cent (66%) of the Apartments. Any such amendment or revocation shall be executed with the same formalities required in South Carolina for the making of deeds and recorded in the public records of Beaufort County.

23.2 Limitations. This Master Deed shall not be amended to change the form or system of administration, the method of election, replacement or dismissal of the Directors (except as otherwise provided in this Master Deed or the By-Laws), or to affect any rights expressly reserved by Declarant, without the Declarant's written approval. Also, this Master Deed may not be amended so as to impose on Declarant any additional duties, financial or otherwise, without the Declarant's written approval.

23.3 No Prejudicial Amendments. Subject to the provisions of this Master Deed, any amendment shall not change an Apartment's proportionate share of the Common Expenses, nor the voting rights appurtenant

to any Apartment, unless all of the record Owners thereof and all record Owners of mortgages thereon shall join in the execution of the amendment. No amendment shall be passed which impairs or prejudices the rights and priorities of any mortgages or changes the provisions of this Master Deed with respect to the rights of holders of Mortgages without the written approval of all holders of mortgages of record.

23.4 Reservation of Rights by Declarant. Declarant reserves the right to make the following amendments to the Master Deed without the consent of the Owners or the Association:

23.4.1 Declarant reserves the right to change the interior design and arrangement of all Apartments and to alter the boundaries between Apartments, as long as Declarant owns the Apartments so altered; however, no such change shall increase the number of Apartments nor alter the boundaries of any Common Elements, except the wall between any Apartments, without Amendment of this Master Deed in the manner hereinbefore set forth. If Declarant shall make any changes in Apartments, as provided in this Paragraph, such changes shall be reflected by an Amendment of this Master Deed with revised Regime Plans attached, reflecting such authorized alteration of Apartments, and said Amendment need only be executed and acknowledged by Declarant.

23.4.2 Declarant, as long as it owns more than two (2) Apartments in the Property, reserves the right at any time to amend the Master Deed, as may be required by any lending institution or public body, or in such manner as Declarant may determine to be necessary to carry out the purposes of the project. Any such Amendment need only be executed and acknowledged by Declarant.

23.4.3 Declarant reserves the right to make other changes in the Master Deed, whether to correct typographical or scrivener's errors provided that any such corrections do not adversely affect the interest of any Owner, by recording an appropriate document in the Office of the Clerk of Court for Beaufort County.

24. RIGHT OF DECLARANT TO REPRESENTATION ON BOARD OF DIRECTORS OF ASSOCIATION AND TO TRANSFER RIGHTS

24.1 Right to Appoint Directors. So long as Declarant is the Owner of five (5) or more Apartments in the Regime, the said Declarant shall have the right to designate and select all of the persons who shall serve as members of the Board; and so long as Declarant is the Owner of at least one (1) but not more than four (4) Apartments, Declarant shall have the right to designate and select a majority of the persons who shall serve as a member of each Board. Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Board, the manner in which such person or persons shall be designated shall be as provided in the By-Laws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed for the remainder

of the unexpired term of any director or directors so removed. Any director designated and selected by Declarant need not be a resident in the Regime. Anything to the contrary notwithstanding, the power in Declarant to designate directors shall terminate three (3) years after the conveyance of the first Apartment if the Regime consists of only one phase, or five (5) years after the conveyance of the first Apartment if Declarant annexes Lot 8 in accordance with the provisions of Section 4 above.

24.2 No Disqualification. Any representative of Declarant serving on the Board shall not be required to disqualify himself upon any vote upon any management contract or other matter between Declarant and Association where Declarant may have a pecuniary or other interest. Similarly, Declarant, as a member of the Association, shall not be required to disqualify itself in any vote which may come before the membership of the Association upon any management contract or other matter between Declarant and the Association where Declarant may have a pecuniary or other interest.

24.3 Transfer of Rights. Declarant also reserves unto itself and its successors and assigns the right to transfer any or all rights of Declarant created by this Master Deed, reserved herein or existing under the Horizontal Property Act to any person or entity, which transfer shall become effective upon the recording of an instrument signed by the transferor and the transferee of such rights.

25. BY-LAWS OF ASSOCIATION

25.1 By-Laws. The operation of the Property shall be governed by the By-Laws of the Association attached to this Master Deed as EXHIBIT "H," as they may be amended as provided therein, which are incorporated herein by this reference and made a part hereof as though fully set forth.

25.2 Amendment of By-Laws. The By-Laws may be amended in the manner provided for therein, but no Amendment to said By-Laws shall be adopted which would affect or impair the validity or priority of any mortgage covering any Apartment without the written approval of all such holders of institutional mortgages of record. No amendment shall change the rights and privileges of Declarant without the Declarant's written approval.

26. MISCELLANEOUS

26.1 Remedies on Default. Failure to comply with any of the terms of this Master Deed or other restrictions and regulations contained in the Charter, or By-Laws of the Association, or its Rules and Regulations, shall be grounds for relief which may include, but not be limited to, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof, which relief may be sought by Association, or, if appropriate, by an aggrieved Owner, or both.

26.2 Litigation Expenses. In any proceeding arising because of any alleged default by an Owner, the Association and any Owner seeking relief from such default, if successful, shall be entitled to recover from the Owner and have a lien against the Apartment for the costs of the proceedings and such reasonable attorney's fees as may be determined by the Court.

26.3 No Waiver. The failure of the Association, an Owner, Declarant or Mortgagee to enforce any right, provision, covenant, or condition which may be granted by this Master Deed or other above-mentioned documents shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

26.4 Remedies Cumulative. All rights, remedies and privileges granted to Association or the Owners pursuant to any terms, provisions, covenants, or conditions of this Master Deed or other above mentioned documents, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional right, remedies, or privileges as may be available to such party at law or in equity.

26.5 Severability. In the event that any of the terms, provisions or covenants of this Master Deed are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

26.6 Architect's Certificate. Attached hereto as EXHIBIT "G" and made a part hereof by reference is the Architect's Certificate required by S.C. Code Ann. § 27-31-110 (1976).

26.7 By-Laws. Attached hereto as EXHIBIT "H" and made a part hereof by reference is a copy of the By-Laws of the Association, as required by S.C. Code Ann. §27-31-150 (1976).

26.8 Certificate of Incorporation. The Certificate of Incorporation of Tabby Walk Owners' Association, Inc. is recorded in Charter Book 6 at Page 75 in the Office of the Clerk of Court for Beaufort County, South Carolina.

IN WITNESS WHEREOF, Declarant has executed this Master Deed the day and year first above written.

TW.02 MQC249

Signed, sealed and delivered
in the presence of:

Imma L. Frazier
Samuel L. Frazier

Signed, sealed and delivered
in the presence of:

Jane Christine Sattler
Suzanne E. Kitch (Niece)

TABBY ASSOCIATES
A North Carolina Joint Venture

BY: THE SPECTRUM GROUP, INC.
Joint Venture Partner

By: Peter B. Millichap

Attest: Thad D. King

BY: PREFERRED INVESTMENTS, INC.
Joint Venture Partner

By: Joseph W. Overmire, V.P.

Attest: Carrie P. Cook
Asst. Secretary

STATE OF GEORGIA

COUNTY OF FULTON

RECORDED - 413 - 1987
FILED AT GEORGIA DA 02 08 85

Personally appeared before me the undersigned witness who,
being duly sworn, deposes and says that (s)he saw TABBY ASSOCIATES, by
The Spectrum Group, Inc., its Joint Venture Partner, by Peter B.
Millichap, its President, and its act and deed, sign, seal and deliver
the within Master Deed and Thad D. King, its Vice-President, attest
the same, and that she with the other witness whose name is subscribed
above witnessed the execution thereof.

Samuel L. Frazier

SWORN TO AND SUBSCRIBED BEFORE ME
this 29th day of March 1984.

Notary Public for Georgia

My Commission Expires:

Notary Public, Georgia State at Large
My Commission Expires Feb. 28, 1987

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STATE OF NORTH CAROLINA

COUNTY OF

Example:

PROBATE

Personally appeared before me the undersigned witness who,
being duly sworn, deposes and says that (s)he saw TABBY ASSOCIATES, by
Preferred Investments, Inc., its Joint Venture Partner, by Joseph W.
Alexandry its ^{Vice} President, as its act and deed,
sign, seal and deliver the within Master Deed and Curt P Cable
, its Asst Secretary,
attest the same, and that (s)he with the other witness whose name is
subscribed above witnessed the execution thereof.

James Christine Sattler

SWORN TO AND SUBSCRIBED BEFORE ME

this 2nd day of October, 1984.

Susan E. Kitch (L.S.)
Notary Public for North Carolina

My Commission Expires: 4-19-89

FILED IN 158 - 1100 PAGE 158
FILED AT 02100 ON 02-10-89

EXHIBIT "A"

TO MASTER DEED OF 647890 OF 02 12-88

TABBY WALK HORIZONTAL PROPERTY REGIME

DESCRIPTION OF REAL PROPERTY

Legal Description of Real Property Submitted to Regime by the Execution and Recording of the Master Deed:

All that certain piece, parcel or tract of land situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, containing 7.470 acres, more or less, and being designated as Lot 7, Block C, as more particularly shown on that certain plat of survey entitled "A Plat of Lot 7, Block C, Northridge Park, A Section of The Gardner-Matthews Tract," dated February 17, 1983, last revised May 5, 1983, prepared by Jerry L. Richardson, South Carolina Registered Surveyor No. 4784, which plat is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 31 at Page 220. Said parcel of land being more particularly described as follows:

Commencing at a point located on the westerly right-of-way line of South Carolina Highway 44 (Matthews Drive), a 66' Right-of-Way, said point being designated the POINT OF BEGINNING, being South Carolina Coordinate System, South Zone Coordinate N140,978.087 E2,091,239.433, which POINT OF BEGINNING is located N 37 degrees 00 minutes 59 seconds E at a distance of 29,736.42 feet from the POINT OF COMMENCING (said POINT OF COMMENCING being a concrete monument located in the center of Sea Pines Circle and being South Carolina Coordinate System, South Zone Coordinate N117,234.664 E2,073,336.788); running thence S 61 degrees 43 minutes 00 seconds W for a distance of 215.32 feet to a point; running thence S 84 degrees 21 minutes 29 seconds W for a distance of 7.16 feet to a point; running thence N 36 degrees 34 minutes 03 seconds W for a distance of 71.71 feet to a point; running thence N 78 degrees 01 minutes 13 seconds W for a distance of 79.19 feet to a point; running thence N 69 degrees 44 minutes 45 seconds W for a distance of 55.30 feet to a point; running thence N 48 degrees 48 minutes 56 seconds W for a distance 59.49 feet to a point; running thence N 26 degrees 41 minutes 10 seconds W for a distance of 106.05 feet to a point; running thence N 55 degrees 21 minutes 14 seconds W for a distance of 69.64 feet to a point; running thence N 33 degrees 47 minutes 54 seconds W for a distance of 49.14 feet to a point; running thence N 09 degrees 08 minutes 34 seconds W for a distance of 40.53 feet to a point; running thence N 47 degrees 03 minutes 35 seconds W for a distance of 41.58 feet to a point; running thence N 60 degrees 20 minutes 52 seconds W for a distance of 39.49 feet to a point; running thence N 39 degrees 52 minutes 51 seconds W for a distance of 61.19 feet to a point; running thence S 88 degrees 37

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minutes 57 seconds W for a distance of 40.90 feet to a point; running thence N 25 degrees 04 minutes 12 seconds W for a distance of 218.74 feet to a point; running thence N 03 degrees 36 minutes 38 seconds W for a distance of 209.24 feet to a point on the southerly right-of-way line of Matthews Drive; running thence along the said right-of-way line of Matthews Drive and following the curvature thereof (said curvature having a delta angle of 59 degrees 57 minutes 36 seconds; a radius of 708.57 feet; an arc distance of 741.52 feet; a chord of 708.14 feet; and a chord bearing of S 58 degrees 15 minutes 48 seconds E) for a distance of 741.52 feet to a point; running thence S 28 degrees 17 minutes 00 seconds E for a distance of 423.70 feet to a point, being the POINT OF BEGINNING.

FILED IN REEL - 7 E600 407 PAGE 1000
FILED AT MEMPHIS ON 02-12-55

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EXHIBIT "B"

TO MASTER DEED OF

TABBY WALK HORIZONTAL PROPERTY REGIME

Legal Description of Additional Property Which May Be Annexed to
Regime by the Execution and Recording of an Amendment of the Master
Deed as Provided in Section 4 of this Master Deed:

ALL that certain piece, parcel or tract of land lying and being on Hilton Head Island, Beaufort County, South Carolina, containing 11.059 acres, more or less, and being designated as "Lot 8, Block C" on that certain plat of survey entitled "A Plat of Lot 8, Block C, Northridge Park Phase II" dated June 19, 1984, prepared by Coastal Surveying Co., Inc., Jerry L. Richardson, South Carolina Registered Land Surveyor No. 4784, and being more particularly described as follows:

Commencing at a point on the southerly right-of-way line of Beach City Road (a 66' foot right-of-way), said point being designated as the POINT OF BEGINNING and being South Carolina Coordinate System, South Zone Coordinate N141,442.870 E2,089,802.891, which point is located N 34 degrees 13 minutes 23 seconds E at a distance of 29,277.463 feet from the POINT OF COMMENCING (said POINT OF COMMENCING being a concrete monument located in the center of Sea Pines Circle and being South Carolina Coordinate System, South Zone Coordinate N117,234.664 E2,073,336.788); running thence along said right-of-way line N 53 degrees 14 minutes 17 seconds E for a distance of 234.43 feet to a point; running thence along the right-of-way of Beach City Road near its intersection with the southwesterly right-of-way line of Matthews Drive (a 66' right-of-way) and along said right-of-way line of Matthews Drive and following the curvature thereof (delta angle 38 degrees 31 minutes 07 seconds; radius 708.57 feet; arc 476.36 feet; chord 467.44 feet; chord bearing N 72 degrees 29 minutes 51 seconds E) for a distance of 476.36 feet to a point; running thence S 03 degrees 36 minutes 38 seconds E for a distance of 209.24 feet to a point; running thence S 25 degrees 04 minutes 12 seconds E for a distance of 218.74 feet to a point located on the tie line on the edge of the wetlands preserve to be constructed (property line to be tie line yet to be determined); running thence along said tie line the following bearings and distances: S 02 degrees 35 minutes 59 seconds E for a distance of 56.15 feet to a point; S 12 degrees 25 minutes 16 seconds E for a distance of 44.37 feet to a point; S 25 degrees 16 minutes 17 seconds E for a distance of 73.22 feet to a point; S 05 degrees 35 minutes 06 seconds E for a distance of 41.19 feet to a point; S 30 degrees 36 minutes 56 seconds E for a distance of 54.09 feet to a point; S 06 degrees 38 minutes 01 seconds W for a distance of 48.87 feet to a point; S 36 degrees 01 minutes 16 seconds W for a distance of 101.07 feet to a point; S 09 degrees 11 minutes 29

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seconds W for a distance of 46.77 feet to a point; S 25 degrees 35 minutes 54 seconds E for a distance of 69.56 feet to a point; S 02 degrees 28 minutes 00 seconds W for a distance of 35.21 feet to a point; S 61 degrees 14 minutes 18 seconds W for a distance of 69.49 feet to a point; S 24 degrees 15 minutes 11 seconds W for a distance of 67.86 feet to a point; S 86 degrees 08 minutes 17 seconds W for a distance of 67.58 feet to a point; S 24 degrees 52 minutes 33 seconds W for a distance of 71.61 feet to a point; running thence N 32 degrees 38 minutes 41 seconds W for a distance of 306.00 feet to a point; running thence N 36 degrees 45 minutes 43 seconds W for a distance of 700.00 feet to a point, being the POINT OF BEGINNING.

FILED IN LEEB - 11 BND 417 PAGE 1081
FILED AT OCEANO 14-01-00 85

EXHIBIT "C"

TABBY WALK HORIZONTAL PROPERTY REGIME

PHASE ONE

PHASE TWO

PHASE TWO

Apartment Number	Apartment Type	Value for Statutory Purposes	Apartment's Percentage of Undivided Interest in the Common Elements in	Apartment's Percentage of Undivided Interest in the Common Elements if 112 Apartments are Added	Apartment's Percentage of Undivided Interest in the Common Elements if 150 Apartments are Added
			Phase One of the Regime		
101	B-2	\$64,400.00	.938%	.469%	.401%
102	B-2	\$64,400.00	.938%	.469%	.401%
103	B-2	\$64,400.00	.938%	.469%	.401%
104	B-2	\$64,400.00	.938%	.469%	.401%
105	B-1	\$59,460.00	.866%	.433%	.370%
106	B-1	\$59,460.00	.866%	.433%	.370%
107	B-1	\$59,460.00	.866%	.433%	.370%
108	B-1	\$59,460.00	.866%	.433%	.370%
109	B-1	\$59,460.00	.866%	.433%	.370%
110	B-1	\$59,460.00	.866%	.433%	.370%
111	B-1	\$59,460.00	.866%	.433%	.370%
112	B-1	\$59,460.00	.866%	.433%	.370%
113	B-2	\$64,400.00	.938%	.469%	.401%
114	B-2	\$64,400.00	.938%	.469%	.401%
115	B-2	\$64,400.00	.938%	.469%	.401%
116	B-2	\$64,400.00	.938%	.469%	.401%
201	B-2	\$64,400.00	.938%	.469%	.401%
202	B-2	\$64,400.00	.938%	.469%	.401%
203	B-2	\$64,400.00	.938%	.469%	.401%
204	B-2	\$64,400.00	.938%	.469%	.401%
205	B-1	\$59,460.00	.866%	.433%	.370%
206	B-1	\$59,460.00	.866%	.433%	.370%

30.00/20.00 000000 17 0013
1921 2500 1.7 1000 W - 0000 02 0013

207	B-1	\$59,460.00	.866%	.433%	.370%
208	B-1	\$59,460.00	.866%	.433%	.370%
209	B-1	\$59,460.00	.866%	.433%	.370%
210	B-1	\$59,460.00	.866%	.433%	.370%
211	B-1	\$59,460.00	.866%	.433%	.370%
212	B-1	\$59,460.00	.866%	.433%	.370%
213	B-2	\$64,400.00	.938%	.469%	.401%
214	B-2	\$64,400.00	.938%	.469%	.401%
215	B-2	\$64,400.00	.938%	.469%	.401%
216	B-2	\$64,400.00	.938%	.469%	.401%
301	B-2	\$64,400.00	.938%	.469%	.401%
302	B-2	\$64,400.00	.938%	.469%	.401%
303	B-2	\$64,400.00	.938%	.469%	.401%
304	B-2	\$64,400.00	.938%	.469%	.401%
305	A-1	\$54,837.00	.799%	.399%	.342%
306	A-1	\$54,837.00	.799%	.399%	.342%
307	A-1	\$54,837.00	.799%	.399%	.342%
308	A-1	\$54,837.00	.799%	.399%	.342%
309	A-1	\$54,837.00	.799%	.399%	.342%
310	A-1	\$54,837.00	.799%	.399%	.342%
311	A-1	\$54,837.00	.799%	.399%	.342%
312	A-1	\$54,837.00	.799%	.399%	.342%
313	B-2	\$64,400.00	.938%	.469%	.401%
314	B-2	\$64,400.00	.938%	.469%	.401%
315	B-2	\$64,400.00	.938%	.469%	.401%
316	B-2	\$64,400.00	.938%	.469%	.401%
401	B-2	\$64,400.00	.938%	.469%	.401%
402	B-2	\$64,400.00	.938%	.469%	.401%
403	B-2	\$64,400.00	.938%	.469%	.401%
404	B-2	\$64,400.00	.938%	.469%	.401%
405	B-1	\$59,460.00	.866%	.433%	.370%
406	B-1	\$59,460.00	.866%	.433%	.370%
407	B-1	\$59,460.00	.866%	.433%	.370%
408	B-1	\$59,460.00	.866%	.433%	.370%

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581 5800 010 000000 0000 01 0011

409	B-1	\$59,460.00	.866%	.433%	.370%
410	B-1	\$59,460.00	.866%	.433%	.370%
411	B-1	\$59,460.00	.866%	.433%	.370%
412	B-1	\$59,460.00	.866%	.433%	.370%
413	B-2	\$64,400.00	.938%	.469%	.401%
414	B-2	\$64,400.00	.938%	.469%	.401%
415	B-2	\$64,400.00	.938%	.469%	.401%
416	B-2	\$64,400.00	.938%	.469%	.401%
501	B-2	\$64,400.00	.938%	.469%	.401%
502	B-2	\$64,400.00	.938%	.469%	.401%
503	B-2	\$64,400.00	.938%	.469%	.401%
504	B-2	\$64,400.00	.938%	.469%	.401%
505	B-1	\$59,460.00	.866%	.433%	.370%
506	B-1	\$59,460.00	.866%	.433%	.370%
507	B-1	\$59,460.00	.866%	.433%	.370%
508	B-1	\$59,460.00	.866%	.433%	.370%
509	B-1	\$59,460.00	.866%	.433%	.370%
510	B-1	\$59,460.00	.866%	.433%	.370%
511	B-1	\$59,460.00	.866%	.433%	.370%
512	B-2	\$64,400.00	.938%	.469%	.401%
513	B-2	\$64,400.00	.938%	.469%	.401%
514	B-2	\$64,400.00	.938%	.469%	.401%
515	B-2	\$64,400.00	.938%	.469%	.401%
516	B-2	\$64,400.00	.938%	.469%	.401%
601	B-2	\$64,400.00	.938%	.469%	.401%
602	B-2	\$64,400.00	.938%	.469%	.401%
603	B-2	\$64,400.00	.938%	.469%	.401%
604	B-2	\$64,400.00	.938%	.469%	.401%
605	A-1	\$54,837.00	.799%	.399%	.342%
606	A-1	\$54,837.00	.799%	.399%	.342%
607	A-1	\$54,837.00	.799%	.399%	.342%
608	A-1	\$54,837.00	.799%	.399%	.342%
609	A-1	\$54,837.00	.799%	.399%	.342%

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FILED IN OFFICE OF THE CLERK OF THE DISTRICT COURT OF THE DISTRICT OF COLUMBIA

610	A-1	\$54,837.00	.799%	.399%	.342%
611	A-1	\$54,837.00	.799%	.399%	.342%
612	A-1	\$54,837.00	.799%	.399%	.342%
613	B-2	\$64,400.00	.938%	.469%	.401%
614	B-2	\$64,400.00	.938%	.469%	.401%
615	B-2	\$64,400.00	.938%	.469%	.401%
616	B-2	\$64,400.00	.938%	.469%	.401%
701	B-2	\$64,400.00	.938%	.469%	.401%
702	B-2	\$64,400.00	.938%	.469%	.401%
703	B-2	\$64,400.00	.938%	.469%	.401%
704	B-2	\$64,400.00	.938%	.469%	.401%
705	B-1	\$59,460.00	.866%	.433%	.370%
706	B-1	\$59,460.00	.866%	.433%	.370%
707	B-1	\$59,460.00	.866%	.433%	.370%
708	B-1	\$59,460.00	.866%	.433%	.370%
709	B-1	\$59,460.00	.866%	.433%	.370%
710	B-1	\$59,460.00	.866%	.433%	.370%
711	B-1	\$59,460.00	.866%	.433%	.370%
712	B-1	\$59,460.00	.866%	.433%	.370%
713	B-2	\$64,400.00	.938%	.469%	.401%
714	B-2	\$64,400.00	.938%	.469%	.401%
715	B-2	\$64,400.00	.938%	.469%	.401%
716	B-2	\$64,400.00	.938%	.469%	.401%
Total	112	\$6,862,250.00	100.00%		

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C-4

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EXHIBIT "D"

TO MASTER DEED OF

TABBY WALK HORIZONTAL PROPERTY REGIME

Schedule of Percentage of Undivided Interest in the Common Elements Appurtenant to Apartments in Tabby Walk Horizontal Property Regime, Pursuant to §27-31-60 of the Code of Laws of South Carolina, 1976 (as amended), Upon Annexation of the Additional Property in Accordance With Section 4 of the Master Deed:

Each Type A-1 Apartment in the Regime shall have a statutory value of Fifty-Four Thousand Eight Hundred Thirty-Seven (\$54,837.00) Dollars; each Type B-1 Apartment shall have a statutory value of Fifty-Nine Thousand Four Hundred Sixty (\$59,460.00) Dollars; and each Type B-2 Apartment shall have a statutory value of Sixty-Four Thousand Four Hundred (\$64,400.00) Dollars. The following chart is set forth to provide the statutory information for each Apartment in the second phase upon annexation if there are one hundred twelve (112) additional Apartments or if there are one hundred fifty (150) additional Apartments. The Amendment to the Master Deed annexing the additional phase shall set forth whether 112 or 150 Apartments are annexed and the Apartment numbers of the Apartments added to the Regime, in addition to the other documents and plans required for annexation under the Horizontal Property Act.

PHASE TWO

112 Apartments

Apartment Type	Number of Apartments	Value for Statutory Purposes	Apartment's Percentage of Undivided Interest in the Common Elements if 112 Apartments are Added
A-1	16	\$54,837.00	.39% Each
B-1	40	\$59,460.00	.43% Each
B-2	56	\$64,400.00	.46% Each
Total (includes Phase 1)	24	\$13,724,500.00	100.00%

TW.02 MQC249

EXHIBIT "E"

TO MASTER DEED OF

TABBY WALK HORIZONTAL PROPERTY REGIME

DESCRIPTION OF AS-BUILT SURVEY

EXHIBIT "E" incorporates into the Master Deed an as-built survey dated June 28, 1984, prepared by Sea Island Engineering, Inc., Benjamin Wilson, South Carolina Registered Land Surveyor No. 5424, entitled "An As-Built Survey of Tabby Walk Horizontal Property Regime, Northridge Park, Phase I," which shows the location of the buildings, the dimensions, area, and location of each Apartment in the Regime and the Common Elements appurtenant to and affording access to each Apartment. The as-built survey is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 32 at Page 221.

FILED IN DEED - MISC. 417 PAGE 1048
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EXHIBIT "F"

TO MASTER DEED OF

TABBY WALK HORIZONTAL PROPERTY REGIME

DESCRIPTION OF REGIME PLANS AND APARTMENTS

Those certain plans and specifications consisting of 23 pages, prepared by Niles Bolton Associates, Inc., and signed by G. Niles Bolton, South Carolina Registered Architect No. 2361, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 32 at Page 222.

The Regime Plans and the as-built survey show that the one hundred and twelve (112) Apartments in the Regime are contained in seven (7) buildings, and show, in detail, the individual Apartments, together with their specifications and dimensions, and the location of the swimming pool and related facilities.

The seven (7) buildings are non-contiguous and each building is two (2) stories in height. Each building is numbered as shown on the Regime Plans and contain the number and type of Apartments as follows:

Number of Building	Building Type	Apartment Numbers	Apartment Type			Total Apartments
			A1	B1	B2	
1	200	100 - 116		8	8	16
2	200	200 - 216		8	8	16
3	100	300 - 316	8		8	16
4	200	400 - 416		8	8	16
5	200	500 - 516		8	8	16
6	100	600 - 616	8		8	16
7	200	700 - 716		8	8	16
Total:			16	40	56	112

The Apartments contained within the buildings are more particularly described as follows:

Type A1 Apartments: Each Type A1 (one bedroom) Apartment contains a total of 849 gross square feet.

Access to the Type A1 Apartment is gained through an entry/stairwell which is part of the General Common Elements of the Regime. Entry into the Apartment is made into a foyer containing 17 square feet.

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From the foyer, entry is made into a living area containing 210 square feet, and into a separate dining area containing 67 square feet. From the dining area, entry may be made into the kitchen containing 67 square feet, from which entry is made to a closet for the clothes washer and dryer, containing 25 square feet.

From the living area, entry is made into a hall containing 31 square feet, from which entry is made into the bedroom containing 162 square feet. From the bedroom, entry is made to the patio (or balcony in case of upstairs Apartments) containing 65 square feet, which is a Limited Common Element, from which entry is made to a storage closet containing 23 square feet. From the bedroom, entry is also made to a closet opening into the room which contains 42 square feet. The closet provides for entry to the bathroom, which contains 45 square feet.

The hall also provides entry into the bathroom described above, to a closet for the hot water heater containing 7.5 square feet, and to a linen closet containing 5 square feet.

Type B1 Apartments: Each Type B1 (two bedroom) Apartment contains a total of 997 gross square feet.

Access to each Type B1 Apartment is gained through an entry/stairwell which is a part of the General Common Elements of the Regime. Entry into the Apartment is made into a foyer containing 11 square feet. Adjacent to the entry foyer is a closet containing 6 square feet.

From the foyer, entry is made into a living area containing 204 square feet, and into a separate dining area containing 67 square feet. From the dining area, entry may be made into the kitchen containing 67 square feet, from which entry is made to a closet for the clothes washer and dryer containing 25 square feet.

From the living area, entry is made into a hall containing 50 square feet, from which entry is made into the guest bedroom containing 100 square feet. From the guest bedroom, entry is made to the patio (or balcony in case of upstairs Apartments) containing 64 square feet, which is a Limited Common Element, from which entry is made to a storage closet containing 24 square feet. From the guest bedroom, entry is also made to a closet opening into the room which contains 22 square feet.

From the hall, entry is also made to the guest bathroom containing 40 square feet, to a closet for the hot water heater containing 6 square feet, to an area with shelving for storage containing 2 square feet, and to the master bedroom which contains 143 square feet. From the master bedroom, entry is made to the master bathroom containing 55 square feet and to a closet which opens into the bedroom containing 28 square feet.

Type B2 Apartments: Each Type B2 (two bedroom) Apartment contains a total of 1,183 gross square feet.

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Access to each Type B1 Apartment is gained through an entry/stairwell which is a part of the General Common Elements of the Regime. Entry into the Apartment is made into a foyer containing 13 square feet. Adjacent to the entry foyer is a closet containing 7 square feet.

From the foyer, entry is made into a dining area containing 98 square feet, which adjoins and from which entry is made into the living area containing 190 square feet.

From the dining room, entry is made into a hall containing 21 square feet, from which entry is made to a closet for the hot water heater containing 7 square feet and to the master bedroom containing 138 square feet.

From the master bedroom, entry is made to the master bathroom containing 43 square feet, to a closet which opens into the bedroom containing 37 square feet, and to a patio (or balcony in case of upstairs Apartments) containing 39 square feet, which is a Limited Common Element appurtenant to the Apartment. From the patio, entry is made to a storage closet containing 19 square feet.

Entry is also made from the dining room to another hall on the opposite side of the Apartment containing 34 square feet, from which entry is made to a linen closet containing 4 square feet, to a clothes closet containing 7 square feet, to the guest bathroom containing 44 square feet, and to the guest bedroom containing 146 feet.

From the guest bedroom, entry is made to a closet which opens into the bedroom containing 49 square feet. Entry is also made from the guest bedroom to a patio (or balcony in case of upstairs Apartments) containing 53 square feet, which is a Limited Common Element appurtenant to the Apartment, which may also be entered from the living area.

NOTE: Gross square footage includes: heated square footage and exterior storage and deck space. Net heated square footage includes: all interior and exterior walls (excluding deck and storage).

TW.02 MQC249

EXHIBIT "G"

TO MASTER DEED OF
TABBY WALK HORIZONTAL PROPERTY REGIME

Architect's Certificate

Pursuant to §27-31-110 of the Code of Laws of South Carolina, 1976 (as amended), I certify that the Regime Plans described in the attached EXHIBIT "E" of Tabby Walk Horizontal Property Regime (situate upon the Real Property described in the attached EXHIBIT "A"), fully depict (within reasonable construction tolerances) the layout, location, number identification, and dimensions of the Apartments, buildings and improvements contained in the Regime, said plans consisting of 23 pages being dated April 2, 1984.

NILES BOLTON ASSOCIATES, INC.

By: 

G. Niles Bolton
South Carolina Registered
Architect No. 2361

Atlanta, Georgia

October 5, 1984

FILED IN DEED BOOK 417 PAGE 1702
FILED AT CHARLOTTE IN NC 10 15

BY-LAWS
OF
TABBY WALK OWNERS' ASSOCIATION, INC.

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EXHIBIT "H"

BY-LAWS OF THE TABBY WALK OWNERS' ASSOCIATION, INC.
ADOPTED AT MEETING OF BOARD OF DIRECTORS
OF

TABBY WALK OWNERS' ASSOCIATION, INC.

1. INTRODUCTION

1.1 Association. These are the By-Laws of Tabby Walk Owners' Association, Inc., an eleemosynary corporation organized and existing under the laws of the State of South Carolina (hereinafter called the "Association"), which has been organized for the purpose of administering Tabby Walk Horizontal Property Regime (hereinafter called the "Regime"), a horizontal property regime established pursuant to S.C. Code Ann. §§ 27-31-10 et seq. (1976). The Regime is located upon the real property in Beaufort County, South Carolina, described on EXHIBIT "A" attached hereto and made a part hereof by reference, and may be expanded in accordance with the provisions of the Master Deed of the Regime to include the property described on EXHIBIT "B" attached hereto.

1.2 Applicable to Regime. The provisions of these By-Laws are applicable to the Regime, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions, and authorizations contained in the Certificate of Incorporation of the Association and in the Master Deed of the Regime, which has been recorded in the public records of Beaufort County, South Carolina. The terms and provisions of said Certificate of Incorporation and Master Deed shall be controlling wherever the same may be in conflict with these By-Laws.

1.3 Definitions. All of the terms defined in the Master Deed to which these By-Laws are attached shall have the same meaning when used in these By-Laws.

1.4 Binding Effect. All present or future Owners, Occupants, tenants, future tenants, or their employees, or any other person that might use the Regime or any of the facilities thereof in any manner are subject to the Rules and Regulations set forth in these By-Laws, the Certificate of Incorporation and the Master Deed and those adopted by the Board of Directors of the Association (and any amendments thereto).

1.5 Office of Association. The office of the Association shall be at the offices of Hilton Head Management Company, Inc., on U.S. Highway 278, Hilton Head Island, South Carolina, or such other place as the Board of Directors of the Association may designate from time to time.

1.6 Fiscal Year. The fiscal year of the Association shall be the calendar year.

1.7 Seal. The seal of the Association shall bear the name of the Association and the word "South Carolina."

1.8 Compensation and Distribution of Profits. There shall be no dividends or profits paid to any members nor shall any part of the income of the Association be distributed to its Board of Directors or officers. In the event there are any surplus receipts over disbursements as a result of performing services, such surplus shall be applied against future expenses. The Association may pay compensation in a reasonable amount to its members, directors or officers for services rendered, may confer benefits upon its members in conformity with its purpose and may make such payments to any management firm as is mutually agreed upon between the Association and the management firm for the performance of duties and services by the management firm. Upon final dissolution and liquidation, the Association may make distribution to its members as is permitted by the Court having jurisdiction thereof, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income.

1.9 No Stock. This Association shall issue no shares of stock of any kind or nature whatsoever. Membership in the Association and the transfer thereof as well as the number of members shall be upon such terms and conditions as provided in the Master Deed and these By-Laws and the voting rights of the Owners of interests in said Regime shall be as set forth in the Master Deed and these By-Laws.

1.10 Information. The Association is required to make available to Apartment Owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Master Deed, By-Laws, other rules concerning the Regime, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

2.1 Membership. All persons who are Owners of Apartments in the Regime shall be members of this Association, and membership is limited to such Owners. Such membership shall automatically terminate when such person is no longer an Owner of an Apartment.

2.2 Quorum. The quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership (51% of the value of the Property). The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

2.3 Voting. The vote of the Owners of an Apartment owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate or appropriate resolution signed by

all of the Owners of the Apartment and filed with the Secretary of the Association, and such certificate or resolution shall be valid until revoked by subsequent certificate or resolution. If such a certificate is not on file, the vote of such Owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

2.4 Proxy. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of the meeting for which their use is sought.

2.5 Binding Effect. Except where otherwise required under the provisions of the Charter of the Association, these By-Laws, the Master Deed, or where the same may otherwise be required by law, the affirmative vote of the majority of Owners represented at any duly called members' meeting at which a quorum is present shall be binding upon the members.

2.6 Action Without Meeting. Any action required or permitted by law or the Articles of Incorporation to be taken at any meeting of stockholders may be taken without a meeting, without prior notice, and without a vote, if a written consent, setting forth the action so taken, shall be signed by the members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present or represented by proxy and voted. Such written consent shall be filed with the minutes of the meetings of members. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those members who have not consented in writing thereto.

2.7 Suspension of Voting Rights. During any period in which an Owner or Owners of an Apartment shall be in default of the payment of any assessment levied by the Association, the voting rights of the member designated by such Owner or Owners may be suspended by the Board of Directors until such time as the assessment has been paid. Such rights may also be suspended by the Board of Directors for the violation of the published Rules and Regulations with respect to the use of the Common Elements as published from time to time by the Board of Directors.

3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

3.1 Annual Meeting of Members. The annual members' meeting shall be held at the office of the Association or such other place as may be designated by the Board of Directors, at a time and date to be designated by the Board on a Saturday in the month of December of each year for the purpose of electing directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding Saturday. The first annual meeting shall be held in 1986.

3.2 Special Meetings of Members. Special members' meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from the members of the Association representing a majority of Apartment ownership.

3.3 Notice of Meetings. Notice of all members' meetings, regular or special, shall be given to each member by the President, Vice President or Secretary of the Association, or other officers of the Association in the absence of said officers, unless waived in writing, such notice to be written or printed and to state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If mailed, such notice shall be deemed properly given when deposited in the United States mail addressed to the member at his mailing address as it appears on the records of the Association, the postage thereon prepaid. Proof of such mailing or personal service shall be given by the affidavit of the person giving the notice. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. If any members' meeting cannot be organized because a quorum has not attended, or because a greater percentage of the membership required to constitute a quorum for particular purposes has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present.

3.4 Presiding Officer. At meetings of membership, the President shall preside or, in his absence, the membership present shall select a chairman.

3.5 Order of Business. The order of business at annual members' meetings, and, as far as practical, at any other members' meeting, shall be:

- i) Calling of the roll and certifying proxies
- ii) Proof of notice of meeting or waiver of notice
- iii) Reading of minutes
- iv) Reports of officers
- v) Reports of committees
- vi) Appointment by chairman of inspectors of election
- vii) Election of directors
- viii) Unfinished business
- ix) New business
- x) Adjournment

4. BOARD OF DIRECTORS

4.1 Number and Term of Directors. The first Board of Directors of the Association shall consist of three (3) persons and each succeeding Boards of Directors shall consist of five (5) persons, two (2) serving for three (3) years, two (2) serving for two (2) years, and one serving for one (1) year. With the exception of the first Board and subsequent members appointed by Declarant as hereinafter provided, all of the Board of Directors shall be members of the Association. The first Board of Directors shall serve until their successors are elected at the first meeting of the members of the Association. Should any member of said first Board of Directors be unable to serve for any reason, a majority of the remaining members of the Board of Directors shall have the right to select and designate a party to act and serve as a director for the unexpired term of said director who is unable to serve.

4.2 Appointment of Directors by Declarant. As long as Tabby Associates, hereinafter referred to as the "Declarant," is the Owner of five (5) or more Apartments in the Regime, Declarant shall have the right to designate and select all of the persons who shall serve as members of each Board of Directors of the Association; and so long as Declarant is the Owner of at least one, but not more than four (4) Apartments, Declarant shall have the right to designate and select a majority of the persons who shall serve as a member of each Board of Directors of the Association. The power of Declarant to designate directors as above referred to shall terminate three (3) years after the conveyance of the first Apartment if the Regime consists of only one phase, or five (5) years after the conveyance of the first Apartment if Declarant annexes Lot 8 in accordance with the provisions of Section 4 of the Master Deed. Declarant may assign its right to designate and select the members of the Board of Directors to any person or entity, which may exercise such rights as long as the number of Apartments stated above is owned by such assignee.

4.3 Initial Members of Board of Directors; Removal. Declarant has heretofore (in the Articles of Incorporation of the Association) designated the initial Board of Directors and Officers of the Association. Directors may be removed from office in the manner provided by law for the removal of directors of South Carolina corporations for profit.

4.4 Election of Directors. Election of directors shall be conducted in the following manner:

4.4.1 Declarant (or its assignee) shall at the beginning of the election of the Board of Directors, designate and select that number of the members of the Board of Directors which it is entitled to designate and select in accordance with the provisions of these By-Laws, and upon such designation and selection by Declarant by written

instrument presented to the meeting at which such election is held, said individuals so designated and selected by Declarant shall be deemed and considered for all purposes directors of the Association, and shall thenceforth hold the offices and perform the duties of such directors until their successors shall have been selected or elected in accordance with the provisions of these By-Laws.

4.4.2 All members of the Board of Directors whom Declarant is not entitled to designate and select under the terms and provisions of these By-Laws, if any, shall be elected by a plurality of the votes cast at the annual meeting of the members of the Association immediately following the designation and selection of the members of the Board of Directors by Declarant.

4.4.3 Vacancies in the Board of Directors shall be filled for the balance of the unexpired term by the remaining directors, except that should any vacancy in the Board of Directors be created in any directorship previously filled by any person designated and selected by Declarant, such vacancy shall be filled by Declarant.

4.4.4 At the first annual meeting of the members, the term of office of the two (2) directors receiving the highest plurality of votes shall be established at three (3) years, the term of office of the other two (2) directors having the next highest number of votes shall be established at two (2) years, and the term of the remaining director shall be established for one (1) year. Thereafter, as many directors of the Association shall be elected at the annual meeting as there are regular terms of office of directors expiring at such time, for the length of the expiring term, until their successors are duly elected and qualified or until removed in the manner elsewhere provided or as may be provided by law for the removal of directors of South Carolina corporations for profit. If at the time of the first annual meeting, Declarant is the Owner of at least one (1), but not more than four (4) Apartments, then Declarant shall have the right to designate and select two (2) directors whose term of office shall be established at three (3) years, and one director whose term of office shall be established at two (2) years.

4.4.5 In the election of directors, there shall be appurtenant to each Apartment as many votes for directors as there are directors to be elected (regardless of the percentage interest in Common Elements appurtenant to such Apartment); provided, however, that no member or Owner may cast more than one vote for any person nominated as director, it being the intent hereof that voting for directors shall be non-cumulative.

4.4.6 In the event that Declarant, in accordance with the privilege granted unto it, selects any person or persons to serve on any Board of Directors of the Association, Declarant shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or persons to serve on said Board

of Directors. Replacement of any person or persons designated by Declarant to serve on any Board of Directors of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name or names of the person or persons designated as successor or successors to the person or persons so removed from said Board of Directors. The removal of any director and designation of his successor shall be effective immediately upon delivery of such written instrument by Declarant to any officer of the Association.

4.5 Organizational Meeting of Board of Directors. The organizational meeting of the newly elected Board of Directors shall be held within ten (10) days of its election, at such time and at such place as shall be fixed by the directors at the meeting at which it was elected, and no further notice of the organizational meeting shall be necessary provided a quorum shall be present.

4.6 Regular Meetings of Board of Directors; Notice. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.

4.7 Special Meetings of Board of Directors; Notice. Special meetings of the Board of Directors may be called by the President, and must be called by the Secretary at the written request of at least two (2) of the directors. Not less than three (3) days' notice of a meeting shall be given to each director, personally, or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

4.8 Waiver of Notice. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the receipt of notice.

4.9 Quorum. A quorum at a directors' meeting shall consist of the directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors except as specifically otherwise provided in the Articles of Incorporation, these By-Laws or the Master Deed. If any director's meeting cannot be organized because a quorum has not attended, or because the greater percentage of the directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Master Deed, the directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be

transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

4.10 Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent to such action is signed by all members of the Board of Directors and such written consent is filed with the minutes of its proceedings.

4.11 Meetings by Telephone. The Board of Directors may participate in a meeting by means of conference telephone or similar communications equipment by means of which all directors participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person by any such director at such meeting.

4.12 Presiding Officer. The presiding officer of directors' meetings shall be the President of the Association. In the absence of the President, the directors present shall designate one of their number to preside.

4.13 Compensation. Directors will serve without compensation, save reimbursement for out-of-pocket expenses incurred in the ordinary conduct of Association affairs.

4.14 Powers and Authority. The Board of Directors shall manage and direct the affairs of the Association and, subject to any restrictions imposed by law, by the Master Deed, or these By-Laws, may exercise all of the powers of the Association subject only to approval by the Owners when such is specifically required by these By-Laws. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law, the Master Deed or these By-Laws, or as it may deem necessary or appropriate in the exercise of its powers and shall include, without limiting the generality of the foregoing, the following duties:

4.14.1 To prepare a budget, make, levy and collect assessments against members and members' Apartments to defray the cost of maintaining the Common Elements and facilities of the Regime, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

4.14.2 To carry out the maintenance, care, upkeep, repair, replacement, operation, surveillance and the management of the General and Limited Common Elements, services and facilities of the Regime wherever the same is required to be done and accomplished by the Association for the benefit of its members;

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4.14.3 To carry out the reconstruction of improvements after casualty and the further improvement of the Property;

4.14.4 To make and amend Rules and Regulations governing the use of the Property in the Regime so long as such Rules and Regulations and amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of the Property under the terms of the Master Deed;

4.14.5 To acquire, operate, lease, manage and otherwise trade and deal with property, both real and personal, including Apartments in the Regime, as may be necessary or convenient in the operation and management of the Regime, and in accomplishing the purposes set forth in the Master Deed; provided, however, that any agreement for professional management of the Regime, or any other contract providing for services of Declarant, may not exceed three years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice;

4.14.6 Subject to the provisions of Paragraph 4.15.4 above, to contract for the management of the Common Elements and facilities in the Regime and to delegate to such contractor all of the powers and duties of the Association, except those which may be required by the Master Deed to have approval of the Board of Directors or membership of the Association;

4.14.7 To enforce by legal means the provisions of the Articles of Incorporation, By-Laws of the Association, Master Deed and the Rules and Regulations hereafter promulgated governing use of the Property in the Regime;

4.14.8 To pay all taxes and assessments which are liens against any part of the Regime other than Apartments and the appurtenances thereto, and to assess the same against the members and their respective Apartments;

4.14.9 To carry insurance for the protection of the Regime, the members of the Association, the Association, and the officers and directors of the Association against casualty, liability and other risks;

4.14.10 To pay all costs of power, water, sewer and other utility services rendered to the Regime and not billed to the Owners of the separate Apartments; and

4.14.11 To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association, as well as to dismiss said personnel.

4.14.12 To make or cause to be made such alterations, additions and improvements to the Common Elements as in the Board of Directors' opinion may be beneficial and necessary or which are requested in writing by an Owner or Owners and the holders of first mortgages thereon. The Board of Directors may require the consent in writing before undertaking such work of such Owner and the holders of first mortgages thereon, whose rights, in the sole opinion of the Board of Directors may be prejudiced by such alterations, additions or improvements. When, in the sole opinion of the Board of Directors, the alteration, addition or improvement is general in character the costs therefor shall be assessed as Common Expenses, and when, in the sole opinion of the Board of Directors, the alteration, addition or improvements is exclusively or substantially exclusively for the benefit of one or more Owners who requested it, the cost shall be assessed against such Owner or Owners in such proportion as the Board of Directors shall determine is fair and equitable. Nothing herein contained shall prevent the Owners affected by such alteration, addition or improvement from agreeing in writing, either before or after the assessment is made, to be assessed in different proportions.

4.15 Meetings Outside South Carolina. Notwithstanding anything contained in these By-Laws to the contrary, any meeting of members or directors may be held at any place within or without the State of South Carolina.

5. OFFICERS OF ASSOCIATION

5.1 Officers; Term. The executive officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be also be directors and shall be elected annually by the Board of Directors and who may be preemptorily removed by majority vote of the directors at any meeting. No person may hold two (2) or more offices. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

5.2 President. The President shall be the chief executive officer of the Association. He shall have all the powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

5.3 Vice President. The Vice President, unless the majority may select a presiding officer, shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

5.4 Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the directors or President. The Assistant Secretary, if appointed, shall perform the duties of Secretary when the Secretary is absent.

5.5 Treasurer. The Treasurer shall have responsibility for all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep, or cause to be kept, the assessment rolls, accounts of members, books and account records of the Association in accordance with good accounting practices, and he shall perform all other duties incident to the office of Treasurer.

5.6 Compensation of Officers. The compensation of all officers and employees of the Association shall be fixed by the directors. This provision shall not preclude the Board of Directors from employing a director as an employee of the Association, nor preclude the contracting with a director for management of the Regime.

6. LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

6.1 Liability of Members of the Board of Directors. To the extent permitted by the South Carolina Business Corporation Act in effect at the applicable time, the members of the Board of Directors, the officers and any agents and employees of the Association: (i) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own gross negligence, willful misconduct, or bad faith; (ii) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Owners in their capacity as such; (iii) shall have no personal liability in tort to an Owner or any other person or entity direct or imputed, by virtue of acts performed by them, except for their own gross negligence, willful misconduct or bad faith, or acts performed for them, in their capacity as such; and (iv) shall have no personal liability arising out of the use, misuse or condition of the Property, or which might in any other way be assessed against or imputed to them as a result or by virtue of their capacity as such.

6.2 Indemnification by Owners. To the extent permitted by the South Carolina Business Corporation Act in effect at the applicable time, the Association shall indemnify and hold harmless any member of the Board of Directors and any officer, agent or employee of the Association, his heirs and personal representatives, from and against any and all personal liability, and all expenses including counsel fees, incurred or imposed, or arising out or in settlement of any threatened,

pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative instituted by any one or more Owners or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Board of Directors or an officer or agent or employee of the Association, other than to the extent, if any, that such liability or expenses shall be attributable to his gross negligence, willful misconduct or bad faith, provided, in the case of any settlement, that the Board of Directors shall have approved the settlement, which approval is not to be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement or vote of Owners or of the Board of Directors or otherwise. The indemnification by the Association set forth in this Section shall be paid by the Board of Directors on behalf of the Owners and shall constitute a Common Expense.

6.3 Litigation Expenses. If any action is brought by one or more but less than all Owners on behalf of all Owners and recovery is had, the plaintiff's expenses, including reasonable counsel's fees, shall be, and are hereby declared to be, a Common Expense; provided, however, that if such action is brought against the Owners or against the members of the Board of Directors, or the officers, employees or agents of the Association, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Owners, the plaintiff's expenses, including counsel fees, shall not be charged to or borne by the other Owners as a Common Expense or otherwise.

6.4 Notice of Suit and Opportunity to Defend. Complaints brought against the Owners, or the Board of Directors, or the officers, employees or agents of the Association, in their respective capacities as such, or the Property as a whole, shall be directed to the Board of Directors, which shall promptly give written notice thereof to the Owners and any mortgagees and shall be defended by the Board of Directors, and the Owners and such holders shall have no right to participate other than through the Board of Directors in such defense. Complaints against one or more, but less than all Owners shall be directed to such Owners, who shall promptly give written notice thereof to the Board of Directors and to the mortgagees affecting such Apartments, and shall be defended by such Owners.

7. FISCAL MANAGEMENT

7.1 Supplement to Master Deed. The provisions for fiscal management of the Association set forth in the Master Deed shall be supplemented by the following provisions:

7.1.1 The assessment roll shall be maintained in complete records of account in which there shall be an account for each Apartment. Such an account shall designate the name and address of the

Owner or Owners, the amount of each assessment against the Owners, the dates and amount in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

7.1.2 The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to, the following items:

A. Common expense budget, which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for: (i) maintenance and operation of Common Elements, including but not limited to landscaping, driveways, walkways, and the tot lot and swimming pools; (ii) office expense, utility services, casualty insurance and liability insurance; and (iii) administration and reserves (operating and replacement).

B. Proposed assessments against each member. Copies of the proposed budget and proposed assessments shall be transmitted to each member on or before January 1st of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Directors to at any time in its sole discretion levy an additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

7.1.3 The Board of Directors shall determine the method of payment of such assessments and the due dates thereof and shall notify the members thereof. The assessments will initially be on a monthly basis unless changed by a vote of the majority of the Board of Directors.

7.1.4 The depository of the Association shall be such bank or banks as shall be designated from time to time by the directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the directors.

7.1.5 When required at the discretion of the Board of Directors, an audit of the accounts of the Association shall be made annually by a certified public accountant and a copy of the report shall be furnished to each member not later than April 1st of the year following the year for which the report is made. Absent such election by the Board to have an audited report prepared, the financial statement

may be prepared by the management agent retained by the Association. Any holder of a first mortgage is entitled, upon written request, to a financial statement for the immediately preceding fiscal year.

7.1.6 Fidelity bonds shall be required by the Board of Directors from all officers and employees of the Association and from any contractor or management agent handling or responsible for Association funds. The amount of such bonds shall be determined by the directors, but shall be in an amount covering the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. In addition, the fidelity bond coverage must at least equal the amount of the sum of three (3) months' assessments on all Apartments plus the Association's reserve funds. Except for fidelity bonds that a management agent obtains for its own personnel, the premiums on such bonds shall be paid by the Association as a Common Expense. All fidelity bonds shall name the Association as an obligee and shall include a provision calling for ten (10) days' written notice to the Association and any mortgage loan servicer which services a FNMA-owned mortgage in the Regime before the bond can be cancelled or substantially modified for any reason.

8. PARLIAMENTARY RULES

8.1 Roberts' Rules of Order. Roberts' Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Certificate of Incorporation and these By-Laws or with the statutes of the State of South Carolina.

9. AMENDMENTS TO BY-LAWS

9.1 Procedure. Amendments to these By-Laws (when permitted in accordance with the Master Deed) shall be proposed and adopted in the following manner:

9.1.1 Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon vote of the majority of the directors, or by members of the Association owning a majority of the total value of the property in the Regime, whether meeting as members or by instrument in writing signed by them.

9.1.2 Upon any amendment or amendments to these By-Laws being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in absence of the President, who shall thereupon call a special joint meeting of the members of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in

the same manner as notice of the call of a special meeting of the members if required as herein set forth.

9.1.3 In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of the members owning not less than sixty-six per cent (66%) of the voting rights of the Regime (subject to any applicable laws requiring a greater majority). Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the public records of Beaufort County, South Carolina, within ten (10) days from the date on which any amendment or amendments have been affirmatively approved by the directors and members.

9.1.4 At any meeting held to consider such amendment or amendments to the By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

9.1.5 Notwithstanding the foregoing provisions of this Paragraph 10, no amendment to these By-Laws which shall abridge, amend or alter the right of Declarant to designate and select members of each Board of Directors or the Association, as provided in Paragraph 4 hereof, may be adopted or become effective without the prior written consent of Declarant. Neither will any right of any Apartment mortgagee be affected without the express written consent of said mortgagee(s).

10. INSURANCE

10.1 Insurance Required. The Board of Directors shall obtain and maintain, to the extent available, at least the following insurance:

10.1.1 Hazard Insurance. The Association shall insure all Apartments and all Common Elements against floods and against all hazards and risks normally covered by a standard hazard policy, including fire and lightning, the hazards and risks covered by "extended coverage," and vandalism and malicious mischief. All Apartments and all Common Elements shall be insured for the full replacement cost thereof (without deduction or allowance for depreciation), and the policy of insurance shall have a full replacement cost rider. Such insurance shall cover only the Apartments and the Common Elements. The hazard insurance obtained by the Association may provide that an amount not to exceed Twenty-Five Thousand Dollars (\$25,000.00) shall be deductible from any indemnity payable on account of a single loss, but any such deductible portion shall be borne by the Association as a Common Expense regardless of the number of Owners or Apartments directly affected by the loss. The hazard insurance obtained by the Association shall provide coverage for Common Expenses with respect to the Apartments and Common Elements during any period of repair or reconstruction.

10.1.2 Liability Insurance. The Association shall also obtain premises liability insurance on all Apartments and Common Elements and the Association providing for a single-limit indemnity of not less than One Million Dollars (\$1,000,000.00) and covering bodily and personal injury and property damage. Such liability insurance shall cover claims of one or more Owners against one or more other Owners as well as claims of third parties against one or more Owners or the Association. The Association shall not be required, however, to obtain public liability insurance covering accidents occurring within the limits of an Apartment or off the Regime Property. If available at a reasonable cost, the Association shall cause to be included within the policy of liability insurance premises medical payment coverage. The policy shall not be cancelled or reduced as to coverage limits without thirty (30) days' prior written notice to the Board of Directors and to every holder of a security interest in any Apartment who is named in the policy or an endorsement thereto.

10.1.3 Worker's Compensation Insurance. The Association shall also obtain and maintain worker's compensation insurance to the extent necessary to comply with any applicable law.

10.1.4 Other Insurance. The Association shall also obtain and maintain such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Board of Directors.

10.2 Limitations. Any insurance obtained pursuant to the requirements of this Paragraph shall be subject to the following provisions:

10.2.1 General Provisions. All insurance obtained on the Apartments and Common Elements by the Association shall be written in the name of the Association as trustee for the Owners, and the cost of such insurance shall be a Common Expense. All such insurance shall be obtained from a company or companies rated "A+" or better and classified "8" or better by the most recent issue of Best's Insurance Reports. No such insurance shall be permitted to expire except upon resolution of a majority of the Owners to that effect. Certificates of all policies of hazard insurance obtained on the Regime by the Board of Directors, together with proof of payment of the premiums thereon, shall be delivered upon request to any Owner or any entity holding a lien upon or security interest in any Apartment.

10.2.2 Hazard and Flood Policy Provisions. All policies of hazard and flood insurance on the Apartments and the Common Elements obtained by the Board of Directors shall provide as follows:

10.2.2.1 The indemnity payable on account of any damage to or destruction of the Apartments or the Common Elements shall be payable to any mortgagees holding mortgages on any damaged Apartments as their interests may appear;

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10.2.2.2 The policy shall not be cancelled or reduced as to coverage limits without thirty (30) days' prior written notice to the Board of Directors and to every holder of a security interest in any Apartment who is named in the policy or an endorsement thereto;

10.2.2.3 No Owner shall be prohibited from insuring his own Apartment for his own benefit;

10.2.2.4 No insurance obtained by a Owner on his own Apartment shall be brought into contribution with the insurance obtained by the Board of Directors;

10.2.2.5 If the Board of Directors determines that it is possible to obtain such a provision, no right of subrogation shall exist against any Owner or members of his household or his social guests;

10.2.2.6 The insurer shall not be entitled to reconstruct in lieu of paying the indemnity in cash if the Owners determine in the manner provided in the Master Deed or by applicable law not to repair or restore the damaged property; and

10.2.2.7 The policy shall not be cancelled on account of the actions of one or more, but fewer than a majority, of the Owners.

If a policy of insurance containing all of the foregoing provisions cannot be obtained at a reasonable cost, one or more of such provisions (except provisions 10.2.2.1 and 10.2.2.2 above) may be waived by unanimous resolution of the Board of Directors preceded by ten (10) days' notice to every Owner or by resolution of a majority of the Owners.

10.2.3 Claims. The Board of Directors of the Association shall have exclusive authority to negotiate and settle on behalf of the Owners all claims arising under policies of hazard insurance obtained on the Property by the Board of Directors. In the event of damage to or destruction of any portion of the Apartments or the Common Elements, the Board of Directors shall promptly file claim for any indemnity due under any such policies. The Board of Directors shall simultaneously notify the holders of any security interests in any Apartment which may be entitled to participate in such claim of the filing of the same.

10.2.4 Insurance Proceeds. The net proceeds received by or due to the Board of Directors from any indemnity paid under a policy of hazard insurance obtained on the Property by the Board of Directors shall promptly be paid by the Board of Directors or the appropriate insurer to an Insurance Trustee as trustee for the Owners as hereinafter provided. The Insurance Trustee shall be a state or federally chartered

bank selected by the Board of Directors and having trust powers and capital and surplus of Five Million Dollars (\$5,000,000.00) or more. The Insurance Trustee shall hold the insurance proceeds in trust and disburse said proceeds, after deduction of all reasonable fees and expenses of the Insurance Trustee, as follows:

10.2.4.1 If the Owners by a vote of eighty (80%) percent of the voting rights or by applicable law decide not to reconstruct the damaged property, the Insurance Trustee shall distribute the insurance proceeds among all the Owners and mortgagees with liens upon the Apartment, as their respective interests may appear, in proportion to their respective undivided interests in the portion or portions of the property damaged or destroyed.

10.2.4.2 If the Board of Directors is required to provide for the reconstruction of the damaged property, the Insurance Trustee shall disburse the insurance proceeds to the person or persons employed by the Board of Directors to effect such reconstruction in accordance with written authorizations submitted to the Insurance Trustee by the architect supervising the reconstruction or by the Board of Directors. Any portion of the insurance proceeds remaining after all the costs of reconstructing the Property have been paid shall be disbursed to the Owners and their mortgagees in proportion to their interests in the portion or portions of the Property repaired or restored. In making disbursements of the insurance proceeds, the Insurance Trustee shall be entitled to rely without further inquiry upon the written authorizations submitted as provided above or upon any written certification of facts submitted to the Insurance Trustee by the Board of Directors as hereinafter provided. The Insurance Trustee shall in no event be responsible for obtaining insurance on the Property, paying the premiums on any such insurance or filing claims for any payments due under any such insurance.

10.2.5 Insurance by Owners. Each Owner shall be responsible for obtaining such amounts of the following types of insurance as he deems necessary or desirable:

10.2.5.1 Hazard insurance on his Apartment for his own benefit;

10.2.5.2 Hazard insurance on the contents of his Apartment and on improvements made to his Apartment; and

10.2.5.3 Liability insurance covering accidents occurring within the boundaries of his Apartment.

Any Owner who obtains hazard insurance on his Apartment for his own benefit shall within thirty (30) days of obtaining the same deliver to the Board of Directors a certificate of the policy of insurance, if required.

10.2.6 Where the insurance proceeds are insufficient to cover the cost of reconstruction, the rebuilding costs shall be paid by all the Owners directly affected by the damage, in proportion to the value of their respective Apartments; and if any one or more of those Owners owning a minority of Apartments in the Regime directly affected by the damage shall refuse to make such payments, the majority of such Owners directly affected by such damage may proceed with the reconstruction at the expense of all the Owners benefitted thereby, upon proper resolution setting forth the circumstances of the case and the cost of the works, with the intervention of the Association.

11. ASSESSMENTS; LIABILITY, LIEN AND ENFORCEMENT

11.1 Authority to Collect Assessments. The Association is given the authority to administer the operation and management of the Regime, it being recognized that the delegation of such duties to one entity is in the best interests of the Owners of all Apartments. To properly administer the operation and management of the project, the Association will incur, for the mutual benefit of all of the Owners of Apartments, costs and expenses which will be continuing or non-recurring costs, as the case may be, which costs and expenses are sometimes herein referred to as Common Expense. To provide the funds necessary for such proper operation and management, the Association has heretofore been granted the right to make, levy and collect assessments against the Owners of all Apartments and said Apartments. In furtherance of said grant of authority to Association to make, levy and collect assessments to pay the costs and expenses for the operation and management of the Regime, the following provisions shall be operative and binding upon the Owners of all Apartments, to wit:

11.2 Proportionate Assessments. All assessments levied against the Owners of Apartments shall, unless otherwise provided for in these By-Laws, be in the same proportion to the total assessment made against all Owners of Apartments and their Apartments as the undivided interest in the Common Elements appurtenant to each Apartment bears to the total undivided interest in the Regime. Should the Association be the Owner of any Apartment or Apartments, the assessment which would otherwise be payable to Association by the Owner of such Apartment or Apartments shall be apportioned and the assessment therefor levied ratably among the Owners of all Apartments which are not owned by the Association, based upon their proportionate interests in the Common Elements, exclusive of interests therein appurtenant to any Apartment or Apartments owned by the Association.

11.3 Method of Payment. The assessment levied against the Owner of each Apartment and his Apartment shall be payable in annual, quarterly or monthly installments, or in such other installments and at such times as may be determined by the Board of Directors of the Association.

11.4 Annual Budget. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year which shall correspond to the calendar year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Regime, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income which is to be applied in reduction of the amount required to be collected as an assessment each year. Upon adoption of such annual budget by the Board of Directors of Association, copies of said budget shall be delivered to each Owner of an Apartment and the assessment for said year shall be established based upon such budget, although the delivery of a copy of said budget to each Owner shall not affect the liability of any Owner for such assessment. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Regime, including nonpayment of any Owner's assessments, or in the event of emergencies, said Board of Directors shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

11.5 Replacement Reserve Fund. The Board of Directors of the Association, in establishing said annual budget for operation, management and maintenance of the project shall include therein a sum to be collected and maintained as reserve fund for replacement of Common Elements, which reserve fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Elements as well as the replacement of personal property which may constitute a portion of the Common Elements held for the joint use and benefit of all of the Owners. The amount to be allocated to such reserve fund for replacements shall be established by said Board of Directors so as to accrue and maintain at all times a sum reasonably necessary to anticipate the need for replacements of said Common Elements. The amount collected and allocated to the reserve fund for replacements from time to time shall be maintained in a separate account by Association, although nothing herein contained shall limit Association from applying any monies in such reserve fund to meet other needs or requirements of the Association in operating or managing the project in the event of emergencies, or in the event the sums collected from the Owners are insufficient to meet the then fiscal requirements of Association, but it shall not be a requirement that these monies be used for such latter purposes, as a separate assessment may be levied therefor if deemed to be preferable by the Board of Directors of the Association in its sole discretion.

11.6 General Operating Reserve Fund. The Board of Directors of the Association, in establishing said annual budget for operation, management and maintenance of the project, shall include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sums may be used to meet deficiencies from

time to time existing as a result of delinquent payment of assessments by Owners of Apartments, as a result of emergencies or for other reason placing financial stress upon the Association.

11.7 Working Capital Fund. The Association shall be entitled to collect from each Owner at the time of the closing of the sale of each Apartment a contribution to the Association's working capital fund equal to at least two months' assessments for each Apartment. Such fund shall be maintained in the account of and for the use and benefit of the Association to insure that the Board of Directors will have funds available to meet unforeseen expenditures or to acquire equipment or services deemed necessary or desirable. Such amounts paid into the working capital fund are not to be considered as advance payment of annual assessments.

11.8 Application of Assessments. Except as to special assessments, all monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Regime, or to the proper undertaking of all acts and duties imposed upon it by virtue of these By-Laws and the Master Deed and as the monies for any assessment are paid unto the Association by any Owner the same may be commingled with the monies paid to the Association by the other Owners. Although all funds and other assets of the Association, and any increments thereto or profits derived therefrom, or from the leasing or use of General Common Elements, shall be held for the benefit of the members of the Association, who shall own any Common Surplus in the proportions of their percentage of undivided interest in the Regime, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer this membership interest therein, except as an appurtenance to his Apartment.

11.9 Default in Payment of Assessments. The payment of any assessment or installment thereof due to the Association shall be in default if such assessment, or any installment thereof, is not paid unto Association, on or before the due dates for such payment. When in default, the Board of Directors may accelerate the remaining installments of any annual assessment upon notice thereof to the Owner, whereupon the entire unpaid balance of the annual assessment shall become due upon the date stated in the notice, which shall not be less than ten (10) days after the date of the notice. In the event any assessment, installment, or accelerated assessments are not paid within thirty (30) days after their due date, the Association, through its Board of Directors, may proceed to enforce and collect the said assessments against the Owner owing the same in any manner provided for by these By-Laws or the Act, including the right of foreclosure and sale. When in default, the delinquent assessment or delinquent installment thereof due to Association shall bear interest at the rate of fifteen (15%) percent per annum or at the maximum percent allowed by South Carolina law the applicable, whichever is less, and, at the discretion of the Board of Directors, a late charge of Twenty-Five and

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00/100 (\$25.00) Dollars shall be due and payable until such delinquent assessment or installment thereof, and all interest due thereon, has been paid to Association.

11.10 Personal Liability of Owners. Owners shall be personally liable to the Association for the payment of all assessments, regular or special, which may be levied by the Association while such parties are Owner or Owners of an Apartment in the Regime. In the event that any Owners are in default in payment of any assessment or installment thereof owed to the Association, such Owners of any Apartment shall be personally liable for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

11.11 No Waiver. An Owner may not exempt himself from liability for any assessment levied against such Owner and his Apartment by waiver of the use or enjoyment of any of the Common Elements, or by abandonment of the Apartment, or in any other manner.

11.12 Grant of Lien for Delinquent Assessments. Recognizing that the necessity for providing proper operation and management of the project entails the continuing payment of costs and expenses therefor, which results in benefit to all of the Owners, and that the payment of such Common Expenses represented by the assessments levied and collected by Association is necessary in order to preserve and protect the investment of the Owner, the Association is hereby granted a lien upon such Apartment and its appurtenant undivided interest in the Common Elements, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the Owner, which lien shall also secure interest and penalties, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said Apartment and its appurtenant undivided interest in the the Common Elements. The lien granted to Association may be foreclosed in the same manner as mortgages may be foreclosed in the State of South Carolina, and in any suit for the foreclosure of said lien, the Association shall be entitled to rental from the Owner of any Apartment from the date on which the payment of any assessment or installment thereof became delinquent and shall be entitled to the appointment of a receiver for said Apartment to collect all rents in connection therewith. The rental required to be paid shall be equal to the rental charged on comparable apartments on Hilton Head Island, South Carolina. The lien granted to the Association shall further secure advances for taxes and payments on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the maximum rate allowed by law on any such advances made for such purpose.

11.13 Priority of Lien for Assessments. The lien of the Association for unpaid assessments shall be superior to all other liens except: (i) liens for property taxes or assessments upon the Apartment in favor of any taxing authority or other authority having priority by law; and (ii) first priority mortgage liens duly recorded prior to such delinquency.

11.14 Recordation of Lien for Delinquent Assessments. The lien herein granted unto the Association shall be effective from and after the time of recording in the public records of Beaufort County, South Carolina, stating the description of the Apartment encumbered thereby, the name of the record Owner, the amount due and the date when due, and the lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, penalties, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The claim of lien filed by the Association shall be subordinate to the lien of any mortgage encumbering the Apartment.

11.15 Assessment Certificate. Whenever any Apartment may be sold by the Apartment Owner thereof, which sale shall be concluded only upon compliance with other provisions of these By-Laws, the Association upon written request of the Owner of such Apartment or the proposed purchaser shall furnish to the proposed purchaser a statement verifying the status of payment of any assessment which shall be due and payable to Association by the Apartment Owner. Such statement shall be executed by an officer of the Association and any purchaser may rely upon such statement in concluding the proposed purchase transaction, and Association shall be bound by such statement. Any holder of any Mortgage on any Apartment shall have the right at all reasonable times and frequency to inquire as to the past due status of any assessment payments, and the Association shall, upon request, promptly notify any such mortgagee when any assessment payment becomes more than sixty (60) days past due, or when any default in the performance of any obligation required by the Master Deed or these By-Laws as to such Apartment is not cured within sixty (60) days.

11.16 Involuntary Sale of Apartment. In the event that any person, firm or corporation shall acquire title to any Apartment and its appurtenant undivided interest in the Common Elements by virtue of any foreclosure, judicial sale or deed in lieu of foreclosure, such person, firm or corporation so acquiring title shall only be liable and obligated for assessments as shall accrue and become due and payable for said Apartment and its appurtenant undivided interest in the Common Elements subsequent to the date of acquisition of such title, and shall not be liable for the payment of any assessments accruing after the date of recording of the mortgage or judgment but prior to the time it acquired such title (except the lien of any assessment by Association

representing an apportionment of taxes or special assessment levied by taxing authorities against the Regime in its entirety). In the event of the acquisition of title to an Apartment by foreclosure, judicial sale or deed in lieu of foreclosure, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all Apartments as a part of the Common Expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or as preventing the enforcement of collection of such payment by means other than foreclosure.

11.17 Voluntary Sale of Apartment. Whenever any Apartment may be sold by the Owner thereof, which sale shall be concluded only upon compliance with other provisions of these By-Laws, the Association upon written request of the Owner of such Apartment shall furnish to the proposed purchaser a statement verifying the status of payment of any assessment which shall be due and payable to Association by the Owner. Such statement shall be executed by an officer of the Association and any purchaser may rely upon such statement in concluding the proposed purchase transaction, and Association shall be bound by such statement. Any holder of any Mortgage on any Apartment shall have the right at all reasonable times and frequency to inquire as to the past due status of any assessment payments, and the Association shall, upon request, promptly notify any such mortgagee when any assessment payment becomes more than sixty (60) days past due, or when any default in the performance of any obligation required by the Master Deed or these By-Laws as to such Apartment is not cured within sixty (60) days.

11.18 Application of Sale Proceeds. In the event that an Apartment is to be sold at the time when payment of any assessments against the Owner of said Apartment and such Apartment shall be in default (whether or not a claim of lien has been recorded by the Association), then the proceeds of such purchase shall, after payment of those sums given priority by the South Carolina Horizontal Property Act, be applied by the purchaser first to payment of any then delinquent assessments or installments thereof due to Association before the payment of any proceeds of purchase to the Owner of any Apartment who is responsible for payment of such delinquent assessments.

11.19 Purchaser and Seller Jointly Liable. In any voluntary conveyance of an Apartment (other than a deed in lieu of foreclosure as set forth above), the purchaser shall be jointly and severally liable with the seller for all unpaid assessments against seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover from the seller the amounts paid by the purchaser as such joint debtor.

11.20 Methods of Collection of Delinquent Assessments. Institution of a suit at law to attempt to enforce collection of the payment of any delinquent assessment shall not be deemed to be an election by Association which shall prevent it from thereafter seeking

enforcement of the collection of any sums remaining owing to it by foreclosure, nor shall proceeding by foreclosure to attempt to effect such collection be deemed to be an election precluding the institution of suit at law to attempt to effect collection of any sums then remaining owing to it.

11.21 Assessments Paid by Declarant. Notwithstanding anything in these By-Laws to the contrary, it is declared that until December 31, 1986, each Apartment shall be exempt from the assessment created herein until such time as the Apartment is conveyed by Declarant to a purchaser. Except as expressly provided herein, no Apartment and its appurtenant percentage interest shall be exempt from said assessment. Moreover, until such time as an Apartment is conveyed by Declarant to a purchaser, Declarant shall be assessed and pay to the Association in lieu of an assessment thereof a sum equal to the actual amount of actual operating expenditures assessed by the Association against the Apartments owned by Declarant. The actual operating expenditures for this purpose shall also include any reserve for replacements or operating reserves. Commencing January 1, 1987, Declarant shall be subject to assessments as provided for in these By-Laws so that it will pay assessments on the same basis provided for under these By-Laws as the same are paid by Apartment Owners.

12. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

12.1 Rights of Board of Directors. The violation of any Rules and Regulations adopted by the Board of Directors or the breach of any provisions contained herein, or any breach of any provisions of the Master Deed, shall give the Board of Directors the right, in addition to any other rights set forth in these By-Laws or in the Master Deed:

12.1.1 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 Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors or anyone acting in its behalf, shall not thereby be deemed guilty in any manner of trespass; or

12.1.2 To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

13. LENDER'S NOTICES

13.1 Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Apartment number or address, any mortgage holder, insurer or guarantor will be entitled to timely written notice of:

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A. Any condemnation or casualty loss that affects either a material portion of the project or the Apartment securing its mortgage.

B. Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Apartment on which it holds the mortgage.

C. A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

D. Any proposed action that requires the consent of a specified percentage of mortgage holders.

14. MISCELLANEOUS

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FILED AT 2:50PM ON 02-14-15

14.1 Failure of Board to Insist Upon Strict Performance is No Waiver. The failure of the Board to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions or restrictions of the Master Deed, these By-Laws or the Rules and Regulations, or to exercise any right or option therein contained, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, conditions, restriction, option or right, but such term, covenant, conditions, restriction, option or right shall remain in full force and effect. The receipt by the Board of any payment of assessments from any Owner with knowledge of the breach of any covenant of the Master Deed, these By-Laws or the Rules and Regulations shall not be deemed a waiver of such breach and no waiver by the Board of any provision of the Master Deed, these By-Laws or Rules and Regulations shall be deemed to have been made unless expressed in writing and signed by duly authorized officers of the Association.

14.2 Captions. Captions used in the By-Laws and the Table of Contents, if any, are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the text.

14.3 Gender and Number. Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural and any gender shall be deemed to include all genders.


14.4 Severability. If any provision of these By-Laws, or any section, sentence, clause, phrase or word, or the application thereof in any circumstances be judicially held in conflict with the laws of the State of South Carolina, then the said laws shall be deemed controlling and the validity of the remainder of these By-Laws and the application of any such provision, section, sentence, clause, phrase or word in other circumstances shall not be affected thereby.


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14.5 Effective Date. These By-Laws shall become effective on the date when they are recorded in the Office of the Clerk of Court for Beaufort County, South Carolina.

IN WITNESS WHEREOF, the undersigned, constituting all of the first members of the Board of Directors, have executed these By-Laws of Tabby Walk Owners' Association, Inc. in such capacity, under their hands and seals, the day and year first above written.

TABBY WALK OWNERS' ASSOCIATION, INC.

 (SEAL)
Peter B. Millichap

 (SEAL)
Thad D. King

 (SEAL)
Michael B. McKeithen

FILED IN DEED - 11 800 407 PAGE 1401
FILED AT CLERK OF COURT IN 80 10 35

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT

}

MORTGAGEE JOINDER
AND
SUBORDINATION AGREEMENT

THIS AGREEMENT is made and entered into this 25th day of October, 1984, by and between Tabby Associates, a North Carolina joint venture (hereinafter "Mortgagor"), and Preferred Savings and Loan Association, Inc., a North Carolina corporation (hereinafter "Mortgagee").

WHEREAS, Mortgagor, on the 24th day of April, 1984, gave to Mortgagee its certain Mortgage and Security Agreement (the "Mortgage") covering Lot 7, Block C, Northridge Park Subdivision, and the construction thereon of the buildings and improvements in Tabby Walk Horizontal Property Regime (the "Property") as more fully described in the Master Deed for Tabby Walk Horizontal Property Regime to which this document is attached and in the above mentioned Mortgage; and

WHEREAS, said Mortgage is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Mortgage Book 311 at Page 751; and

WHEREAS, Mortgage desires to hereby obtain Mortgagee's consent to the submission of the Property in said Horizontal Property Regime to the South Carolina Horizontal Property Act and its subordination to the provisions set forth in said Master Deed and the sale thereof according to the provisions of the Master Deed.

NOW, THEREFORE, for full and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

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1. Mortgagee hereby accepts, approves and consents to the submission of the Property in Tabby Walk Horizontal Property Regime to the provisions of the South Carolina Horizontal Property Act and to the provisions set forth in the Master Deed for Tabby Walk Horizontal Property Regime to which this document is attached.

2. Mortgagee hereby waives any further declaration of consent to the provisions of said Master Deed as may be required by any provision of said Mortgage or any document entered into between Mortgagor and Mortgagee in respect to the property mortgaged.

3. Mortgagee hereby subordinates the lien of its Mortgage recorded in Mortgage Book 311 at Page 751 to the said Master Deed for Tabby Walk Horizontal Property Regime.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this the 25th day of October, 1984.

Signed, sealed and delivered
in the presence of:

MORTGAGOR:
TABBY Associates
A North Carolina Joint Venture

By: THE SPECTRUM GROUP, INC.
A Georgia Corporation

By: Robert B. Miller

Attest: Theresa D. King

By: PREFERRED INVESTMENTS, INC.
A North Carolina Corporation

By: James W. Owens

Attest: Theresa D. King

Thomas L. Ireland
Barbara L. Kline

Jane Christine Sattler
William E. Kitch

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Signed, sealed and delivered
in the presence of:

MORTGAGEE:
PREFERRED SAVINGS AND LOAN
ASSOCIATION, INC.
A North Carolina Corporation

Lynne Christine Sattley
Emma E. Kitch (Mort)

By: William J. King

Attest: Lay L. Misenheimer

STATE OF GEORGIA
COUNTY OF FULTON

PROBATE

PERSONALLY appeared before me EMMA L. FREELAND, who
states on oath that She saw the within named The Spectrum Group, Inc.,
by PETER B. MILLICAP, its PRESIDENT, as
its act and deed, sign, seal and delivered the within and foregoing
Mortgagee Joinder and Subordination, and THAD D. KING,
its VICE PRESIDENT, attest the same, and that She with
PAMELA LANIER witnessed the execution thereof.

Emma L. Freeland
Witness

SWORN TO and subscribed before me this

21st day of October, 1984.

John L. Martin (L.S.)
Notary Public for Georgia

My Commission Expires: Notary P. Sec. Georgia State at Large
My Commission Expires Feb. 28, 1987

[NOTARIAL SEAL]

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STATE OF NORTH CAROLINA }
COUNTY OF Fairfax } PROBATE

PERSONALLY appeared before me Jane Christine Sattler, who states on oath that she saw the within named Preferred Investments, Inc., by Joseph W. Abernethy, its Vice President, as its act and deed, sign, seal and delivered the within and foregoing Mortgage Joinder and Subordination, and Carol K. Collier, its Asst. Secretary, attest the same, and that she with Suzanne E. Pritch (Morse) witnessed the execution thereof.

Jane Christine Sattler
Witness

SWORN TO and subscribed before me this
25th day of October, 1984.

Suzanne E. Pritch (Morse) (L.S.)
Notary Public for North Carolina

My Commission Expires: 4-19-89

[NOTARIAL SEAL]

NOTARY PUBLIC - NORTH CAROLINA
EXPIRATION DATE: 4-19-89

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STATE OF NORTH CAROLINA }
COUNTY OF Fayette } PROBATE

PERSONALLY appeared before me Jane Christine Sotiler, who states on oath that she saw the within named Preferred Savings and Loan Association, Inc., by William J. Judy, its President, as its act and deed, sign, seal and delivered the within and foregoing Mortgage Joinder and Subordination, and Ray? M. Harrison, its Asst. Secretary, attest the same, and that she with Susan E. Patch (Worce) witnessed the execution thereof.

Jane Christine Sotiler
Witness

SWORN TO and subscribed before me this

25th day of October, 1984.

Susan E. Patch (Worce) (L.S.)
Notary Public for North Carolina

My Commission Expires: 4-19-87

[NOTARIAL SEAL]

McK. Ylen

RECORDED THIS 26th DAY
OF February 19 85
IN BOOK 5 PAGE 150
FEES, \$ 10.00
John A. Gray
AUDITOR - FAYETTE COUNTY, N. C.
Auditor